

Attorney for Plaintiff

SUSAN LEIGH OSBORNE a/k/a SUSAN OSBORN,) CIVIL NO.
) (Non-Motor Vehicle Tort)
) (HILO)
Plaintiff,)
V.) COMPLAINT AND DEMAND FOR
CERTAIN UNDERWRITERS AT) JURY TRIAL; EXHIBITS "A-D";
LLOYD'S LONDON; SPECIALTY) SUMMONS
PROGRAM GROUP, LLC, a State)
of Hawai'i Foreign Limited Liability)
Company; RTEA CORPORATION d/b/a)
MUTUAL UNDERWRITERS, a Hawai'i)
Corporation; ARM CLAIMS)
INCORPORATED d/b/a ALTERNATIVE)
RISK MANAGEMENT, a Delaware)
Corporation; JOHN MULLEN & CO., INC., a)
Hawai'i Corporation; and JOHN DOES 1-10;)
JANE DOES 1-10; DOE CORPORATIONS 1-)
10; DOE LIMITED LIABILITY COMPANIES)
1-10; DOE PARTNERSHIPS 1-10; DOE)
TRUSTS 1-10; DOE ENTITIES 1-10; DOE)
GOVERNMENTAL AGENCIES 1-10; DOE)
NOT-FOR-PROFIT ENTITIES 1-10,)
Defendant(s),)

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L KITAOKA, CLERK
THIRD CIRCUIT COURT
STATE OF HAWAII

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Clerk, Third Circuit Court, State of Hawaii

COMES NOW Plaintiff, **SUSAN LEIGH OSBORNE a/k/a SUSAN OSBORN**, by and through undersigned counsel, and for her Complaint for Damages against Defendant **CERTAIN UNDERWRITERS AT LLOYD'S, LONDON**; Defendant **SPECIALTY PROGRAM GROUP, LLC**; Defendant **RTEA CORPORATION d/b/a MUTUAL UNDERWRITERS**; Defendant **ARM CLAIMS INCORPORATED d/b/a ALTERNATIVE RISK MANAGEMENT**; and Defendant **JOHN MULLEN & CO., INC.**, and the DOE DEFENDANTS, alleges and avers as follows:

I. JURISDICTION AND VENUE

1. As the contract of insurance at issue herein was purchased by Plaintiff in the State of Hawai'i to insure real property and personal property located in the State of Hawai'i, and because the amount in controversy exceeds the sum of \$40,000 dollars exclusive of costs and attorney fees, this Court maintains jurisdiction over the parties and the subject matter of this Complaint. Additionally, this Court maintains jurisdiction based on the fact that one or more Defendant(s) is a Hawai'i (domestic) entity registered with the Department of Commerce and Consumer affairs with business operations and offices located in the State of Hawai'i.

2. Venue is proper in this Court pursuant to Hawaii Revised Statute ("HRS") Sec. 431:10-241 (2017) inasmuch as Plaintiff resides in Pahoehoe, Puna District, County and State of Hawai'i.

II. THE PARTIES

3. Plaintiff **SUSAN LEIGH OSBORNE a/k/a SUSAN OSBORN** (hereinafter referred to as "**OSBORNE**"), who is *sui juris*, resided in her dream home formerly located

at 13-3344 Mohala Street, Pahoa, District of Puna, County and State of Hawai'i (hereinafter referred to as "**PROPERTY**"), until being displaced by a mandatory evacuation order on May 3, 2018.

4. Upon information and belief, Defendant CERTAIN UNDERWRITERS AT LLOYD'S, LONDON (hereinafter referred to as "**LLOYDS**"), is an Alien Insurer transacting insurance business within the State of Hawai'i. LLOYDS is a multi-national insurance conglomerate that, according to its 2017 annual report to shareholders, collected over \$40 Billion Dollars in insurance policy premiums in 2017 alone. Fifty percent of those premium payments came from policyholders in the United States and Canada.

5. LLOYDS is the insurer identified on a certain policy of homeowner's insurance sold to OSBORNE. LLOYDS is neither licensed as a legal entity in the State of Hawai'i, nor is it registered with the State of Hawai'i Department of Commerce and Consumer Affairs (hereinafter referred to as "**DCCA**"). Upon information and belief, LLOYDS has no offices and employs no claims adjusters in the State of Hawai'i.

6. The State of Hawai'i Insurance Commissioner and the DCCA Insurance Division mandate that no person shall act as an insurer and no insurer shall transact insurance business in the State other than as authorized by a certificate of authority granted to it by the Commissioner.

7. Upon information and belief, LLOYDS did not possess a certificate of authority to transact insurance business in the state of Hawai'i at any time period relevant to this case.

8. On or about January 18, 2018, LLOYDS issued a Certificate to Plaintiff

insuring the PROPERTY for the effective policy period of January 25, 2018 to January 25, 2019 (hereinafter referred to as the “**INSURANCE POLICY**”). The Certificate identifies the policy number as: HGMH18137. A complete copy of the INSURANCE POLICY consisting of 52 pages, is attached, and incorporated by reference, to this Complaint for Damages as “Exhibit A.” Notably, LLOYDS misprinted the name of Plaintiff SUSAN LEIGH OSBORNE on the Certificate as “Susan Osborn.” Consequently, that issue has been corrected herein and only references to Plaintiff SUSAN LEIGH OSBORNE’s proper name shall be used.

9. Upon information and belief, Plaintiff purchased the INSURANCE POLICY from Hawai’i Resident Insurance Producer NOREEN T. KANESHIRO, an agent of Defendant MUTUAL UNDERWRITERS (hereinafter referred to as “**MUTUAL**”), a registered Trade Name of Defendant RTEA CORPORATION, a Hawai’i For-Profit Corporation (hereinafter referred to as “**RTEA**”).

10. Defendant RTEA’s corporate registration filed with the State of Hawai’i identifies RTEA’s purpose as: “To engage in business of operating a general lines insurance agency and any other incidental or related thereto.”

11. The State of Hawai’i recognizes RTEA as a “Resident Insurance Producer” that registered with the Insurance Commissioner on or about October 10, 1995 and whose license is set to expire on or about July 16, 2019.

12. The State of Hawai’i recognizes RTEA as a “Resident Surplus Lines Broker” that registered with the Insurance Commissioner on or about October 26, 1995 and whose license is set to expire on or about July 16, 2019.

13. At all times relevant to this case, NOREEN T. KANESHIRO, transacted insurance business on behalf of RTEA (MUTUAL). The State of Hawai'i recognizes Ms. Kaneshiro solely as a "Resident Insurance Producer," who registered with the Insurance Commissioner on or about July 14, 2000 and whose license is set to expire on or about September 16, 2019.

14. On or about September 14, 2000, RTEA appointed Ms. Kaneshiro to sell Property insurance policies.

15. Upon information and belief, and at all times relevant to this case, State of Hawai'i records show that RTEA did not appoint Ms. Kaneshiro to transact "surplus lines insurance."

16. Upon information and belief, Plaintiff procured the LLOYDS INSURANCE POLICY from RTEA (MUTUAL) Agent Noreen Kaneshiro, a person not registered to transact surplus lines insurance. Plaintiff contends that, at all times relevant in this case, LLOYDS operated as an unauthorized insurer who did not meet the requirements of being a surplus lines insurer.

17. Upon information and belief, LLOYDS had issued a previous Certificate insuring the PROPERTY to Plaintiff identified as: HGMH16600.

18. The INSURANCE POLICY identifies "Monarch E & S Insurance Services, Division of SPG Insurance Solutions" (hereinafter referred to as: "**MONARCH**") as LLOYDS' correspondent, agent, and the entity required to receive notification of a claim under the policy.

19. Upon information and belief, HELENE BRISKIN, Special Risk Insurance

Underwriter for MONARCH endorsed the INSURANCE POLICY on behalf of LLOYDS.

20. The State of Hawai'i identifies "Monarch E & S Insurance Services" as a Trade Name registered on or about August 18, 2009 by an entity named "Borisoff Insurance Services, Inc.," a California Corporation registered in the State of Hawai'i as a "Non-Resident Insurance Producer." The Trade Name "Monarch E & S Insurance Services" expired on August 17, 2014.

21. The State of Hawai'i recognizes "Borisoff Insurance Services, Inc.," as a "Non-Resident Insurance Producer," that registered with the Insurance Commissioner on or about April 11, 2008 and whose license is set to expire on or about April 16, 2020.

22. Defendant SPECIALTY PROGRAM GROUP, LLC (hereinafter referred to as "SPG") is a Delaware Limited Liability Company registered in the State of Hawai'i as a Foreign Limited Liability Company.

23. The State of Hawai'i recognizes SPG as a "Non-Resident Insurance Producer" that registered with the Insurance Commissioner on or about January 18, 2017, and whose license is set to expire on or about April 16, 2020.

24. Upon information and belief, SPG acquired all the assets of "Borisoff Insurance Services, Inc." in 2017. Notwithstanding the foregoing, the expired trade name, "Monarch E&S Insurance Services" is identified on the first page of the LLOYD'S policy as LLOYD'S "Correspondent."

25. Defendant ARM CLAIMS INCORPORATED d/b/a ALTERNATIVE RISK MANAGEMENT (hereinafter referred to as "ARM") is a Delaware For-Profit Corporation.

26. On or about June 20, 2018, LLOYDS appointed ARM to handle several insurance claims relating to the eruption of Mount Kilauea, including the insurance claim filed by Plaintiff on or about May 25, 2018.

27. Upon information and belief, State of Hawai'i records show that ARM is not registered with the DCCA as a business entity or an adjuster.

28. This Court possesses specific jurisdiction over ARM pursuant to HRS Sec. 634-35 inasmuch as its actions within the State of Hawai'i arise or relate to the specific causes of action raised by Plaintiff in this Complaint and, as further grounds, Plaintiff alleges:

(A) Upon information and belief, ARM has transacted the business of adjusting insurance claims within the State of Hawai'i, a profession regulated by HRS Sec. 431:9-101 to Sec. 431:9-243. Specifically, HRS Sec. 431:9-201 mandates that all adjusters must be registered with the DCCA unless the Insurance Commissioner declares an emergency invoking this statute and permitting nonresident adjusters to transact insurance adjusting within the State;

(B) DCCA records show that the most recent declaration was on August 31, 2016 regarding the assistance of nonresident unlicensed adjusters for Hurricanes Madeline and Lester. <http://cca.hawaii.gov/ins/frequently-asked-questions-regarding-emergency-nonresident-unlicensed-adjuster-registration/> Accordingly, ARM, which represented itself to be an adjuster acting on behalf of LLOYDS, investigated Plaintiff's claim, and issued the denial of coverage letter on behalf of LLOYDS, operated at all times as an unregistered and unauthorized adjuster subjecting it to the jurisdiction of this Court and exposing it to

civil fines for its conduct; and

(C) Upon information and belief, ARM has engaged in tortious conduct within the State of Hawai'i, the factual allegations of which are set forth below; and

29. At all times relevant to this action, JEFF R. HALL, an ARM Adjuster assigned to adjust the insurance claim filed by Plaintiff, acted within the scope of his agency with ARM, and LLOYDS and/or SPG (MONARCH). Upon information and belief, Mr. Hall is not licensed with the Insurance Division of the DCCA as an adjuster and is not an individual registered with the DCCA to transact insurance or any other business in the State of Hawai'i.

30. Defendant JOHN MULLEN & CO., INC. (hereinafter referred to as "MULLEN") is a Hawai'i For-Profit Corporation. MULLEN'S corporate registration filed with the State of Hawai'i identifies MULLEN'S purpose as: "Insurance Adjusting Services."

31. The State of Hawai'i reports that MULLEN was a "Resident Insurance Producer" until that license expired in the year 2013.

32. The State of Hawai'i reports that MULLEN was licensed as a "General Agent" until that license expired in 2003.

33. In either late May or early June, 2018, LLOYDS and/or SPG (MONARCH) retained MULLEN to adjust, manage, and/or investigate Plaintiff's insurance claim, the details of which are set forth herein, a role they retained until they took a subordinate role to ARM following the appointment of ARM by LLOYDS and/or SPG (MONARCH) on or about June 20, 2018 to adjust, manage, and/or investigate, LLOYDS' insurance loss

claims relating to the eruption of Mount Kilauea, including Plaintiff's claim.

34. Upon information and belief, MULLEN delegated its agency responsibilities to a licensed adjuster named JASON ALLEN BOLSINGER. According to the DCCA Insurance Division, Mr. Bolsinger became licensed as a "Resident Independent Adjuster" or about November 22, 2016.

35. Upon information and belief, at all times relevant to this case, Mr. Bolsinger acted within the scope of his engagement with MULLEN.

III. LLOYD'S POLICY

36. Upon information and belief, LLOYDS is not registered with the DCCA as a legal entity. Furthermore, LLOYDS is neither licensed nor authorized by the DCCA/Insurance Commissioner to sell insurance policies, adjust insurance claims, or otherwise transact any insurance business of any kind in the State of Hawai'i.

37. The Declaration Page of the INSURANCE POLICY clearly states: "3. Insurance is effective with certain UNDERWRITERS AT LLOYD'S, LONDON. Percentage 100%[.]"

38. The INSURANCE POLICY obligated LLOYDS to "provide insurance described in the policy in return for the premium and compliance with all applicable provisions of this policy."

39. In reasonable reliance upon the representations made by RTEA (MUTUAL), LLOYDS, and SPG, Plaintiff regularly paid valuable consideration in the form of a premium to bind coverage and be included as a named insured under the

INSURANCE POLICY.

40. Upon information and belief, RTEA (MUTUAL), LLOYDS and SPG accepted premium payment(s) made by Plaintiff. Plaintiff paid all policy premium payments required of them on time and without delay.

41. In consideration of the policy premium payments made by Plaintiff, a contractual obligation was created in which LLOYDS accepted the risk to insure Plaintiff against direct physical loss to Plaintiff's dwelling, personal property, and other coverages.

42. The INSURANCE POLICY expressly covered losses to Plaintiff's dwelling and personal property resulting from the occurrence of unintentional fire as a "Peril Insured Against."

43. Upon information and belief, LLOYDS and/or SPG drafted all of the terms, conditions, and exclusions contained in the INSURANCE POLICY.

44. Plaintiff did not draft any of the terms contained in the INSURANCE POLICY and did not negotiate any of the terms, conditions or exclusions drafted by LLOYDS and/or SPG, as set forth in the INSURANCE POLICY.

45. Plaintiff reasonably relied upon and depended upon the representations made by LLOYDS, SPG (MONARCH), and RTEA (MUTUAL) in agreeing to insure Plaintiff's dwelling, personal property, and other coverages.

46. The INSURANCE POLICY contains a term expressly consenting to the jurisdiction of a court of Plaintiff's choosing:

(a) "SERVICE OF SUIT (U.S.A.) It is agreed that in the event of the failure Underwriters hereon to pay any amount claimed to be due hereunder, the Underwriters hereon, at the request of the Insured (or Reinsured) will

submit to the jurisdiction of a Court of competent jurisdiction within the United States District Court...”

47. Relevant to the harm suffered by Plaintiff as the proximate cause of the respective and/or collective actions or omissions of LLOYDS, SPG, ARM, and MULLEN, set forth in further detail herein, the INSURANCE POLICY required certain duties after a loss, the terms of which are cited in pertinent part below:

(a) “SECTION I – CONDITIONS ... B. Duties After Loss[.] In case of a loss to covered property, we have no duty to provide coverage under this policy if the failure to comply with the following duties is prejudicial to us. These duties must be performed either by you, an ‘insured’ seeking coverage, or a representative of either: 1. Give prompt notice to us or our agent. ... 4. Protect the property from further damage. ... 5. Cooperate with us in the investigation of a claim; ... 8. Send to us, within 60 days after our request, your signed, sworn proof of loss which sets forth, to the best of your knowledge and belief: a. The time and cause of loss; ... [a-h].

48. Upon information and belief, neither LLOYDS, SPG (MUTUAL), MULLEN or ARM ever sent Plaintiff a request for a signed sworn proof of loss as expressly required in Section I – Conditions (B) 8 of the INSURANCE POLICY. Notably, the provision requires that the proof of loss be sent “*within 60 days after our request*” (emphasis supplied by counsel). By not making such a request and delaying the payment of the claim and otherwise not properly handling this claim, Defendants LLOYDS, SPG (MONARCH), MULLEN and ARM effectively froze Plaintiff in her tracks, harming her in the process, and necessitating this lawsuit to remedy her losses.

IV. THE ERUPTION OF THE KILAUEA VOLCANO

49. On May 2, 2018, there was a volcanic eruption at Kilauea, a shield volcano located in the Puna District on Hawai‘i Island. Shortly after the eruption began, residents of areas including Leilani Estates, Nanawale Estates and Lanipuna Gardens were forced to

evacuate. Plaintiff SUSAN LEIGH OBSBORNE evacuated.

50. On or about May 31, 2018, a strict new mandatory evacuation order was issued by Hawai'i Island Mayor, The Honorable Harry Kim. In the Mayor's evacuation order, a 17-block swath of Leilani Estates was evacuated indefinitely. Residents who remained in their homes had 24 hours to evacuate or face arrest.

51. The following chronology of proclamations from United States President Donald J. Trump, Hawai'i Governor David Y. Ige, and County of Hawai'i Mayor Harry Kim, cited in pertinent part, tell the grim unadorned and objective truth of the devastation suffered by Puna residents including Plaintiff:

(a) May 3, 2018: Mayor Harry Kim, County of Hawai'i, issued an Emergency Lava Proclamation, declaring, in part: "...at approximately 4:54 a.m. on May 1, 2018, United State (sic) Geological Survey (USGS) Hawai'i Volcano Observatory (HVO) issued a report *that a migration of seismicity and deformation downrift (east) of Pu'u'O'o indicates that a large area along the East Rift Zone is potentially at risk of a new outbreak, possibly in the Lower Puna area.* The location of any future outbreak will determine what areas are in the path of new lava flows;" <http://Hawai'icountymayor.com/2018/05/03/emergency-lava-proclamation/>.

(b) May 3, 2018: Governor David Y. Ige, Governor, State of Hawai'i, issued a Proclamation, declaring, in part: "... WHEREAS, the Pu'u'O'o vent in the East Rift Zone of Kilauea volcano located in the county of Hawai'i, began erupting on January 3, 1983, and continued erupting for more than thirty-five (35) years with the majority of the lava flows advancing to the South; and WHEREAS, *a lava flow has emerged in the Leilani Estates residential subdivision located within the East Rift Zone, resulting in lava flowing over streets prompting a mandatory evacuation of the subdivision;* and WHEREAS, *all information indicates that the current lava flow will continue to advance;* and WHEREAS, *previous lava flows in the East Rift Zone of Kilauea volcano have caused losses and suffering, including persons being displaced and properties destroyed in the past;* ... 4. Sections 127A-12(a)(5) ... the Director of Emergency Management or Administrator of Emergency Management of the Hawai'i Emergency Management Agency are directed to take appropriate actions ...: ... (f) mandatory evacuation of the civilian population." <https://governor.Hawai'i.gov/wp-content/uploads/2018/05/18-05-03-Lava-Emergency-Proclamation-1.pdf>

(c) May 30, 2018: Mayor Kim issued a Second Supplementary Emergency Proclamation, declaring in part: "WHEREAS *a significant and potentially growing number*

of residents of Leilani Estates, Lanipuna Gardens, Pohoiki Bay Estates, Kapoho Estates, the greater Kapoho area, and nearby and surrounding areas have been displaced from their residences due to the active lava eruption either permanently or for an unknown duration, as one hundred and twenty eight or more structures have already been destroyed, ... the lava eruption continues to consume more structures ... a state of emergency continues ... effective 30th, May, 2018, and continuing thereon for 60 days or until further act of this office." <http://Hawaii.icountymayor.com/2018/05/30/second-supplementary-emergency-proclamation/>

(d) May 31, 2018: Mayor Kim issued a sixty (60) days *Mandatory Evacuation Order* "...of all civilians from all that area of Leilani Estates subdivision, including and East of Pomaikai Street, as specifically highlighted and delineated in the map attached hereto..." <http://Hawaii.icountymayor.com/2018/05/31/mandatory-evacuation-order/>

(e) May 31, 2018: Mayor Kim issued a Mayor Emergency Rule #1 *restricting access to the area containing "Kapoho Beach Lots, Vacationland, and Kapoho Farm Lots (hereinafter the "Area"), which is bordered by Kaphoho-Kumukahi Lighthouse Road, Kapoho Kai Road, Kalapana Kapoho Beach Road (Highway 137) , and the ocean, and which is shown as the area marked on the map attached hereto. ..."* <http://Hawaii.icountymayor.com/2018/05/31/mayor-emergency-rule-1/>

(f) June 14, 2018: Governor Ige transmitted a letter to FEMA requesting funds to combat this emergency. In the letter, the Governor remarked that "*since May 28, 2018, a total of 24 fissures have opened along a 3.8-mile line through Leilani Estates in the Puna District of Hawai'i County.*" Further, "[t]he county estimated there are 455 destroyed residential dwellings. They have confirmed that 192 of the destroyed dwellings are primary residences. Additionally, other homes and farms are isolated by twin lava flows extending from the East Rift Zone to the sea." <https://governor.Hawaii.gov/wp-content/uploads/2018/06/1806089-Gov-Ige-request-for-IA-Hawaii-county.pdf>

(g) June 14, 2018: President Trump amended the federal government's May 11, 2018 Major Disaster Declaration for the State of Hawai'i to designate Hawai'i County specifically. <https://governor.Hawaii.gov/wp-content/uploads/2018/06/HI-4366-FS-REV.pdf>

(h) July 2, 2018: Mayor Kim issued a Third Supplementary Emergency Proclamation suspending the deadlines on applying for homestead exemption and in doing so stated that "*the eruption has inundated over 6,000 acres of land and destroyed over 600 structures.*" This Proclamation also demarcates all areas affected by the eruption as an attachment. <http://Hawaii.icountymayor.com/2018/07/02/third-supplementary-emergency-proclamation/>

52. As people throughout the world have become aware through the images of loss and media interviews with residents, the people displaced in Puna have suffered

tremendously.

53. To date, over 800 homes have been lost due to fire or rendered a total loss due to destruction, uninhabitability and a lack of structural integrity. Residents not only lost their home(s) but many, including Plaintiff, lost virtually everything they owned including but not limited to: clothing, furniture, toiletries, food, electronics, tools, machinery, identification, birth records, marriage certificates and other records, photographs, letters, and diplomas. With such catastrophic losses come extreme and debilitating emotional distress, anxiety and panic.

54. Despite the catastrophic losses incurred by Puna residents and homeowners, none of the Defendants have established any physical presence in Puna where policyholders can go to submit forms, get their questions answered, discuss their claim, or collect payments due under the policy. There is no office space or policy in place for policyholders to meet with a claims adjuster in person. The majority of the claims adjusting services are being handled through email.

55. As more fully described below, the response from Defendants LLOYDS, SPG (MONARCH), MULLEN and ARM to Plaintiff's filed claim for the total loss of her dwelling was to simply deny the claim after 35 days. Worse, Plaintiff's claim was denied without so much as a visit to the PROPERTY. There was no inspection of Plaintiff's insured dwelling and no report detailing any relationship between the actual cause of the total loss to Plaintiff's dwelling and the alleged exclusion utilized by Defendants to deny Plaintiff's claim under the INSURANCE POLICY. What these Defendants have done to Plaintiff and others who have lost their home and belongings amounts to a re-victimization of monumental and unprecedented proportions.

V. FACTUAL BACKGROUND

56. Following a May 25, 2018 fire, a covered cause of loss under the INSURANCE POLICY, that spread from neighboring properties, 61-year-old Plaintiff, SUSAN LEIGH OSBORNE, commonly known as Susie, was forced to abruptly and resignedly abandon her home at Leilani Estates. Left behind were cherished and irreplaceable belongings accumulated in more than 40 years of sharing her mission of love and compassion with her beloved Puna community.

57. Although Plaintiff had evacuated the Leilani Estates area on May 3, 2018 following an evacuation order, she was able to return a few times to search for her beloved cats Chauncey, Chrissie, and Snowflake, and to retrieve important papers. Sadly, two of Plaintiff's cats have not been found.

58. On May 25, 2018, Plaintiff learned her home had caught fire after it spread from neighboring homes. The fire totally consumed Plaintiff's home, which she has lovingly and longingly described as a beautiful two-bedroom home with an open floor plan, high ceilings, wraparound porch, and a garden full of varied vegetables and breadfruit trees.

59. In 2002 Plaintiff realized her hard-earned dream of bringing educational opportunities to children in the Puna District when she co-founded a public charter school called the "Kua O Ka La New Century Public Charter School". The school was located on 600 acres of pristine coastal land, 40 acres of which comprised some of the earliest Hawai'ian villages. This sacred landscape, known as Pu'ala'a, served as the backdrop for sixteen memorable years during which Plaintiff served as the Head of School at the location, presiding over a dedicated staff committed to providing the highest quality of

education to children enrolled in grades kindergarten through twelve.

60. On July 12, 2018, Kua O Ka La was destroyed. Without thinking of her own loss and displacement, Plaintiff maintained the uninterrupted continuation of Kua O Ka La for the 2018-2019 school year set to begin in less than a month. Plaintiff organized a fundraising campaign that has raised over \$70,000 to date, and has scheduled numerous volunteer work days to prepare for school to begin on time. Through her determination, diligence and commitment, Plaintiff was successful in opening Kua O Ka La for her students, teachers and the community.

61. In a June 4, 2018 letter addressed to Plaintiff, the County of Hawai'i Department of Finance, Real Property Tax confirmed that the PROPERTY had indeed been totally destroyed. A complete copy of the letter is attached, and incorporated by reference, to this Complaint for Damages as "Exhibit B."

62. In a June 14, 2018 e-mail addressed to RTEA (MUTUAL) Agent Kaneshiro, Plaintiff reported the total loss of her dwelling and personal property to fire.

63. In a June 18, 2018 e-mail addressed to Plaintiff, RTEA (MUTUAL) Agent Kaneshiro advised she had reported the loss to LLOYDS. Ms. Kaneshiro attached a copy of the ACORD Notice of Loss (06/18/18) she drafted and furnished to LLOYDS which read, in pertinent part: "HOME ENGULFED BY FLAMES." A copy of one page of the two-page ACORD Notice of Loss is attached, and incorporated by reference, to this Complaint for Damages as "Exhibit C."

64. In a June 20, 2018 e-mail addressed to Plaintiff, MULLEN Adjuster Bolsinger advised:

"I am sorry for your loss and will work closely with you as the claim progresses. I understand that your home was completely lost due to fire. As you get settled into your temporary lodging arrangements, there are a couple of items I would need from you as soon as you are able to provide them. Please see this requested list below. You may also contact me at any time with any questions. Thank you and I look forward to working you during this time of great loss.

"Requested items, when you are able to provide them:

"1) Please call the Hawaii County Tax Administrator at 808-961-8260 to request a "Damage Assessment Letter" for your property. An example of what this letter looks like is attached. This letter serves to show that your house was a total loss. Based on our conversation, I understand you already have this and will send to me.

"2) Please provide a current mailing address to receive physical mail.

"3) Please begin to gather a list of your personal property that you had in your home (these are contents damages for your claim). When you compile your list, please start with the largest/most expensive items first and include approximate age and replacement value for each item. We realize that this will take some time to accomplish and will be an ever-growing list as time goes on. Once you have an initial list of items, please send to me as we may be able to provide at least an initial payment for your lost personal property. I have attached two excel files that may help when listing your items.

"4) Since you lived in the house that was lost, please keep all receipts for expenses that you incurred as a result of your displacement. This includes receipts from your current lodging, food costs, gas receipts, receipts of any other items you would not normally have to buy if you were not displaced. Some of these costs may be reimbursable."

65. In a June 26, 2018 e-mail addressed to Plaintiff, MULLEN Adjuster

Bolsinger advised:

"Due to the large amount of lava claims, Monarch E&S Insurance has hired another firm (ARM) to assist with the claims process. This firm is the between John Mullen and Company and Lloyd's, London to help expedite the review process. I am assisting ARM by gathering the same information that I have requested from you before and providing them with the initial report. Once someone from ARM reaches out to you, that person will be your primary contact. You may still receive emails from me if they need my assistance to gather or clarify information. If you have not received an email

from an ARM representative, I will continue to be your primary contact until someone does. We will continue to work hard to bring you answers and resolution to your claim as quickly as possible. You may always reach out to me for questions, but once an ARM representative has reached out to you, I am no longer able to see the status of your claim (but your ARM representative would know).”

66. Despite the above-referenced ACORD Notice of Loss identifying the claim as being based on fire (“HOME ENGULFED IN FLAMES”) with no mention of lava, and at a time when MULLEN informed Plaintiff that it was investigating the claim, the MULLEN adjuster characterized Plaintiff’s claim as a “lava claim.” Additionally, MULLEN Adjuster Bolsinger’s email confirms an agency relationship between principals LLOYDS and/or SPG (MONARCH) and Agent ARM; and an agency relationship between principals LLOYDS and/or SPG (MONARCH) and Agent MULLEN.

67. In a July 8, 2018 e-mail addressed to ARM Adjuster Hall and MULLEN Adjuster Bolsinger, Plaintiff submitted a detailed inventory of losses sustained in the fire.

68. In a July 19, 2018 letter addressed to Plaintiff, ARM Adjuster Hall, acting on behalf of LLOYDS, denied coverage of Plaintiff’s loss on the basis of an alleged “lava and/or lava flow” exclusion contained in the INSURANCE POLICY. In this July 19th letter, Mr. Hall declared from his office in Little Rock: “I have completed my investigation into loss and damage from the lava flow that occurred on May 25, 2018 as a result of the ongoing activity of the Kilauea Volcano. My investigation has confirmed your premises is a total loss due to the lava flow/volcanic eruption.” A complete copy of the three-page letter and two pages of attached policy excerpts dated July 19, 2018 is attached, and incorporated by reference, to this Complaint for Damages as “Exhibit D.”

69. LLOYDS’ decision to deny Plaintiff’s claim based on an alleged “lava and/or lava flow” exclusion was made despite: (1) The fact that the claim submitted by the

entity who sold the policy (RTEA (MUTUAL)) on behalf of LLOYD'S/SPG specifically noted that the loss was based on fire; (2) The lack of any inspection of the PROPERTY made by MULLEN, ARM, LLOYDS or anyone else; and (3) The fact that the INSURANCE POLICY insured Plaintiff's dwelling and personal property for loss due to fire. The express terms of the INSURANCE POLICY provide for coverage in the event of losses due to fire, as quoted below in pertinent part from the INSURANCE POLICY:

SECTION I – PERILS INSURED AGAINST...(A) Coverage A – Dwelling and Coverage B – Other Structures (1) We insure against risk of direct physical loss to property described in Coverages A and B. (2) We do not insure, however, for loss: a. Excluded under Section I – Exclusions; ... B. Coverage C – Personal Property[.] We insure for direct physical loss to the property described in Coverage C caused by any of the following perils unless the loss is excluded under Section I – Exclusions. 1. Fire or Lightning [...]

70. Upon information and belief, neither LLOYDS, SPG (MONARCH), RTEA (MUTUAL), MULLEN, nor ARM, performed a physical inspection of the PROPERTY *before* the denial of Plaintiff's claim.

71. Upon information and belief, neither LLOYDS, SPG (MONARCH), RTEA (MUTUAL), MULLEN, nor ARM, performed a physical inspection of the PROPERTY *after* the denial of Plaintiff's claim.

72. The express terms of the INSURANCE POLICY require LLOYDS to honor its contractual obligation and legal commitment to compensate Plaintiff for all covered losses, including but not limited to dwelling, personal property, and loss of use, as they may be determined, due to the fire that consumed her home and its contents on or about May 25, 2018.

73. Plaintiff has mitigated her damages to the fullest extent possible.

74. The July 19, 2018 denial letter issued by ARM to Plaintiff makes several representations on behalf of LLOYDS that are relevant to a just adjudication of this case:

(a) “I am the insurance adjuster appointed on behalf of Certain Underwriters at Lloyd’s, London Subscribing to Certificate No. HGMH18137 (hereinafter referred to as Underwriters), as their third party administrator.”;

(b) “Unfortunately, your policy excludes coverage for any direct physical damage or indirect physical damage or loss of use that is a result of lava and/or lava flow, as noted on the Declarations page of your policy”;

(c) “I regret to advise you that Underwriters deny coverage for this loss as outlined under the Lava and/or Lava Flow Exclusion form RC-38 (04-11), which forms part of your Homeowners – 3 insurance policy... .”; and

(d) “For your protection, Hawaii law requires you to be informed that presenting a fraudulent claim for payment of a loss or benefit is a crime punishable by fines or imprisonment, or both. Hawaii S-2836.”

75. The total loss by fire of Plaintiff’s dwelling, personal property, loss of use and other covered losses are covered perils in the INSURANCE POLICY.

76. To date, Plaintiff has received no money or benefit(s) from Defendants LLOYDS, SPG (MONARCH), MULLEN or ARM for her covered losses.

77. Plaintiff remains in urgent need of financial assistance. Not only is Plaintiff forced to deal with the emotional distress of losing her home, but the acts and omissions of LLOYDS, SPG (MONARCH), MULLEN, and ARM in delaying and mishandling the claim have caused Plaintiff to experience significant additional emotional distress, as well as constant stress, anxiety and panic.

78. Unlike Defendants LLOYDS, SPG (MONARCH), MULLEN and ARM, Plaintiff has complied with all terms under the INSURANCE POLICY. She has dutifully

responded to inquiries and provided detailed information and documentation to MULLEN and ARM in good faith.

79. Defendants LLOYDS, SPG (MONARCH), MULLEN and ARM: (A) failed to fully investigate the facts before rendering a hasty denial based upon guesswork; (B) frustrated the claims process by replacing the licensed resident adjuster, MULLEN, with an unlicensed nonresident adjuster, ARM, located in Arkansas, five time zones away; and (C) failed to properly investigate the claim which would have revealed that fire destroyed the dwelling and not the flow of lava.

80. The egregious conduct displayed by Defendant LLOYDS, SPG (MONARCH), MULLEN, and ARM has required Plaintiff to hire the undersigned counsel to file this lawsuit to redress the grievous wrongs committed against her, to compel Defendants to honor their commitments, and to hold Defendants accountable for their contemptible actions following an already trying time.

VI. AGENCY RELATIONSHIPS

81. Upon information and belief, and at all times material to this case, Defendant LLOYDS acted as Principal for its Agent MONARCH E & S INSURANCE SERVICES ("MONARCH"), a wholly owned subsidiary of Defendant SPG. The Trade Name "Monarch E & S Insurance Services" had been registered with the DCCA until 2013. The name "Monarch E & S Insurance Services, Division of SPG Insurance Solutions" appears prominently on the INSURANCE POLICY as Defendant LLOYDS' correspondent. Accordingly, Defendant LLOYDS is vicariously liable for all actions and omissions of MONARCH and Defendant SPG relating to the handling of Plaintiff's claim

for insurance losses.

82. Upon information and belief, Defendant SPG remains liable for all independent actions taken outside of the scope of its agency with Principal and Defendant LLOYDS.

83. Upon information and belief, and at all times material to this case, Defendants LLOYDS and/or SPG (MONARCH) appointed Defendant MULLEN to act as its adjuster on Plaintiff's claim for insurance losses. Defendant MULLEN assigned Adjuster Jason Bolsinger to the claim. Based upon representations made by Mr. Bolsinger to Plaintiff, Defendant MULLEN initially acted as the sole and principal adjuster on the claim. Accordingly, Defendants LLOYDS and SPG are vicariously liable for all actions and omissions of Defendant MULLEN relating to the handling of Plaintiff's claim for insurance losses.

84. Defendant MULLEN, however, remains liable for all independent actions taken outside of the scope of its agency with Principals and Defendants LLOYDS and SPG.

85. Upon information and belief, and at all times material to this case, Defendants LLOYDS and/or SPG (MONARCH) appointed Defendant ARM to act as its adjuster on Plaintiff's claim for insurance losses. Defendant ARM assigned Adjuster Jeff Hall to the claim. Based upon representations made by Mr. Bolsinger, Defendant LLOYDS and/ SPG appointed Defendant ARM as the principal adjuster on the claim based upon the emergency nature of the eruption and relegated Defendant MULLEN to the role of secondary adjuster. Defendant ARM is a Delaware corporation who is handling this case from its offices located in Arkansas. Accordingly, Defendants LLOYDS and SPG are

vicariously liable for all actions and omissions of Defendant ARM relating to the handling of Plaintiff's claim for insurance losses.

86. Defendant ARM, however, remains liable for all independent actions taken outside of the scope of its agency with Principals and Defendants LLOYDS and SPG.

87. HRS Sec. 431:9-201 (2017) states that:

“(a) no person engaging in the business of insurance in this State shall act as, be appointed as, or hold oneself out to be an adjuster or independent bill reviewer unless so licensed by this State. (b) Notwithstanding subsection (a), following a declaration by the commissioner authorizing assistance of nonresident adjusters, a Hawaii license shall not be required of a nonresident adjuster for the adjustment of losses, provided that: ... (c) Any person violating this section shall be assessed a civil penalty not to exceed \$5,000 for each factually different violation. (d) Any person who knowingly violates this section shall be assessed a civil penalty of not less than \$1,000 and not more than \$10,000 for each violation.” [emphasis supplied by counsel]

88. Upon information and belief, and to date, Insurance Commissioner Gordon I. Ito has not issued a declaration authorizing the assistance of nonresident adjusters.

89. Upon information and belief, and at all times material to this case, Defendants LLOYDS and/or SPG (MONARCH) appointed RTEA (MUTUAL) to broker its insurance policies in the State of Hawai'i. Plaintiff purchased the INSURANCE POLICY from RTEA Agent Noreen Kaneshiro. Accordingly, Defendants LLOYDS and SPG are vicariously liable for all actions and omissions of Defendant RTEA relating to the procurement of the INSURANCE POLICY and the subsequent handling of Plaintiff's claim for insurance losses.

90. Upon information and belief, at the time of the purchase of the INSURANCE POLICY, RTEA Agent Kaneshiro steered Plaintiff to purchase the INSURANCE POLICY with LLOYDS, an unauthorized unregulated insurer, knowing full

well comparable insurance could be obtained through the Hawaii Property Insurance Association (“HPIA”) for a policy limit of \$350,000.00, and also knowing that insurance through HPIA carried with it the regulatory oversight of the State of Hawai’i DCCA Insurance Division.

91. Defendant RTEA, however, remains liable for all independent actions taken outside of the scope of its agency with Principals and Defendants LLOYDS and SPG.

92. HRS Sec. 431:8-310 (2017) states that:

“Surplus lines broker license required; application and qualifications for license. (a) *No person shall procure any contract of surplus lines insurance with an unauthorized insurer unless the person is licensed as a surplus lines broker. ... (f) Business entities shall be eligible to be surplus lines brokers, upon meeting the following conditions: (1) The business entity licensee shall list individuals within the business entity who have satisfied all requirements of this part to become surplus lines brokers; (2) Only those individuals listed on the business entity’s license shall transact surplus lines business; and (3) A natural person licensed as a surplus lines broker shall be identified as the business entity’s designated representative.*”

93. RTEA Agent Noreen Kaneshiro is registered with the DCCA Insurance Division as a Resident Insurance Producer, but not as a Surplus Lines Broker.

94. Aside from the liability arising from their agency relationship with Defendant LLOYDS, Defendants SPG (MONARCH), RTEA (MUTUAL), MULLEN, and ARM are each individually liable for their conduct outside of the scope of the agency relationship with Defendant LLOYDS that resulted in breaches of the duty of good faith and fair dealing.

95. In addition, Defendant RTEA (MUTUAL) owed Plaintiff a duty of good faith and fair dealing in its conduct relative to the procurement of the INSURANCE POLICY, which included accurately determining the replacement loss value of Plaintiff’s residence. Upon information and belief, RTEA (MUTUAL) Agent Noreen Kaneshiro was

not registered with the DCCA Insurance Division as a Surplus Lines Broker and was the Agent assigned by RTEA (MUTUAL) to sell the INSURANCE POLICY to Plaintiff. Plaintiff contends that, at all times relevant in this case, LLOYDS operated as an unauthorized insurer who did not meet the requirements of being a surplus lines insurer. Upon information and belief, Plaintiff believes that Defendant LLOYDS will assert it was a surplus lines insurer not subject to regulation or oversight by the State of Hawai'i. Accordingly, RTEA (MUTUAL) breached the duty of good faith owed Plaintiff by placing them with insurance from a statutorily-unexcepted unauthorized insurer thereby exposing Plaintiff to the possibility of misconduct which, regrettably, did, in fact, happen as a result of the Defendants' concerted conduct.

VII. CAUSES OF ACTION

CLAIM NO. 1: Breach of Contract

(DEFENDANT CERTAIN UNDERWRITERS OF LLOYDS, LONDON)

96. Plaintiff realleges each and every allegation contained in Paragraphs 1 through 95, as if delineated here *in extenso*.

97. On the effective date of the INSURANCE POLICY, for good and valuable consideration tendered by Plaintiff to, and accepted by, Defendant CERTAIN UNDERWRITERS OF LLOYD'S, LONDON, Defendant LLOYDS issued the INSURANCE POLICY to Plaintiff that insured Plaintiff's home and its contents from loss due to fire, a covered peril under the express terms of the INSURANCE POLICY.

98. At all times material to this case, Plaintiff has fully complied with her obligations as set forth in the INSURANCE POLICY.

99. On May 25, 2018, Plaintiff's dwelling and its contents were imperiled by spreading fire, an insured peril pursuant to the INSURANCE POLICY.

100. Based on her losses, Plaintiff submitted a claim for benefits under the INSURANCE POLICY.

101. On or about July 19, 2018, Defendant LLOYDS denied Plaintiff's claim for insurance losses.

102. Defendant LLOYDS has materially breached the terms of the INSURANCE CONTRACT by:

- A. Failing to promptly and reasonably adjust the claim;
- B. Failing to properly train and/or instruct its adjusters and/or agents;
- C. Failing to provide uniform and/or standard guidelines and/or materials to adjusters and/or agents to properly evaluate claims;
- D. Failing to timely provide sufficient funds for the repairs and replacement of the subject property;
- E. Failing to pay for sufficient living expenses incurred by Plaintiff after she evacuated her insured residence in the time frame of the relevant insurance contract;
- F. Failing to promptly adjust and properly pay the policy limits, or the actual replacement cost value of the dwelling, for Plaintiff's total loss of their dwelling;
- G. Failing to provide sufficient funds for the repair or replacement of the contents contained in the subject property, as per policy provisions;
- H. Failing to properly interpret and apply the express terms and conditions of the policy; and
- I. Any and all other acts or omissions to be shown at trial on the merits.

103. All conditions precedent to the filing of this cause of action have been performed by Plaintiff or have been waived by Defendants.

104. As a result of the actions and omissions of all Defendants, Plaintiff continues to suffer damages.

CLAIM NO. 2: Breach of Implied Covenant of Good Faith and Fair Dealing

(ALL DEFENDANTS)

105. Plaintiff realleges and re-avers each and every allegation contained in Paragraphs 1 through 104, as if delineated here *in extenso*.

106. On the effective date of the INSURANCE POLICY, for good and valuable consideration tendered by Plaintiff to, and accepted by, Defendant CERTAIN UNDERWRITERS OF LLOYD'S, LONDON, Defendant LLOYDS issued the INSURANCE POLICY to Plaintiff that insured Plaintiff's home and its contents from fire, a covered peril under the express terms of the INSURANCE POLICY.

107. At all times material to this case, Plaintiff has fully complied with her obligations as set forth in the INSURANCE POLICY.

108. On May 25, 2018, Plaintiff's dwelling and its contents were imperiled by spreading fire, an insured peril pursuant to the INSURANCE POLICY.

109. Based on her losses, Plaintiff submitted a claim for benefits under the INSURANCE POLICY.

110. On or about July 19, 2018, Defendant LLOYDS denied Plaintiff's claim for insurance losses.

111. Aside from the contractual duties owed to Plaintiff by Defendant

LLOYDS, *Best Place, Inc. v. Penn America Insurance Co.*, 920 P.2d 334 (1996) mandates that Defendant LLOYDS also owed Plaintiff a duty of good faith and fair dealing in its conduct relative to the handling of the loss claim lodged by Plaintiff.

112. Aside from the liability arising from their agency relationship with Defendant LLOYDS, Defendants SPG (MONARCH), MULLEN, ARM, and RTEA (MUTUAL) are each individually liable for their conduct outside of the scope of the agency relationship with Defendant LLOYDS that resulted in breaches of the duty of good faith and fair dealing.

113. In addition, Defendant RTEA (MUTUAL) owed Plaintiff a duty of good faith and fair dealing in its conduct relative to the procurement of the INSURANCE POLICY. Upon information and belief, RTEA (MUTUAL) Agent Noreen Kaneshiro was not registered with the DCCA Insurance Division as a Surplus Lines Broker and was the Agent assigned by RTEA (MUTUAL) to sell the INSURANCE POLICY to Plaintiff. Plaintiff contends that, at all times relevant in this case, LLOYDS operated as an unauthorized insurer who did not meet the requirements of being a surplus lines insurer. Upon information and belief, Plaintiff believes that Defendant LLOYDS will assert it was a surplus lines insurer not subject to regulation or oversight by the State of Hawai'i. Accordingly, Defendant RTEA (MUTUAL) breached the duty of good faith owed Plaintiff by placing them with insurance from a statutorily-unexcepted unauthorized insurer thereby exposing Plaintiff to the possibility of misconduct which, regrettably, did, in fact, happen as a result of the Defendants' concerted conduct.

114. Conversely, at all times material to this case, Plaintiff has reasonably complied with all terms in the INSURANCE POLICY and, in addition, when dealing with

all Defendants, has adhered to the duty of good faith and fair dealing inherent in the INSURANCE POLICY.

115. The enumerated proscribed insurance practices found in HRS Sec. 413:13-103 (2017) may serve as evidence of unreasonable conduct by an insurer.

116. In addition to the conduct described in the previous allegations, all Defendants materially breached their duty of good faith and fair dealing to Plaintiff by:

(A) Misrepresenting pertinent facts or insurance policy provisions relating to coverages at issue;

(B) Failing to adopt and implement reasonable standards for the prompt investigation of claims arising under insurance policies;

(C) Failing to affirm or deny coverage of claims within a reasonable time after proof of loss statements have been completed;

(D) Failing to provide the insured, or when applicable the insured's beneficiary, with a reasonable written explanation for any delay, on every claim remaining unresolved for thirty calendar days from the date it was reported;

(E) Not attempting in good faith to effectuate prompt, fair, and equitable settlements of claims in which liability has become reasonably clear;

(F) Compelling insureds to institute litigation to recover amounts due under an insurance policy by not investigating the claim in a reasonably prompt manner to the detriment of the insureds thus compelling them to seek judicial intervention; and

(G) Failing to promptly settle claims, where liability has become reasonably clear, under one portion of the insurance policy coverage to influence settlements under other portions of the insurance policy coverage.

(H) Failing to issue a property insurance contract to insureds that contained exclusionary language that is narrowly drafted;

(I) Failing to issue a property insurance contract to insureds that contained exclusionary language that was defined within the agreement;

(J) Failing to issue a property insurance contract to insureds that is not designed to be used to deny coverage for the cost of repairs and restoration of plaintiff's property as a result of the damages arising from an occurrence or covered peril as defined in the policy;

(K) Failing to provide a property insurance contract that is unambiguous;

(L) The Defendants failure and/or omissions constitute bad faith in that they were arbitrary and capricious, all of which entitles Plaintiff to recover attorney's fees, costs and penalties as allowed by law; and

(M) Any other acts or omissions to be shown at trial on the merits.

117. All conditions precedent to the filing of this cause of action have been performed by Plaintiff or have been waived by Defendants.

118. As a result of the actions and omissions of all Defendants, Plaintiff continues to suffer damages.

119. Defendants' failures were willful and/or intentional and/or arbitrary and capricious so that Plaintiff is entitled to an award of penalties, attorney's fees and costs.

CLAIM NO. 3: Violation of Deceptive Practices Act Under HRS Sec. 480:13 (2017)

(ALL DEFENDANTS)

120. Plaintiff realleges and re-avers each and every allegation contained in Paragraphs 1 through 121, as if delineated here *in extenso*.

121. Plaintiff is a "consumer" as that term is defined in HRS Sec. 480-1 (2017).

122. Unfair or deceptive acts or practices in the conduct of any trade or commerce are unlawful. HRS Sec. 480-2 (2017).

123. Consumers may bring an action against insurance companies and adjusters

who engage in unfair or deceptive acts or practices in the conduct of their business. HRS Sec. 480-2(d) (2017).

124. Upon information and belief, and at all times material to this case, Defendant LLOYDS was not authorized to transact business in insurance in the State.

125. HRS Sec. 431:8-201 (2017) prohibits insurers from transacting an insurance business in the State without a certificate of authority.

126. At all times relevant to this case, Defendants SPG, MULLEN, ARM, and RTEA acted as agents for Defendant LLOYDS in either the procurement of Plaintiff's insurance transaction or in the handling of the subsequent claim for losses pursuant to the procured INSURANCE POLICY.

127. HRS Sec. 431:8-202 (2017) prohibits all persons from aiding an unauthorized insurer, including producers and adjusters.

128. Based on all allegations contained in this Complaint, Defendants SPG, MULLEN, ARM, RTEA have engaged in unfair or deceptive acts or practices in violation of HRS Sec. 480-2 (2017) by aiding Defendant LLOYDS.

CLAIM NO. 4: Civil Conspiracy

(ALL DEFENDANTS)

129. Plaintiff realleges and re-avers each and every allegation contained in Paragraphs 1 through 128, as if delineated here *in extenso*.

130. From on or about May 25, 2018 to the present, LLOYDS, SPG (MONARCH), MULLEN, and ARM have knowingly and willfully conspired and agreed

among themselves to deprive Plaintiff of value by: (a) breaching the duty of good faith and fair dealing in the handling of Plaintiff's lawful insurance loss claim pursuant to the INSURANCE POLICY; (b) engaging in deceptive acts and practices in the mishandling of Plaintiff's lawful insurance loss claim pursuant to the INSURANCE POLICY. All these actions and omissions committed by each Defendant in concert with and among each other, more particularly set forth above and incorporated herein, deprived Plaintiff of the benefits of the INSURANCE POLICY.

131. In addition, from on or about January 1, 2018 to the present, RTEA (MUTUAL) has knowingly and willfully conspired and agreed with Defendants LLOYDS and SPG (MONARCH) to deprive Plaintiff of value by (a) breaching the duty of good faith in the procurement of the INSURANCE POLICY; and (b) engaging in deceptive acts and practices in the procurement of the INSURANCE POLICY. All these actions and omissions committed by RTEA (MUTUAL) in concert with Defendants LLOYDS and SPG (MONARCH), more particularly set forth above and incorporated herein, deprived Plaintiff of the benefits of the INSURANCE POLICY.

132. At all times material to this case, Defendants have each conducted themselves in a manner so as to proximately cause a breach of the implied duty of good faith and fair dealing and to violate HRS Sec. 480-2 (2017), as alleged in the above factual allegations contained in the Complaint herein, pursuant to, and in furtherance of, the conspiracy and alleged agreement to conspire.

133. Each Defendant furthered the conspiracy by lending aid and encouragement to the other Defendants, and by ratifying and adopting the acts of the other Defendants.

134. As a proximate cause of the wrongful actions or omissions committed by Defendants, Plaintiff has been generally damaged in a sum that exceeds \$40,000 but that cannot yet be precisely calculated because Plaintiff continues to suffer damages from the continuing nature of Defendants' willful conspiracy and agreement among themselves to deprive Plaintiff of the benefits of the INSURANCE POLICY.

135. All Defendants have and continue to conduct themselves maliciously and to oppress Plaintiff.

CLAIM NO. 5: Negligence

(Defendant RTEA only)

136. Plaintiff realleges and re-avers each and every allegation contained in Paragraphs 1 through 135, as if delineated here *in extenso*.

137. Plaintiff purchased insurance coverage for the PROPERTY from Defendant RTEA (MUTUAL) Agent Noreen Kaneshiro for the periods of 2017-2018 and 2018-2019.

138. Defendant RTEA (MUTUAL) owed Plaintiff a duty of reasonable care in the procurement of the adequate type and amount of coverage needed to properly insure Plaintiff's dwelling and contents against known or foreseeable perils that might befall Plaintiff's dwelling and its contents.

139. Defendant RTEA (MUTUAL) established a course of dealing with Plaintiff and, accordingly, had a heightened duty to adequately counsel and review coverages with Plaintiff each time the policy on the PROPERTY was renewed.

140. Between the years of 2016 and 2017, Plaintiff first purchased insurance coverage for the PROPERTY from Defendant RTEA (MUTUAL). Defendant RTEA assigned Agent Kaneshiro to handle the procurement transaction. At that time, Ms.

Kaneshiro, who is a licensed Resident Insurance Producer possessed with superior knowledge to the Plaintiff about insurance matters, advised Plaintiff to purchase a policy with Defendant LLOYDS. The pertinent facts of that procurement transaction follow:

(A) At that time, Defendant RTEA (MUTUAL) Agent Kaneshiro represented that Defendant LLOYDS offered the only available property insurance coverage;

(B) At that time, Plaintiff provided Agent Kaneshiro with all the information necessary for Agent Kaneshiro to make an informed decision concerning formulating a quote on insurance coverages;

(C) At that time, upon information and belief, Plaintiff sought less than \$350,000 in coverage for her dwelling;

(D) At that time, Agent Kaneshiro never represented that other insurers were writing policies for Lava Zone 1, the zone where Plaintiff's dwelling stood, and, specifically, never mentioned the availability of property insurance coverage from the Hawaii Property Insurance Association (HPIA); and

(E) At that time, Plaintiff reasonably relied and depended upon Defendant RTEA (MUTUAL) Agent Kaneshiro's representations in agreeing to insure Plaintiff's dwelling, personal property, and other coverages with Defendant LLOYDS.

141. In reasonable reliance and dependence upon Defendant RTEA (MUTUAL) Agent Kaneshiro's superior knowledge in insurance matters and, specifically, upon her representations that Defendant LLOYDS offered the only available property insurance coverage, and, further, having established a course of dealing with Agent Kaneshiro, Plaintiff renewed her insurance policy in subsequent years.

142. Upon information and belief, the PROPERTY was located in Lava Zone 1.

143. Upon information and belief, at the time Plaintiff purchased and renewed her LLOYDS' INSURANCE POLICY from Defendant RTEA (MUTUAL), several other insurers were underwriting underlying liability and excess insurance policies in Lava Zone 1.

144. Defendant RTEA (MUTUAL) Agent Kaneshiro, who at all times acted within the scope of her agency with RTEA (MUTUAL), never offered Plaintiff any other insurer options. Instead, Ms. Kaneshiro steered Plaintiff toward purchasing insurance coverage with Defendant LLOYDS.

145. Defendant RTEA (MUTUAL) breached the duty of reasonable care owed to Plaintiff by negligently failing to explain the scope, nature, extent, and limitations of insurance coverage sold to Plaintiff, with whom it had an established a course of dealing thereby depriving Plaintiff of the opportunity of purchasing the appropriate coverage or purchasing additional coverage which would have covered Plaintiff's May 25, 2018 insurance loss claim.

146. On or about July 19, 2018, Defendant LLOYDS, through its agent Defendant ARM, denied Plaintiff's insurance loss claim based upon an alleged "lava and/or lava flow" exclusion contained in the INSURANCE POLICY.

147. Defendant RTEA (MUTUAL)'s breach of duty was a substantial factor in bringing about the harm suffered by Plaintiff. As a result of the breach of duty, Plaintiff has suffered actual losses and damages.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff is entitled to not only the payment under the INSURANCE POLICY of any and all coverages insuring the PROPERTY as well as

personal property and all other coverages under the INSURANCE POLICY for the damage and/or total loss to Plaintiff's insured residence and property caused by the covered peril of fire, but also to a claims process that is unencumbered by delay. Plaintiff respectfully prays for the following relief to include but not be limited to:

A. Damages against Defendant LLOYDS, including attorney's fees, court costs and any other damages incurred by Plaintiff as a result of the Defendant's breach of the terms in the INSURANCE POLICY;

B. Damages against Defendants LLOYDS, SPG, RTEA, MULLEN, and ARM, including attorney's fees, court costs and any other damages, to include punitive damages, incurred by Plaintiff as a result of the Defendants' breach of the covenant of good faith and fair dealing;

C. Damages against Defendants LLOYDS, SPG, RTEA, MULLEN, and ARM, including attorney's fees, court costs and any other damages incurred by Plaintiff as a result of the Defendants' violation of the deceptive practices act as expressed in HRS Sec. 480-2;

D. Damages against Defendants LLOYDS, SPG, RTEA, MULLEN, and ARM, including attorney's fees, court costs and any other damages incurred by Plaintiff as a result of Defendants' conspiracy to deprive Plaintiff of the benefits of coverage under the INSURANCE POLICY.;

E. Damages against Defendant RTEA including attorney's fees, court costs, and any other damages incurred by Plaintiff as a result of Defendant's RTEA breach of duty in the

procurement of adequate insurance in an amount and type of coverage that would meet the needs of Plaintiff against any known or reasonably foreseeable perils;

F. Court costs, expenses, and judicial interest; and

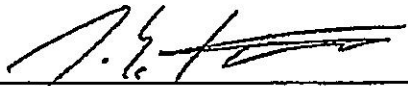
G. Any and all other equitable relief deemed appropriate by this Court.

JURY DEMAND

Plaintiff respectfully prays for a trial by jury of all claims.

WHEREFORE, Plaintiff, SUSAN LEIGH OSBORNE, respectfully prays after due proceedings be had that there be a judgment entered in her favor and against Defendants awarding damages, prejudgment interest, post judgment interest, attorney's fees and costs, punitive and/or exemplary damages as may be allowed by law and for further relief as equity and justice require.

Respectfully submitted this 16th day of August, 2018 at Kealahou, HI.



Jeffrey E. Foster

Attorney for Susan Leigh Osborne

EXHIBIT A



Lloyd's Cert

2017-18

This Insurance is effected with certain Underwriters at Lloyd's, London.

This Certificate is issued in accordance with the limited authorization granted to the correspondent by certain Underwriters at Lloyd's, London whose syndicate numbers and the proportions underwritten by them can be ascertained from the office of the said Correspondent (such Underwriters being hereinafter called "Underwriters" and in consideration of the premium specified herein, Underwriters hereby bind themselves severally and not jointly, each for his own part and not one for another, their Executors and Administrators.

The Assured is requested to read this Certificate, and if it is not correct, return it immediately to the Correspondent for appropriate alteration.

All inquiries regarding this Certificate should be addressed to the following Correspondent:

Monarch E&S Insurance Services
2540 Foothill Blvd., Suite 101
La Crescenta, CA 91214

This Declaration Page is attached to and forms part of Certificate provisions (Form SLC-3 USA NMA2868)

Previous No. HGMH15083 Authority Ref. No. B040317MEG183 Certificate No. HGMH16600

1. Name and address of the Assured:

SUSAN OSBORN

13-3344 MOHALA STREET
PAHOA, HI 96778

2. Effective from 01/25/2017 to 01/25/2018
both days at 12:01 a.m. standard time.

3. Insurance is effective with certain UNDERWRITERS AT LLOYD'S, LONDON.
Percentage 100 %

4. Amount	Coverage	Rate	Premium
\$	HOMEOWNERS - 3		\$ 2,212.00
\$	EXCLUDING LAVA AND/OR LAVA FLOW,		\$
\$	EARTHQUAKE & FLOOD		\$
\$	POLICY LIMITS PER FORM RC-17A		\$
STATE TAX		\$	103.52
STAMPING FEE		\$	
POLICY FEE		\$	150.00
TOTAL		\$	2,465.52

5. Forms attached hereto and special conditions:

ENDORSEMENT #A, L300-PL-2, L.M.A. 3100, L.M.A. 5019, N.M.A. 1256, N.M.A. 1331, N.M.A. 2340,
N.M.A. 2802, N.M.A. 2915, N.M.A. 2962 06-02-04, L.S.W. 1001, L.S.W. 1135B, K2 64-86,
HO 00 03 10-00, HO 04 90 10-00, HO 24 70 10-00, RC-02 09-98, RC-04 09-98,
RC-10 09-98, RC-17a 09-00, RC-20 10-02, RC-27 05-10, RC-28 04-11, RC-47 11-14,
RC-48 05-16, HO 01 52 07-05

6. Service of Suit may be made upon:

Mendes & Mount
750 Seventh Avenue
New York, NY 10019-6829

7. In the event of a claim, please notify the following:

Monarch E&S Insurance Services
2540 Foothill Blvd., Suite 101
La Crescenta, CA 91214

Dated at: Los Angeles, California

This 8TH day of FEBRUARY 2017

By



Correspondent

INSURED

UNDERWRITERS AT LLOYD'S, LONDON
SCHEDULE OF FORMS AND ENDORSEMENTS

Policy No. HGMH16600

Effective Date: 01/25/2017

Named Insured: SUSAN OSBORN

Contract No. B040317MEG183

L300-PL-2	COMBINATION ENDT - MENDES
L.M.A. 3100	SANCTION LIMITATION & EXCLUSION CLAUSE
L.M.A. 5019	ASBESTOS ENDORSEMENT
N.M.A. 1256	NUCLEAR ENERGY LIAB EXCLUSION
N.M.A. 1331	CANCELLATION CLAUSE
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ADDITIONAL FORMS

ENDORSEMENT #A

INSURED

WAR & CIVIL WAR EXCLUSION CLAUSE

Notwithstanding anything to the contrary contained herein this Policy does not cover Loss or Damage directly or indirectly occasioned by, happening through or in consequence of war, invasion, acts of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power or confiscation or nationalization or requisition or destruction or damage to property by or under the order of any government or public or local authority.

N.M.A. 464

RADIOACTIVE CONTAMINATION EXCLUSION CLAUSE- PHYSICAL DAMAGE - DIRECT

(Approved by Lloyd's Underwriters' Non-Marine Association)

This policy does not cover any loss or damage arising directly or indirectly from nuclear reaction nuclear radiation or radioactive contamination however such nuclear reaction nuclear radiation or radioactive contamination may have been caused* **NEVERTHELESS** if fire is an insured peril and a fire arises directly or indirectly from nuclear reaction nuclear radiation or radioactive contamination any loss or damage arising directly from the Fire shall (subject to the provisions of this policy) be covered

EXCLUDING however all loss or damage caused by nuclear reaction nuclear radiation or radioactive contamination arising directly or indirectly from that Fire.

*Note. - If Fire is not an insured peril under this policy the words "NEVERTHELESS" to the end of the clause do not apply and should be disregarded.

7/5/59

N.M.A. 1191

SERVICE OF SUIT CLAUSE (U.S.A.)

It is agreed that in the event of the failure Underwriters hereon to pay any amount claimed to be due hereunder, the Underwriters hereon, at the request of the Insured (or Reinsured), will submit to the jurisdiction of a Court of competent jurisdiction within the United States District Court, or to seek a transfer of a case to another Court as permitted by the laws of the United States. It is further agreed that service of process on such suit may be made upon

**MENDES & MOUNT
750 SEVENTH AVENUE
NEW YORK, NY 10019-6829**

that in any suit instituted against any one of them upon this contract, Underwriters will abide by the final decision of such Court or of any Appellate Court in the event of an appeal.

The above-named are authorized and directed to accept service of process on behalf of Underwriters in any such suit and/or upon the request of the Insured (or Reinsured) to give a written undertaking to the Insured (or Reinsured) that they will enter a general appearance upon Underwriters' behalf in the event such a suit shall be instituted.

Further, pursuant to any statute of any state, territory or district of the United States which makes provision therefor, Underwriters hereon hereby designate the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the statute, or his successor or successors in office, as their true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Insured (or Reinsured) or any beneficiary hereunder arising out of this contract of insurance (or Reinsurance), and hereby designate the above-named as the person to whom the said officer is authorized to mail such process or a true copy thereof.

N.M.A. 1998 (24/4/86)

L300-PL-2 (02-11)

SANCTION LIMITATION AND EXCLUSION CLAUSE

No (re)insurer shall be deemed to provide cover and no (re)insurer shall be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose that (re)insurer to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.

15/09/10
LMA3100

INSURED

ASBESTOS ENDORSEMENT

- A. This Policy only insures asbestos physically incorporated in an insured building or structure, and then only that part of the asbestos which has been physically damaged during the period of insurance by one of these Listed Perils:

fire; explosion; lighting; windstorm; hail; direct impact of vehicle, aircraft or vessel; riot or civil commotion, vandalism or malicious mischief, or accidental discharge of fire protective equipment.

This coverage is subject to each of the following specific limitations:

1. The said building or structure must be insured under this Policy for damage by that Listed Peril.
 2. The Listed Peril must be the immediate, sole cause of the damage of the asbestos.
 3. The Assured must report to Underwriters the existence and cost of the damage as soon as practicable after the Listed Peril first damaged the asbestos. However, this Policy does not insure any such damage first reported to the Underwriters more than 12 (twelve) months after the expiration, or termination, of the period of insurance.
 4. Insurance under this Policy in respect of asbestos shall not include any sum relating to:
 - (i) any faults in the design, manufacture or installation of the asbestos;
 - (ii) asbestos not physically damaged by the Listed Peril including any governmental or regulatory authority direction or request of whatsoever nature relating to undamaged asbestos.
- B. Except as set forth in the foregoing Section A. this Policy does not insure asbestos or any relating thereto.

14/09/2005
LMA5019

INSURED

NUCLEAR ENERGY LIABILITY EXCLUSION (BROAD FORM)

It is agreed that:

I. This policy does not apply:

A. Under any Liability Coverage, to bodily injury or property damage

(1) with respect to which an insured under this policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or

(2) resulting from the hazardous properties of nuclear material and with respect to which (a) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (b) the insured is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.

B. Under any Medical Payments Coverage, or under any Supplementary Payments provision relating to first aid, to expenses incurred with respect to bodily injury resulting from the hazardous properties of nuclear material and arising out of the operation of a nuclear facility by any person or organization.

C. Under any Liability Coverage, to bodily injury or property damage resulting from the hazardous properties of nuclear materials, if

(1) the nuclear material (a) is at any nuclear facility owned by, or operated by or on behalf of, an insured or (b) has been discharged or dispersed therefrom:

(2) the nuclear material is contained in spent fuel or waste at any time possessed, handled, used, possessed, stores, transported or disposed of by or on behalf of an insured; or

(3) the bodily injury or property damage arising out of the furnishing by an insured of services, materials, parts or equipment in connection with the planning, construction, maintenance, operations or use of any nuclear facility, but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion (3) applies only to property damage to such nuclear facility and any property thereat.

II. As used in this policy:

"hazardous properties" include radioactive, toxic or explosive properties;

"nuclear material" means source material, special nuclear material or byproduct material:

"source material", "special nuclear material", and "byproduct material" have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof:

"spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a nuclear reactor;

"waste" means any waste material (1) containing byproduct material and (2) resulting from the operation by any person or organization of any nuclear facility included within the definition of nuclear facility under paragraph (a) or (b) thereof:

"nuclear facility" means

(a) any nuclear reactor.

(b) any equipment or device designed or used for (1) separating the isotopes of uranium or plutonium, (2) processing or utilizing spent fuel, or (3) handling, processing or packaging waste.

(c) any equipment or device used for the processing, fabricating or alloying of special nuclear material if at any time the total amount of such material in the custody of the insured at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235.

(d) any structure, basin, excavation, premises or place prepared or used for the storage or disposal of waste.

and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations:

"nuclear reactor" means any apparatus design or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material:

"property damage" includes all forms of radioactive contamination of property.

U.S.A. AND CANADA

CANCELLATION CLAUSE

(Approved by Lloyd's Underwriters' Non-Marine Association)

NOTWITHSTANDING anything contained in this Insurance to the contrary this Insurance may be cancelled by Assured at any time by written notice or by surrender of this contract of insurance. This Insurance may also be cancelled by or on behalf of the Underwriters by delivering to the Assured or by mailing to the Assured, by registered, certified or other first class mail, at the Assured's address as shown in this Insurance, written notice stating when, not more than 30 days thereafter, the cancellation shall be effective. The mailing of such notice as aforesaid shall be sufficient proof of notice and this Insurance shall terminate at the date and hour specified in such notice.

If this Insurance shall be cancelled by the Assured the Underwriters shall retain the customary short rate proportion of the premium hereon, except that if this Insurance is on an adjustable basis the Underwriters shall receive the earned premium hereon or the customary short rate proportion of any minimum premium stipulated herein whichever is the greater.

If this Insurance shall be cancelled by or on behalf of the Underwriters the Underwriters shall retain the pro rata proportion of the premium hereon, except that if this Insurance is on an adjustable basis the Underwriters shall receive the earned premium hereon or the pro rata proportion of any minimum premium stipulated herein whichever is the greater.

Payment or tender of any unearned premium by the Underwriters shall not be a condition precedent to the effectiveness of Cancellation but such payment shall be made as soon as practicable.

If the period of limitation relating to the giving of notice is prohibited or made void by any law controlling the construction thereof, such period shall be deemed to be amended so as to be equal to the minimum period of limitation permitted by such law.

28/4/61

N.M.A. 1331

INSURED

U.S.A. & CANADA

LAND, WATER AND AIR EXCLUSION

Notwithstanding any provision to the contrary within the Policy of which this Endorsement forms part (or within any other Endorsement which forms part of this Policy), this Policy does not insure land (including but not limited to land on which the insured property is located), water or air, howsoever and wherever occurring, or any interest or right therein.

SEEPAGE AND/OR POLLUTION AND/OR CONTAMINATION EXCLUSION

Notwithstanding any provision to the contrary within the Policy of which this Endorsement forms part (or within any other Endorsement which forms part of this Policy), this Policy does not insure:

- a) any loss, damage, cost or expense, or
- b) any increase in insured loss, damage, cost or expense, or
- c) any loss, damage, cost, expense, fine or penalty, which is incurred, sustained or imposed by order, direction, instruction or request of, or by any agreement with, any court, government agency or any public, civil or military authority, or threat thereof, (and whether or not as a result of public or private litigation),

which arises from any kind of seepage or any kind of pollution and/or contamination, or threat thereof, whether or not caused by or resulting from a peril insured, or from steps or measures taken in connection with the avoidance, prevention, abatement, mitigation, remediation, clean up or removal of such seepage or pollution and/or contamination or threat thereof.

The term 'any kind of seepage or any kind of pollution and/or contamination' as used in this Endorsement includes (but is not limited to):

- a) seepage of, or pollution and/or contamination by, anything, including but not limited to, any material designated as a 'hazardous substance' by the United States Environmental Protection Agency or as a 'hazardous material' by the United States Department of Transportation, or defined as a 'toxic substance' by the Canadian Environmental Protection Act for the purposes of Part II of the Act, or any substance designated or defined as toxic, dangerous, hazardous or deleterious to persons or the environment under any other Federal, State, Provincial, Municipal or other law, ordinance or regulation; and
- b) the presence, existence, or release of anything which endangers or threatens to endanger the health, safety or welfare of persons or the environment.

DEBRIS REMOVAL ENDORSEMENT

THIS ENDORSEMENT CONTAINS PROVISIONS WHICH MAY LIMIT OR PREVENT RECOVERY UNDER THIS POLICY FOR LOSS WHERE COSTS OR EXPENSES FOR DEBRIS REMOVAL ARE INCURRED.

Nothing contained in this Endorsement shall override any Seepage and/or Pollution and/or Contamination Exclusion or any Radioactive Contamination Exclusion or any other Exclusion applicable to this Policy.

Any provision within this Policy (or within any other Endorsement which forms part of this Policy) which insures debris removal is cancelled and replaced by the following:

- 1) In the event of direct physical damage to or destruction of property, for which Underwriters hereon agree to pay, or which but for the application of a deductible or underlying amount they would agree to pay (hereinafter referred to as 'Damage or Destruction'), this Policy also insures, within the sum insured, subject to the limitations and method of calculation below, and to all the other terms and conditions of the Policy, costs or expenses;
 - (a) which are reasonably and necessarily incurred by the Assured in the removal, from the premises of the Assured at which the Damage or Destruction occurred, of debris which results from the Damage or Destruction; and
 - (b) of which the Assured becomes aware and advises the amount thereof to Underwriters hereon within one year of the commencement of such Damage or Destruction.
- 2) In calculation the amount, if any, payable under this Policy for loss where costs or expenses for removal of debris are incurred by the Assured (subject to the limitations in paragraph 1 above):
 - (a) the maximum amount of such costs or expenses that can be included in the method of calculation set out in (b) below shall be the greater of U.S. \$25,000 (twenty-five thousand dollars) or 10% (ten percent) of the amount of the Damage or Destruction from which such costs or expenses result; and
 - (b) the amount of such costs or expenses as limited in (a) above shall be added to:
 - (i) the amount of the Damage or Destruction; and
 - (ii) all other amounts of loss, which arise as a result of the same occurrence, and for which Underwriters hereon also agree to pay, or which but for the application of a deductible or underlying amount they would agree to pay; and

the resulting sum shall be the amount to which any deductible or underlying amount to which this Policy is subject and the limit (or applicable sub-limit) of this Policy, shall be applied.

ELECTRONIC DATE RECOGNITION EXCLUSION (EDRE)

This Policy does not cover any loss, damage, cost, claim, or expense, whether preventative, remedial or otherwise, directly or indirectly arising out of or relating to:

- a) the calculation, comparison, differentiation, sequencing or processing of data involving the date change to the year 2000, or any other date change, including leap year calculation, by any computer system, hardware, program or software and/or any microchip, integrated circuit or similar device in computer equipment or non-computer equipment, whether the property of the Insured or not; or
- b) any change, alteration or modification involving the date change to the year 2000, or any other date change, including leap year calculation, by any computer system hardware, program or software and/or any microchip, integrated circuit or similar device in computer equipment or non-computer equipment, whether the property of the Insured or not.

This clause applies regardless of any other cause or event that contributes concurrently or in any sequence to the loss, damage, cost, claim or expense.

EDRE NMA2802 (17/12/1997)

INSURED

ELECTRONIC DATA ENDORSEMENT B

1. Electronic Data Exclusion

Notwithstanding any provision to the contrary within the Policy or any endorsement thereto, it is understood and agreed as follows:

- a) This Policy does not insure loss, damage, destruction, erasure, corruption or alteration of ELECTRONIC DATA from any cause whatsoever (including but not limited to COMPUTER VIRUS) or loss of use, reduction in functionality, cost, expense of whatsoever nature resulting therefrom, regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

ELECTRONIC DATA means facts, concepts and information converted to a form useable for communications, interpretation or processing by electronic and electromechanical data processing or electronically controlled equipment and includes programmes, software and other coded instructions for the processing and manipulation of data or the direction and manipulation of such equipment.

COMPUTER VIRUS means a set of corrupting, harmful or otherwise unauthorized instructions or code including a set of maliciously introduced instructions or code, programmatic or otherwise, that propagate themselves through a computer system or network of whatsoever nature. COMPUTER VIRUS includes but is not limited to 'Trojan Horses', 'worms' and 'time or logic bombs'.

- b) However, in the event that a peril listed below results from any of the matters described in paragraph a) above, this Policy, subject to all its terms, conditions and exclusions, will cover physical damage occurring during the Policy period to property insured by this Policy directly caused by such listed peril.

Listed Perils

Fire

Explosion

2. Electronic Data Processing Media Valuation

Notwithstanding any provisions to the contrary within the Policy or any endorsement thereto, it is understood and agreed as follows:-

Should electronic data processing media insured by this Policy suffer physical loss or damage insured by this Policy, then the basis of valuation shall be the cost of the blank media plus the costs of copying the ELECTRONIC DATA from back-up or from originals of a previous generation. These costs will not include research and engineering nor any costs of recreating, gathering or assembling such ELECTRONIC DATA. If the media is not repaired, replaced or restored the basis of valuation shall be the cost of the blank media. However this Policy does not insure any amount pertaining to the value of such ELECTRONIC DATA to the Assured or any other party, even if such ELECTRONIC DATA cannot be recreated, gathered or assembled.

NMA 2915 (25.1.01)

Form approved by Lloyd's Underwriters' Non-Marine Association Limited

INSURED

Biological or Chemical Materials Exclusion

It is agreed that this Insurance excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with the actual or threatened malicious use of pathogenic or poisonous biological or chemical materials regardless of any other cause or event contributing concurrently or in any other sequence thereto.

NMA2962

06/02/04

Form approved by Lloyd's Market Association (Non Marine)

INSURED

SEVERAL LIABILITY NOTICE

The subscribing insurers' obligations under contracts of insurance to which they subscribe are several and not joint and are limited solely to the extent of their individual subscriptions. The subscribing insurers are not responsible for the subscription of any co-subscribing insurer who for any reason does not satisfy all or part of its obligations.

LSW 1001 (Insurance) 08/94

INSURED

LLOYD'S PRIVACY POLICY STATEMENT

UNDERWRITERS AT LLOYD'S, LONDON

The Certain Underwriters at Lloyd's, London want you to know how we protect the confidentiality of your non-public personal information. We want you to know how and why we use and disclose the information that we have about you. The following describes our policies and practices for securing the privacy of our current and former customers.

INFORMATION WE COLLECT

The non-public personal information that we collect about you includes, but is not limited to:

- Information contained in applications or other forms that you submit to us, such as name, address, and social security number
- Information about your transactions with our affiliates or other third-parties, such as balances and payment history
- Information we receive from a consumer-reporting agency, such as credit-worthiness or credit history

INFORMATION WE DISCLOSE

We disclose the information that we have when it is necessary to provide our products and services. We may also disclose information when the law requires or permits us to do so.

CONFIDENTIALITY AND SECURITY

Only our employees and others who need the information to service your account have access to your personal information. We have measures in place to secure our paper files and computer systems.

RIGHT TO ACCESS OR CORRECT YOUR PERSONAL INFORMATION

You have a right to request access to or correction of your personal information that is in our possession.

CONTACTING US

~~If you have any questions about this privacy notice or would like to learn more about how we protect~~
your privacy, please contact the agent or broker who handled this insurance. We can provide a more detailed statement of our privacy practices upon request.

LSW 1135B

INSURED

ENDORSEMENT
NO. _____

ATTACHED TO AND FORMING A PART OF POLICY NUMBER	ENDORSEMENT EFFECTIVE (STANDARD TIME)					INSURED	AGENCY AND CODE
	MO.	DAY	YR.	12:01	NOON		

IN CONSIDERATION OF THE PREMIUM CHARGED, IT IS HEREBY AGREED:

- A. ☒ Each claim for loss or damage (separately occurring) shall be adjusted separately and from the amount of each adjusted claim \$ 1,000 shall be deducted. In the event of any recovery or salvage on a loss which has been or is being or is about to be paid hereunder, such recovery or salvage shall accrue entirely to the benefit of the company under this policy until the sum paid by them has been made up.
- B. ☐ A \$ _____ contributing deductible shall be applicable to any loss covered under Section I of this policy. It is further agreed that this deductible shall supersede any other deductible which would otherwise be applicable.
- C. ☒ Special limits of liability of coverage "C", personal property, of HO0003(10-00) is amended to include the following:
- \$1,000 for loss on any single item of fine arts, including paintings, etchings, pictures, tapestries, art glass windows and other bona fide works of art (such as valuable rugs, statuary, marbles, bronzes, antique silver, antique furniture, rare books, porcelains, rare glass and bric-a-brac of rarity historical value or artistic merit). The aggregate limit for each loss under this category shall be \$25,000
- D. ☐ Form _____ attached to this policy is amended to reflect the following:

ADDITIONAL EXCLUSIONS: This policy does not insure against loss caused by or resulting from, contributed to or aggravated by fire or lightning, removal, windstorm or hail, explosion, riot or civil commotion, aircraft, vehicles, smoke, vandalism or malicious mischief.

MONARCH E&S INSURANCE SERVICES

M2 (04-86)

COUNTERSIGNATURE

DATE

INSURED

HOMEOWNERS 3 - SPECIAL FORM

AGREEMENT

We will provide the insurance described in this policy in return for the premium and compliance with all applicable provisions of this policy.

DEFINITIONS

A. In this policy, "you" and "your" refer to the "named insured" shown in the Declarations and the spouse if a resident of the same household. "We", "us" and "our" refer to the Company providing this insurance.

B. In addition, certain words and phrases are defined as follows:

1. "Aircraft Liability", "Hovercraft Liability", "Motor Vehicle Liability" and "Watercraft Liability", subject to the provisions in b. below, mean the following:

a. Liability for "bodily injury" or "property damage" arising out of the:

- (1) Ownership of such vehicle or craft by an "insured";
- (2) Maintenance, occupancy, operation, use, loading or unloading of such vehicle or craft by any person;
- (3) Entrustment of such vehicle or craft by an "insured" to any person;
- (4) Failure to supervise or negligent supervision of any person involving such vehicle or craft by an "insured"; or
- (5) Vicarious liability, whether or not imposed by law, for the actions of a child or minor involving such vehicle or craft.

b. For the purpose of this definition:

- (1) Aircraft means any contrivance used or designed for flight, except model or hobby aircraft not used or designed to carry people or cargo;
- (2) Hovercraft means a self-propelled motorized ground effect vehicle and includes, but is not limited to, flarecraft and air cushion vehicles;
- (3) Watercraft means a craft principally designed to be propelled on or in water by wind, engine power or electric motor; and
- (4) Motor vehicle means a "motor vehicle" as defined in 7. below.

2. "Bodily injury" means bodily harm, sickness or disease, including required care, loss of services and death that results.

3. "Business" means:

a. A trade, profession or occupation engaged in on a full-time, part-time or occasional basis; or

b. Any other activity engaged in for money or other compensation, except the following:

- (1) One or more activities, not described in (2) through (4) below, for which no "insured" receives more than \$2,000 in total compensation for the 12 months before the beginning of the policy period;
- (2) Volunteer activities for which no money is received other than payment for expenses incurred to perform the activity;
- (3) Providing home day care services for which no compensation is received, other than the mutual exchange of such services; or
- (4) The rendering of home day care services to a relative of an "insured".

4. "Employee" means an employee of an "insured", or an employee leased to an "insured" by a labor leasing firm under an agreement between an "insured" and the labor leasing firm, whose duties are other than those performed by a "residence employee".

5. "Insured" means:

a. You and residents of your household who are:

- (1) Your relatives; or
- (2) Other persons under the age of 21 and in the care of any person named above;

b. A student enrolled in school full time, as defined by the school, who was a resident of your household before moving out to attend school, provided the student is under the age of:

- (1) 24 and your relative; or
- (2) 21 and in your care or the care of a person described in a.(1) above; or

c. Under Section II:

- (1) With respect to animals or watercraft to which this policy applies, any person or organization legally responsible for these animals or watercraft which are owned by you or any person included in a. or b. above. "Insured" does not mean a person or organization using or having custody of these animals or watercraft in the course of any "business" or without consent of the owner; or
- (2) With respect to a "motor vehicle" to which this policy applies:
 - (a) Persons while engaged in your employ or that of any person included in a. or b. above; or
 - (b) Other persons using the vehicle on an "insured location" with your consent.

Under both Sections I and II, when the word an immediately precedes the word "insured", the words an "insured" together mean one or more "insureds".

6. "Insured location" means:

- a. The "residence premises";
- b. The part of other premises, other structures and grounds used by you as a residence; and
 - (1) Which is shown in the Declarations; or
 - (2) Which is acquired by you during the policy period for your use as a residence;
- c. Any premises used by you in connection with a premises described in a. and b. above;
- d. Any part of a premises:
 - (1) Not owned by an "insured"; and
 - (2) Where an "insured" is temporarily residing;
- e. Vacant land, other than farm land, owned by or rented to an "insured";
- f. Land owned by or rented to an "insured" on which a one, two, three or four family dwelling is being built as a residence for an "insured";
- g. Individual or family cemetery plots or burial vaults of an "insured"; or

h. Any part of a premises occasionally rented to an "insured" for other than "business" use.

7. "Motor vehicle" means:

- a. A self-propelled land or amphibious vehicle; or
- b. Any trailer or semitrailer which is being carried on, towed by or hitched for towing by a vehicle described in a. above.

8. "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions, which results, during the policy period, in:

- a. "Bodily injury"; or
- b. "Property damage".

9. "Property damage" means physical injury to, destruction of, or loss of use of tangible property.

10. "Residence employee" means:

- a. An employee of an "insured", or an employee leased to an "insured" by a labor leasing firm, under an agreement between an "insured" and the labor leasing firm, whose duties are related to the maintenance or use of the "residence premises", including household or domestic services; or
- b. One who performs similar duties elsewhere not related to the "business" of an "insured".

A "residence employee" does not include a temporary employee who is furnished to an "insured" to substitute for a permanent "residence employee" on leave or to meet seasonal or short-term workload conditions.

11. "Residence premises" means:

- a. The one family dwelling where you reside;
- b. The two, three or four family dwelling where you reside in at least one of the family units; or
- c. That part of any other building where you reside;

and which is shown as the "residence premises" in the Declarations.

"Residence premises" also includes other structures and grounds at that location.

DEDUCTIBLE

Unless otherwise noted in this policy, the following deductible provision applies:

Subject to the policy limits that apply, we will pay only that part of the total of all loss payable under Section I that exceeds the deductible amount shown in the Declarations.

SECTION I - PROPERTY COVERAGES

A. Coverage A - Dwelling

1. We cover:
 - a. The dwelling on the "residence premises" shown in the Declarations, including structures attached to the dwelling; and
 - b. Materials and supplies located on or next to the "residence premises" used to construct, alter or repair the dwelling or other structures on the "residence premises".
2. We do not cover land, including land on which the dwelling is located.

B. Coverage B - Other Structures

1. We cover other structures on the "residence premises" set apart from the dwelling by clear space. This includes structures connected to the dwelling by only a fence, utility line, or similar connection.
2. We do not cover:
 - a. Land, including land on which the other structures are located;
 - b. Other structures rented or held for rental to any person not a tenant of the dwelling, unless used solely as a private garage;
 - c. Other structures from which any "business" is conducted; or
 - d. Other structures used to store "business" property. However, we do cover a structure that contains "business" property solely owned by an "insured" or a tenant of the dwelling provided that "business" property does not include gaseous or liquid fuel, other than fuel in a permanently installed fuel tank of a vehicle or craft parked or stored in the structure.
3. The limit of liability for this coverage will not be ~~more than 10% of the limit of liability that applies to Coverage A. Use of this coverage does not reduce the Coverage A limit of liability.~~

C. Coverage C - Personal Property

1. Covered Property

We cover personal property owned or used by an "insured" while it is anywhere in the world. After a loss and at your request, we will cover personal property owned by:

- a. Others while the property is on the part of the "residence premises" occupied by an "insured"; or
- b. A guest or a "residence employee", while the property is in any residence occupied by an "insured".

2. Limit For Property At Other Residences

Our limit of liability for personal property usually located at an "insured's" residence, other than the "residence premises", is 10% of the limit of liability for Coverage C, or \$1,000, whichever is greater. However, this limitation does not apply to personal property:

- a. Moved from the "residence premises" because it is being repaired, renovated or rebuilt and is not fit to live in or store property in; or
- b. In a newly acquired principal residence for 30 days from the time you begin to move the property there.

3. Special Limits Of Liability

The special limit for each category shown below is the total limit for each loss for all property in that category. These special limits do not increase the Coverage C limit of liability.

- a. \$200 on money, bank notes, bullion, gold other than goldware, silver other than silverware, platinum other than platinum-ware, coins, medals, scrip, stored value cards and smart cards.
- b. \$1,500 on securities, accounts, deeds, evidences of debt, letters of credit, notes other than bank notes, manuscripts, personal records, passports, tickets and stamps. This dollar limit applies to these categories regardless of the medium (such as paper or computer software) on which the material exists.

~~This limit includes the cost to research, replace or restore the information from the lost or damaged material.~~

- c. \$1,500 on watercraft of all types, including their trailers, furnishings, equipment and out-board engines or motors.
- d. \$1,500 on trailers or semitrailers not used with watercraft of all types.
- e. \$1,500 for loss by theft of jewelry, watches, furs, precious and semiprecious stones.
- f. \$2,500 for loss by theft of firearms and related equipment.
- g. \$2,500 for loss by theft of silverware, silver-plated ware, goldware, gold-plated ware, platinumware, platinum-plated ware and pewterware. This includes flatware, hollowware, tea sets, trays and trophies made of or including silver, gold or pewter.
- h. \$2,500 on property, on the "residence premises", used primarily for "business" purposes.
- i. \$500 on property, away from the "residence premises", used primarily for "business" purposes. However, this limit does not apply to loss to electronic apparatus and other property described in Categories j. and k. below.
- j. \$1,500 on electronic apparatus and accessories, while in or upon a "motor vehicle", but only if the apparatus is equipped to be operated by power from the "motor vehicle's" electrical system while still capable of being operated by other power sources.

Accessories include antennas, tapes, wires, records, discs or other media that can be used with any apparatus described in this Category j.
- k. \$1,500 on electronic apparatus and accessories used primarily for "business" while away from the "residence premises" and not in or upon a "motor vehicle". The apparatus must be equipped to be operated by power from the "motor vehicle's" electrical system while still capable of being operated by other power sources.

Accessories include antennas, tapes, wires, records, discs or other media that can be used with any apparatus described in this Category k.

4. Property Not Covered

~~We do not cover:~~

- a. Articles separately described and specifically insured, regardless of the limit for which they are insured, in this or other insurance;

- b. Animals, birds or fish;
- c. "Motor vehicles".

(1) This includes:

- (a) Their accessories, equipment and parts; or
- (b) Electronic apparatus and accessories designed to be operated solely by power from the electrical system of the "motor vehicle". Accessories include antennas, tapes, wires, records, discs or other media that can be used with any apparatus described above.

The exclusion of property described in (a) and (b) above applies only while such property is in or upon the "motor vehicle".

(2) We do cover "motor vehicles" not required to be registered for use on public roads or property which are:

- (a) Used solely to service an "insured's" residence; or
- (b) Designed to assist the handi-capped;

- d. Aircraft meaning any contrivance used or designed for flight including any parts whether or not attached to the aircraft.

We do cover model or hobby aircraft not used or designed to carry people or cargo;

- e. Hovercraft and parts. Hovercraft means a self-propelled motorized ground effect vehicle and includes, but is not limited to, flarecraft and air cushion vehicles;
- f. Property of roomers, boarders and other tenants, except property of roomers and boarders related to an "insured";
- g. Property in an apartment regularly rented or held for rental to others by an "insured", except as provided under E.10. Landlord's Furnishings under Section I - Property Coverages;
- h. Property rented or held for rental to others off the "residence premises";
- i. "Business" data, including such data stored in:

~~(1) Books of account, drawings or other paper records; or~~

(2) Computers and related equipment.

We do cover the cost of blank recording or storage media, and of prerecorded computer programs available on the retail market;

- j. Credit cards, electronic fund transfer cards or access devices used solely for deposit, withdrawal or transfer of funds except as provided in E.6. Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money under Section I - Property Coverages; or

k. Water or steam.

D. Coverage D - Loss Of Use

The limit of liability for Coverage D is the total limit for the coverages in 1. Additional Living Expense, 2. Fair Rental Value and 3. Civil Authority Prohibits Use below.

1. Additional Living Expense

If a loss covered under Section I makes that part of the "residence premises" where you reside not fit to live in, we cover any necessary increase in living expenses incurred by you so that your household can maintain its normal standard of living.

Payment will be for the shortest time required to repair or replace the damage or, if you permanently relocate, the shortest time required for your household to settle elsewhere.

2. Fair Rental Value

If a loss covered under Section I makes that part of the "residence premises" rented to others or held for rental by you not fit to live in, we cover the fair rental value of such premises less any expenses that do not continue while it is not fit to live in.

Payment will be for the shortest time required to repair or replace such premises.

3. Civil Authority Prohibits Use

If a civil authority prohibits you from use of the "residence premises" as a result of direct damage to neighboring premises by a Peril Insured Against, we cover the loss as provided in 1. Additional Living Expense and 2. Fair Rental Value above for no more than two weeks.

4. Loss Or Expense Not Covered

We do not cover loss or expense due to cancellation of a lease or agreement.

The periods of time under 1. Additional Living Expense, 2. Fair Rental Value and 3. Civil Authority Prohibits Use above are not limited by expiration of this policy.

E. Additional Coverages

1. Debris Removal

- a. We will pay your reasonable expense for the removal of:

- (1) Debris of covered property if a Peril Insured Against that applies to the damaged property causes the loss; or
- (2) Ash, dust or particles from a volcanic eruption that has caused direct loss to a building or property contained in a building.

This expense is included in the limit of liability that applies to the damaged property. If the amount to be paid for the actual damage to the property plus the debris removal expense is more than the limit of liability for the damaged property, an additional 5% of that limit is available for such expense.

- b. We will also pay your reasonable expense, up to \$1,000, for the removal from the "residence premises" of:

- (1) Your tree(s) felled by the peril of Windstorm or Hail or Weight of Ice, Snow or Sleet; or
- (2) A neighbor's tree(s) felled by a Peril Insured Against under Coverage C;

provided the tree(s):

- (3) Damage(s) a covered structure; or
- (4) Does not damage a covered structure, but:
 - (a) Block(s) a driveway on the "residence premises" which prevent(s) a "motor vehicle", that is registered for use on public roads or property, from entering or leaving the "residence premises"; or
 - (b) Block(s) a ramp or other fixture designed to assist a handicapped person to enter or leave the dwelling building.

The \$1,000 limit is the most we will pay in any one loss regardless of the number of fallen trees. No more than \$500 of this limit will be paid for the removal of any one tree.

This coverage is additional insurance.

2. Reasonable Repairs

- a. We will pay the reasonable cost incurred by you for the necessary measures taken solely to protect covered property that is damaged by a Peril Insured Against from further damage.

- b. If the measures taken involve repair to other damaged property, we will only pay if that property is covered under this policy and the damage is caused by a Peril Insured Against. This coverage does not:

- (1) Increase the limit of liability that applies to the covered property; or
- (2) Relieve you of your duties, in case of a loss to covered property, described in B.4. under Section I - Conditions.

3. Trees, Shrubs And Other Plants

We cover trees, shrubs, plants or lawns, on the "residence premises", for loss caused by the following Perils Insured Against:

- a. Fire or Lightning;
- b. Explosion;
- c. Riot or Civil Commotion;
- d. Aircraft;
- e. Vehicles not owned or operated by a resident of the "residence premises";
- f. Vandalism or Malicious Mischief; or
- g. Theft.

We will pay up to 5% of the limit of liability that applies to the dwelling for all trees, shrubs, plants or lawns. No more than \$500 of this limit will be paid for any one tree, shrub or plant. We do not cover property grown for "business" purposes.

This coverage is additional insurance.

4. Fire Department Service Charge

We will pay up to \$500 for your liability assumed by contract or agreement for fire department charges incurred when the fire department is called to save or protect covered property from a Peril Insured Against. We do not cover fire department service charges if the property is located within the limits of the city, municipality or protection district furnishing the fire department response.

This coverage is additional insurance. No deductible applies to this coverage.

5. Property Removed

We insure covered property against direct loss from any cause while being removed from a premises endangered by a Peril Insured Against and for no more than 30 days while removed.

This coverage does not change the limit of liability that applies to the property being removed.

6. Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money

- a. We will pay up to \$500 for:

- (1) The legal obligation of an "insured" to pay because of the theft or unauthorized use of credit cards issued to or registered in an "insured's" name;
- (2) Loss resulting from theft or unauthorized use of an electronic fund transfer card or access device used for deposit, withdrawal or transfer of funds, issued to or registered in an "insured's" name;
- (3) Loss to an "insured" caused by forgery or alteration of any check or negotiable instrument; and
- (4) Loss to an "insured" through acceptance in good faith of counterfeit United States or Canadian paper currency.

All loss resulting from a series of acts committed by any one person or in which any one person is concerned or implicated is considered to be one loss.

This coverage is additional insurance. No deductible applies to this coverage.

- b. We do not cover:

- (1) Use of a credit card, electronic fund transfer card or access device:
 - (a) By a resident of your household;
 - (b) By a person who has been entrusted with either type of card or access device; or
 - (c) If an "insured" has not complied with all terms and conditions under which the cards are issued or the devices accessed; or
- (2) Loss arising out of "business" use or dishonesty of an "insured".

- c. If the coverage in a. above applies, the following defense provisions also apply:

- (1) We may investigate and settle any claim or suit that we decide is appropriate. Our duty to defend a claim or suit ends when the amount we pay for the loss equals our limit of liability.
- (2) If a suit is brought against an "insured" for liability under a.(1) or (2) above, we will provide a defense at our expense by counsel of our choice.
- (3) We have the option to defend at our expense an "insured" or an "insured's" bank against any suit for the enforcement of payment under

7. Loss Assessment

- a. We will pay up to \$1,000 for your share of loss assessment charged during the policy period against you, as owner or tenant of the "residence premises", by a corporation or association of property owners. The assessment must be made as a result of direct loss to property, owned by all members collectively, of the type that would be covered by this policy if owned by you, caused by a Peril Insured Against under Coverage A, other than:

- (1) Earthquake; or
- (2) Land shock waves or tremors before, during or after a volcanic eruption.

The limit of \$1,000 is the most we will pay with respect to any one loss, regardless of the number of assessments. We will only apply one deductible, per unit, to the total amount of any one loss to the property described above, regardless of the number of assessments.

- b. We do not cover assessments charged against you or a corporation or association of property owners by any governmental body.

- c. Paragraph P. Policy Period under Section I - Conditions does not apply to this coverage.

8. Collapse

- a. With respect to this Additional Coverage:

- (1) Collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building can not be occupied for its current intended purpose.
- (2) A building or any part of a building that is in danger of falling down or caving in is not considered to be in a state of collapse.
- (3) A part of a building that is standing is not considered to be in a state of collapse even if it has separated from another part of the building.

- ~~(4) A building or any part of a building that is standing is not considered to be in a state of collapse even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.~~

- b. We insure for direct physical loss to covered property involving collapse of a building or any part of a building if the collapse was caused by one or more of the following:

- (1) The Perils Insured Against named under Coverage C;
- (2) Decay that is hidden from view, unless the presence of such decay is known to an "insured" prior to collapse;
- (3) Insect or vermin damage that is hidden from view, unless the presence of such damage is known to an "insured" prior to collapse;
- (4) Weight of contents, equipment, animals or people;
- (5) Weight of rain which collects on a roof; or
- (6) Use of defective material or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation.

- c. Loss to an awning, fence, patio, deck, pavement, swimming pool, underground pipe, flue, drain, cesspool, septic tank, foundation, retaining wall, bulkhead, pier, wharf or dock is not included under b.(2) through (6) above, unless the loss is a direct result of the collapse of a building or any part of a building.

- d. This coverage does not increase the limit of liability that applies to the damaged covered property.

9. Glass Or Safety Glazing Material

- a. We cover:

- (1) The breakage of glass or safety glazing material which is part of a covered building, storm door or storm window;
- (2) The breakage of glass or safety glazing material which is part of a covered building, storm door or storm window when caused directly by earth movement; and
- (3) The direct physical loss to covered property caused solely by the pieces, fragments or splinters of broken glass or safety glazing material which is part of a building, storm door or storm window.

b. This coverage does not include loss:

- (1) To covered property which results because the glass or safety glazing material has been broken, except as provided in a.(3) above; or
- (2) On the "residence premises" if the dwelling has been vacant for more than 60 consecutive days immediately before the loss, except when the breakage results directly from earth movement as provided in a.(2) above. A dwelling being constructed is not considered vacant.

c. This coverage does not increase the limit of liability that applies to the damaged property.

10. Landlord's Furnishings

We will pay up to \$2,500 for your appliances, carpeting and other household furnishings, in each apartment on the "residence premises" regularly rented or held for rental to others by an "insured", for loss caused by a Peril Insured Against in Coverage C, other than Theft.

This limit is the most we will pay in any one loss regardless of the number of appliances, carpeting or other household furnishings involved in the loss.

This coverage does not increase the limit of liability applying to the damaged property.

11. Ordinance Or Law

a. You may use up to 10% of the limit of liability that applies to Coverage A for the increased costs you incur due to the enforcement of any ordinance or law which requires or regulates:

- (1) The construction, demolition, remodeling, renovation or repair of that part of a covered building or other structure damaged by a Peril Insured Against;
- (2) The demolition and reconstruction of the undamaged part of a covered building or other structure, when that building or other structure must be totally demolished because of damage by a Peril Insured Against to another part of that covered building or other structure; or

(3) The remodeling, removal or replacement of the portion of the undamaged part of a covered building or other structure necessary to complete the remodeling, repair or replacement of that part of the covered building or other structure damaged by a Peril Insured Against.

b. You may use all or part of this ordinance or law coverage to pay for the increased costs you incur to remove debris resulting from the construction, demolition, remodeling, renovation, repair or replacement of property as stated in a. above.

c. We do not cover:

- (1) The loss in value to any covered building or other structure due to the requirements of any ordinance or law; or
- (2) The costs to comply with any ordinance or law which requires any "insured" or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, pollutants in or on any covered building or other structure.

Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

This coverage is additional insurance.

12. Grave Markers

We will pay up to \$5,000 for grave markers, including mausoleums, on or away from the "residence premises" for loss caused by a Peril Insured Against under Coverage C.

This coverage does not increase the limits of liability that apply to the damaged covered property.

SECTION I - PERILS INSURED AGAINST

A. Coverage A - Dwelling And Coverage B - Other Structures

1. We insure against risk of direct physical loss to property described in Coverages A and B.
2. We do not insure, however, for loss:

- a. Excluded under Section I - Exclusions;
- b. Involving collapse, except as provided in E.8. Collapse under Section I - Property Coverages; or

c. Caused by:

- (1) Freezing of a plumbing, heating, air conditioning or automatic fire protective sprinkler system or of a household appliance, or by discharge, leakage or overflow from within the system or appliance caused by freezing. This provision does not apply if you have used reasonable care to:

(a) Maintain heat in the building; or

- (b) Shut off the water supply and drain all systems and appliances of water.

However, if the building is protected by an automatic fire protective sprinkler system, you must use reasonable care to continue the water supply and maintain heat in the building for coverage to apply.

- (2) Freezing, thawing, pressure or weight of water or ice, whether driven by wind or not, to a:
- (a) Fence, pavement, patio or swimming pool;
 - (b) Footing, foundation, bulkhead, wall, or any other structure or device that supports all or part of a building, or other structure;
 - (c) Retaining wall or bulkhead that does not support all or part of a building or other structure; or
 - (d) Pier, wharf or dock;
- (3) Theft in or to a dwelling under construction, or of materials and supplies for use in the construction until the dwelling is finished and occupied;
- (4) Vandalism and malicious mischief, and any ensuing loss caused by any intentional and wrongful act committed in the course of the vandalism or malicious mischief, if the dwelling has been vacant for more than 60 consecutive days immediately before the loss. A dwelling being constructed is not considered vacant;
- (5) Mold, fungus or wet rot. However, we do insure for loss caused by mold, fungus or wet rot that is hidden within the walls or ceilings or beneath the floors or above the ceilings of a structure if such loss results from the accidental discharge or overflow of water or steam from within:
- (a) A plumbing, heating, air conditioning or automatic fire protective sprinkler system, or a household appliance, on the "residence premises";

or

- (b) A storm drain, or water, steam or sewer pipes, off the "residence premises".

For purposes of this provision, a plumbing system or household appliance does not include a sump, sump pump or related equipment or a roof drain, gutter, downspout or similar fixtures or equipment; or

- (6) Any of the following:
- (a) Wear and tear, marring, deterioration;
 - (b) Mechanical breakdown, latent defect, inherent vice, or any quality in property that causes it to damage or destroy itself;
 - (c) Smog, rust or other corrosion, or dry rot;
 - (d) Smoke from agricultural smudging or industrial operations;
 - (e) Discharge, dispersal, seepage, migration, release or escape of pollutants unless the discharge, dispersal, seepage, migration, release or escape is itself caused by a Peril Insured Against named under Coverage C.
- Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed;
- (f) Settling, shrinking, bulging or expansion, including resultant cracking, of bulkheads, pavements, patios, footings, foundations, walls, floors, roofs or ceilings;
 - (g) Birds, vermin, rodents, or insects; or
 - (h) Animals owned or kept by an "insured".

Exception To c.(6)

Unless the loss is otherwise excluded, we cover loss to property covered under Coverage A or B resulting from an accidental discharge or overflow of water or steam from within a:

- (i) Storm drain, or water, steam or sewer pipe, off the "residence premises"; or

- (ii) Plumbing, heating, air conditioning or automatic fire protective sprinkler system or household appliance on the "residence premises". This includes the cost to tear out and replace any part of a building, or other structure, on the "residence premises", but only when necessary to repair the system or appliance. However, such tear out and replacement coverage only applies to other structures if the water or steam causes actual damage to a building on the "residence premises".

We do not cover loss to the system or appliance from which this water or steam escaped.

For purposes of this provision, a plumbing system or household appliance does not include a sump, sump pump or related equipment or a roof drain, gutter, down spout or similar fixtures or equipment.

Section I - Exclusion A.3. Water Damage, Paragraphs a. and c. that apply to surface water and water below the surface of the ground do not apply to loss by water covered under c.(5) and (6) above.

Under 2.b. and c. above, any ensuing loss to property described in Coverages A and B not precluded by any other provision in this policy is covered.

B. Coverage C - Personal Property

We insure for direct physical loss to the property described in Coverage C caused by any of the following perils unless the loss is excluded under Section I - Exclusions.

1. Fire Or Lightning
2. Windstorm Or Hail

This peril includes loss to watercraft of all types and their trailers, furnishings, equipment, and outboard engines or motors, only while inside a fully enclosed building.

This peril does not include loss to the property contained in a building caused by rain, snow, sleet, sand or dust unless the direct force of wind or hail damages the building causing an opening in a roof or wall and the rain, snow, sleet, sand or dust enters through this opening.

3. Explosion
4. Riot Or Civil Commotion
5. Aircraft

This peril includes self-propelled missiles and spacecraft.

6. Vehicles
7. Smoke

This peril means sudden and accidental damage from smoke, including the emission or puffback of smoke, soot, fumes or vapors from a boiler, furnace or related equipment.

This peril does not include loss caused by smoke from agricultural smudging or industrial operations.

8. Vandalism Or Malicious Mischief
9. Theft

a. This peril includes attempted theft and loss of property from a known place when it is likely that the property has been stolen.

b. This peril does not include loss caused by theft:

- (1) Committed by an "insured";
- (2) In or to a dwelling under construction, or of materials and supplies for use in the construction until the dwelling is finished and occupied;
- (3) From that part of a "residence premises" rented by an "insured" to someone other than another "insured"; or
- (4) That occurs off the "residence premises" of:
 - (a) Trailers, semitrailers and campers;
 - (b) Watercraft of all types, and their furnishings, equipment and outboard engines or motors; or
 - (c) Property while at any other residence owned by, rented to, or occupied by an "insured", except while an "insured" is temporarily living there. Property of an "insured" who is a student is covered while at the residence the student occupies to attend school as long as the student has been there at any time during the 60 days immediately before the loss.

10. Falling Objects

This peril does not include loss to property contained in a building unless the roof or an outside wall of the building is first damaged by a falling object. Damage to the falling object itself is not included.

11. Weight Of Ice, Snow Or Sleet

This peril means weight of ice, snow or sleet which causes damage to property contained in a building.

2. Accidental Discharge Or Overflow Of Water Or Steam

- a. This peril means accidental discharge or overflow of water or steam from within a plumbing, heating, air conditioning or automatic fire protective sprinkler system or from within a household appliance.
- b. This peril does not include loss:
 - (1) To the system or appliance from which the water or steam escaped;
 - (2) Caused by or resulting from freezing except as provided in Peril Insured Against 14. Freezing;
 - (3) On the "residence premises" caused by accidental discharge or overflow which occurs off the "residence premises"; or
 - (4) Caused by mold, fungus or wet rot unless hidden within the walls or ceilings or beneath the floors or above the ceilings of a structure.
- c. In this peril, a plumbing system or household appliance does not include a sump, sump pump or related equipment or a roof drain, gutter, downspout or similar fixtures or equipment.
- d. Section I - Exclusion A.3. Water Damage, Paragraphs a. and c. that apply to surface water and water below the surface of the ground do not apply to loss by water covered under this peril.

13. Sudden And Accidental Tearing Apart, Cracking, Burning Or Bulging

This peril means sudden and accidental tearing apart, cracking, burning or bulging of a steam or hot water heating system, an air conditioning or automatic fire protective sprinkler system, or an appliance for heating water.

We do not cover loss caused by or resulting from freezing under this peril.

14. Freezing

- a. This peril means freezing of a plumbing, heating, air conditioning or automatic fire protective sprinkler system or of a household appliance but only if you have used reasonable care to:

~~(1) Maintain heat in the building; or~~

- (2) Shut off the water supply and drain all systems and appliances of water.

However, if the building is protected by an automatic fire protective sprinkler system, you must use reasonable care to continue the water supply and maintain heat in the building for coverage to apply.

- b. In this peril, a plumbing system or household appliance does not include a sump, sump pump or related equipment or a roof drain, gutter, downspout or similar fixtures or equipment.

15. Sudden And Accidental Damage From Artificially Generated Electrical Current

This peril does not include loss to tubes, transistors, electronic components or circuitry that are a part of appliances, fixtures, computers, home entertainment units or other types of electronic apparatus.

16. Volcanic Eruption

This peril does not include loss caused by earthquake, land shock waves or tremors.

SECTION I - EXCLUSIONS

- A. We do not insure for loss caused directly or indirectly by any of the following. Such loss is excluded regardless of any other cause or event contributing concurrently or in any sequence to the loss. These exclusions apply whether or not the loss event results in widespread damage or affects a substantial area.

1. Ordinance Or Law

Ordinance or Law means any ordinance or law:

- a. Requiring or regulating the construction, demolition, remodeling, renovation or repair of property, including removal of any resulting debris. This Exclusion A.1.a. does not apply to the amount of coverage that may be provided for in E.11. Ordinance Or Law under Section I - Property Coverages;
- b. The requirements of which result in a loss in value to property; or
- c. Requiring any "insured" or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, pollutants.

Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

This Exclusion A.1. applies whether or not the property has been physically damaged.

2. Earth Movement

Earth Movement means:

- a. Earthquake, including land shock waves or tremors before, during or after a volcanic eruption;

- b. Landslide, mudslide or mudflow;
- c. Subsidence or sinkhole; or
- d. Any other earth movement including earth sinking, rising or shifting;

caused by or resulting from human or animal forces or any act of nature unless direct loss by fire or explosion ensues and then we will pay only for the ensuing loss.

This Exclusion A.2. does not apply to loss by theft.

3. Water Damage

Water Damage means:

- a. Flood, surface water, waves, tidal water, overflow of a body of water, or spray from any of these, whether or not driven by wind;
- b. Water or water-borne material which backs up through sewers or drains or which overflows or is discharged from a sump, sump pump or related equipment; or
- c. Water or water-borne material below the surface of the ground, including water which exerts pressure on or seeps or leaks through a building, sidewalk, driveway, foundation, swimming pool or other structure;

caused by or resulting from human or animal forces or any act of nature.

Direct loss by fire, explosion or theft resulting from water damage is covered.

4. Power Failure

Power Failure means the failure of power or other utility service if the failure takes place off the "residence premises". But if the failure results in a loss, from a Peril Insured Against on the "residence premises", we will pay for the loss caused by that peril.

5. Neglect

Neglect means neglect of an "insured" to use all reasonable means to save and preserve property at and after the time of a loss.

6. War

War includes the following and any consequence of any of the following:

- a. Undeclared war, civil war, insurrection, rebellion or revolution;
- b. Warlike act by a military force or military personnel; or
- c. Destruction, seizure or use for a military purpose.

Discharge of a nuclear weapon will be deemed a warlike act even if accidental.

7. Nuclear Hazard

This Exclusion A.7. pertains to Nuclear Hazard to the extent set forth in M. Nuclear Hazard Clause under Section I - Conditions.

8. Intentional Loss

Intentional Loss means any loss arising out of any act an "insured" commits or conspires to commit with the intent to cause a loss.

In the event of such loss, no "insured" is entitled to coverage, even "insureds" who did not commit or conspire to commit the act causing the loss.

9. Governmental Action

Governmental Action means the destruction, confiscation or seizure of property described in Coverage A, B or C by order of any governmental or public authority.

This exclusion does not apply to such acts ordered by any governmental or public authority that are taken at the time of a fire to prevent its spread, if the loss caused by fire would be covered under this policy.

- B. We do not insure for loss to property described in Coverages A and B caused by any of the following. However, any ensuing loss to property described in Coverages A and B not precluded by any other provision in this policy is covered.

- 1. Weather conditions. However, this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in A. above to produce the loss.
- 2. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.
- 3. Faulty, inadequate or defective:
 - a. Planning, zoning, development, surveying, siting;
 - b. Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
 - c. Materials used in repair, construction, renovation or remodeling; or
 - d. Maintenance;

~~of part or all of any property whether on or off the "residence premises".~~

SECTION I - CONDITIONS

A. Insurable Interest And Limit Of Liability

Even if more than one person has an insurable interest in the property covered, we will not be liable in any one loss:

1. To an "insured" for more than the amount of such "insured's" interest at the time of loss; or
2. For more than the applicable limit of liability.

B. Duties After Loss

In case of a loss to covered property, we have no duty to provide coverage under this policy if the failure to comply with the following duties is prejudicial to us. These duties must be performed either by you, an "insured" seeking coverage, or a representative of either:

1. Give prompt notice to us or our agent;
2. Notify the police in case of loss by theft;
3. Notify the credit card or electronic fund transfer card or access device company in case of loss as provided for in E.6. Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money under Section I - Property Coverages;
4. Protect the property from further damage. If repairs to the property are required, you must:
 - a. Make reasonable and necessary repairs to protect the property; and
 - b. Keep an accurate record of repair expenses;
5. Cooperate with us in the investigation of a claim;
6. Prepare an inventory of damaged personal property showing the quantity, description, actual cash value and amount of loss. Attach all bills, receipts and related documents that justify the figures in the inventory;
7. As often as we reasonably require:
 - a. Show the damaged property;
 - b. Provide us with records and documents we request and permit us to make copies; and
 - c. Submit to examination under oath, while not in the presence of another "insured", and sign the same;
8. Send to us, within 60 days after our request, your signed, sworn proof of loss which sets forth, to the best of your knowledge and belief:
 - a. The time and cause of loss;
 - b. The interests of all "insureds" and all others in the property involved and all liens on the property;
 - c. Other insurance which may cover the loss;

- d. Changes in title or occupancy of the property during the term of the policy;
- e. Specifications of damaged buildings and detailed repair estimates;
- f. The inventory of damaged personal property described in 6. above;
- g. Receipts for additional living expenses incurred and records that support the fair rental value loss; and
- h. Evidence or affidavit that supports a claim under E.6. Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money under Section I - Property Coverages, stating the amount and cause of loss.

C. Loss Settlement

In this Condition C., the terms "cost to repair or replace" and "replacement cost" do not include the increased costs incurred to comply with the enforcement of any ordinance or law, except to the extent that coverage for these increased costs is provided in E.11. Ordinance Or Law under Section I - Property Coverages. Covered property losses are settled as follows:

1. Property of the following types:
 - a. Personal property;
 - b. Awnings, carpeting, household appliances, outdoor antennas and outdoor equipment, whether or not attached to buildings;
 - c. Structures that are not buildings; and
 - d. Grave markers, including mausoleums;at actual cash value at the time of loss but not more than the amount required to repair or replace.
2. Buildings covered under Coverage A or B at replacement cost without deduction for depreciation, subject to the following:
 - a. If, at the time of loss, the amount of insurance in this policy on the damaged building is 80% or more of the full replacement cost of the building immediately before the loss, we will pay the cost to repair or replace, after application of any deductible and without deduction for depreciation, but not more than the least of the following amounts:
 - (1) The limit of liability under this policy that applies to the building;
 - (2) The replacement cost of that part of the building damaged with material of like kind and quality and for like use; or
 - (3) The necessary amount actually spent to repair or replace the damaged building.

If the building is rebuilt at a new premises, the cost described in (2) above is limited to the cost which would have been incurred if the building had been built at the original premises.

- b. If, at the time of loss, the amount of insurance in this policy on the damaged building is less than 80% of the full replacement cost of the building immediately before the loss, we will pay the greater of the following amounts, but not more than the limit of liability under this policy that applies to the building:

- (1) The actual cash value of that part of the building damaged; or
- (2) That proportion of the cost to repair or replace, after application of any deductible and without deduction for depreciation, that part of the building damaged, which the total amount of insurance in this policy on the damaged building bears to 80% of the replacement cost of the building.

- c. To determine the amount of insurance required to equal 80% of the full replacement cost of the building immediately before the loss, do not include the value of:

- (1) Excavations, footings, foundations, piers, or any other structures or devices that support all or part of the building, which are below the under-surface of the lowest basement floor;
- (2) Those supports described in (1) above which are below the surface of the ground inside the foundation walls, if there is no basement; and
- (3) Underground flues, pipes, wiring and drains.

- d. We will pay no more than the actual cash value of the damage until actual repair or replacement is complete. Once actual repair or replacement is complete, we will settle the loss as noted in 2.a. and b. above.

However, if the cost to repair or replace the damage is both:

- (1) Less than 5% of the amount of insurance in this policy on the building; and

- (2) Less than \$2,500;

we will settle the loss as noted in 2.a. and b. above whether or not actual repair or replacement is complete.

- e. You may disregard the replacement cost loss settlement provisions and make claim under this policy for loss to buildings on an actual cash value basis. You may then make claim for any additional liability according to the provisions of this Condition C. Loss Settlement, provided you notify us of your intent to do so within 180 days after the date of loss.

D. Loss To A Pair Or Set

In case of loss to a pair or set we may elect to:

1. Repair or replace any part to restore the pair or set to its value before the loss; or
2. Pay the difference between actual cash value of the property before and after the loss.

E. Appraisal

If you and we fail to agree on the amount of loss, either may demand an appraisal of the loss. In this event, each party will choose a competent and impartial appraiser within 20 days after receiving a written request from the other. The two appraisers will choose an umpire. If they cannot agree upon an umpire within 15 days, you or we may request that the choice be made by a judge of a court of record in the state where the "residence premises" is located. The appraisers will separately set the amount of loss. If the appraisers submit a written report of an agreement to us, the amount agreed upon will be the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will set the amount of loss.

Each party will:

1. Pay its own appraiser; and
2. Bear the other expenses of the appraisal and umpire equally.

F. Other Insurance And Service Agreement

If a loss covered by this policy is also covered by:

1. Other insurance, we will pay only the proportion of the loss that the limit of liability that applies under this policy bears to the total amount of insurance covering the loss; or
2. A service agreement, this insurance is excess over any amounts payable under any such agreement. Service agreement means a service plan, property restoration plan, home warranty or other similar service warranty agreement, even if it is characterized as insurance.

G. Suit Against Us

No action can be brought against us unless there has been full compliance with all of the terms under Section I of this policy and the action is started within two years after the date of loss.

H. Our Option

If we give you written notice within 30 days after we receive your signed, sworn proof of loss, we may repair or replace any part of the damaged property with material or property of like kind and quality.

I. Loss Payment

We will adjust all losses with you. We will pay you unless some other person is named in the policy or is legally entitled to receive payment. Loss will be payable 60 days after we receive your proof of loss and:

1. Reach an agreement with you;
2. There is an entry of a final judgment; or
3. There is a filing of an appraisal award with us.

J. Abandonment Of Property

We need not accept any property abandoned by an "insured".

K. Mortgage Clause

1. If a mortgagee is named in this policy, any loss payable under Coverage A or B will be paid to the mortgagee and you, as interests appear. If more than one mortgagee is named, the order of payment will be the same as the order of precedence of the mortgages.
2. If we deny your claim, that denial will not apply to a valid claim of the mortgagee, if the mortgagee:
 - a. Notifies us of any change in ownership, occupancy or substantial change in risk of which the mortgagee is aware;
 - b. Pays any premium due under this policy on demand if you have neglected to pay the premium; and
 - c. Submits a signed, sworn statement of loss within 60 days after receiving notice from us of your failure to do so. Paragraphs E. Appraisal, G. Suit Against Us and I. Loss Payment under Section I - Conditions also apply to the mortgagee.
3. If we decide to cancel or not to renew this policy, the mortgagee will be notified at least 10 days before the date cancellation or nonrenewal takes effect.
4. If we pay the mortgagee for any loss and deny payment to you:

~~a. We are subrogated to all the rights of the mortgagee granted under the mortgage on the property; or~~

- b. At our option, we may pay to the mortgagee the whole principal on the mortgage plus any accrued interest. In this event, we will receive a full assignment and transfer of the mortgage and all securities held as collateral to the mortgage debt.

5. Subrogation will not impair the right of the mortgagee to recover the full amount of the mortgagee's claim.

L. No Benefit To Bailee

We will not recognize any assignment or grant any coverage that benefits a person or organization holding, storing or moving property for a fee regardless of any other provision of this policy.

M. Nuclear Hazard Clause

1. "Nuclear Hazard" means any nuclear reaction, radiation, or radioactive contamination, all whether controlled or uncontrolled or however caused, or any consequence of any of these.
2. Loss caused by the nuclear hazard will not be considered loss caused by fire, explosion, or smoke, whether these perils are specifically named in or otherwise included within the Perils Insured Against.
3. This policy does not apply under Section I to loss caused directly or indirectly by nuclear hazard, except that direct loss by fire resulting from the nuclear hazard is covered.

N. Recovered Property

If you or we recover any property for which we have made payment under this policy, you or we will notify the other of the recovery. At your option, the property will be returned to or retained by you or it will become our property. If the recovered property is returned to or retained by you, the loss payment will be adjusted based on the amount you received for the recovered property.

O. Volcanic Eruption Period

One or more volcanic eruptions that occur within a 72 hour period will be considered as one volcanic eruption.

P. Policy Period

This policy applies only to loss which occurs during the policy period.

Q. Concealment Or Fraud

~~We provide coverage to no "insureds" under this policy if, whether before or after a loss, an "insured" has:~~

1. Intentionally concealed or misrepresented any material fact or circumstance;

2. Engaged in fraudulent conduct; or
 3. Made false statements;
- relating to this insurance.

R. Loss Payable Clause

If the Declarations show a loss payee for certain listed insured personal property, the definition of "insured" is changed to include that loss payee with respect to that property.

If we decide to cancel or not renew this policy, that loss payee will be notified in writing.

SECTION II - LIABILITY COVERAGES

A. Coverage E - Personal Liability

If a claim is made or a suit is brought against an "insured" for damages because of "bodily injury" or "property damage" caused by an "occurrence" to which this coverage applies, we will:

1. Pay up to our limit of liability for the damages for which an "insured" is legally liable. Damages include prejudgment interest awarded against an "insured"; and
2. Provide a defense at our expense by counsel of our choice, even if the suit is groundless, false or fraudulent. We may investigate and settle any claim or suit that we decide is appropriate. Our duty to settle or defend ends when our limit of liability for the "occurrence" has been exhausted by payment of a judgment or settlement.

B. Coverage F - Medical Payments To Others

We will pay the necessary medical expenses that are incurred or medically ascertained within three years from the date of an accident causing "bodily injury". Medical expenses means reasonable charges for medical, surgical, x-ray, dental, ambulance, hospital, professional nursing, prosthetic devices and funeral services. This coverage does not apply to you or regular residents of your household except "residence employees". As to others, this coverage applies only:

1. To a person on the "insured location" with the permission of an "insured"; or
2. To a person off the "insured location", if the "bodily injury":
 - a. Arises out of a condition on the "insured location" or the ways immediately adjoining;
 - b. Is caused by the activities of an "insured";
 - c. Is caused by a "residence employee" in the course of the "residence employee's" employment by an "insured"; or
 - d. Is caused by an animal owned by or in the care of an "insured".

SECTION II - EXCLUSIONS

A. "Motor Vehicle Liability"

1. Coverages E and F do not apply to any "motor vehicle liability" if, at the time and place of an "occurrence", the involved "motor vehicle":
 - a. Is registered for use on public roads or property;
 - b. Is not registered for use on public roads or property, but such registration is required by a law, or regulation issued by a government agency, for it to be used at the place of the "occurrence"; or
 - c. Is being:
 - (1) Operated in, or practicing for, any prearranged or organized race, speed contest or other competition;
 - (2) Rented to others;
 - (3) Used to carry persons or cargo for a charge; or
 - (4) Used for any "business" purpose except for a motorized golf cart while on a golfing facility.
2. If Exclusion A.1. does not apply, there is still no coverage for "motor vehicle liability" unless the "motor vehicle" is:
 - a. In dead storage on an "insured location";
 - b. Used solely to service an "insured's" residence;
 - c. Designed to assist the handicapped and, at the time of an "occurrence", it is:
 - (1) Being used to assist a handicapped person; or
 - (2) Parked on an "insured location";
 - d. Designed for recreational use off public roads and:
 - (1) Not owned by an "insured"; or
 - (2) Owned by an "insured" provided the "occurrence" takes place on an "insured location" as defined in Definitions B. 6.a., b., d., e. or h.; or
 - e. A motorized golf cart that is owned by an "insured", designed to carry up to 4 persons, not built or modified after manufacture to exceed a speed of 25 miles per hour on level ground and, at the time of an "occurrence", is within the legal boundaries of:
 - (1) A golfing facility and is parked or stored there, or being used by an "insured" to:
 - (a) Play the game of golf or for other recreational or leisure activity allowed by the facility;

- (b) Travel to or from an area where "motor vehicles" or golf carts are parked or stored; or
- (c) Cross public roads at designated points to access other parts of the golfing facility; or
- (2) A private residential community, including its public roads upon which a motorized golf cart can legally travel, which is subject to the authority of a property owners association and contains an "insured's" residence.

B. "Watercraft Liability"

1. Coverages E and F do not apply to any "watercraft liability" if, at the time of an "occurrence", the involved watercraft is being:
 - a. Operated in, or practicing for, any prearranged or organized race, speed contest or other competition. This exclusion does not apply to a sailing vessel or a predicted log cruise;
 - b. Rented to others;
 - c. Used to carry persons or cargo for a charge; or
 - d. Used for any "business" purpose.
2. If Exclusion B.1. does not apply, there is still no coverage for "watercraft liability" unless, at the time of the "occurrence", the watercraft:
 - a. Is stored;
 - b. Is a sailing vessel, with or without auxiliary power, that is:
 - (1) Less than 26 feet in overall length; or
 - (2) 26 feet or more in overall length and not owned by or rented to an "insured"; or
 - c. Is not a sailing vessel and is powered by:
 - (1) An inboard or inboard-outdrive engine or motor, including those that power a water jet pump, of:
 - (a) 50 horsepower or less and not owned by an "insured"; or
 - (b) More than 50 horsepower and not owned by or rented to an "insured"; or
 - (2) One or more outboard engines or motors with:
 - (a) 25 total horsepower or less;
 - (b) More than 25 horsepower if the outboard engine or motor is not owned by an "insured";
 - (c) More than 25 horsepower if the outboard engine or motor is owned by an "insured" who acquired it during the policy period; or

- (d) More than 25 horsepower if the outboard engine or motor is owned by an "insured" who acquired it before the policy period, but only if:

- (i) You declare them at policy inception; or
- (ii) Your intent to insure them is reported to us in writing within 45 days after you acquire them.

The coverages in (c) and (d) above apply for the policy period.

Horsepower means the maximum power rating assigned to the engine or motor by the manufacturer.

C. "Aircraft Liability"

This policy does not cover "aircraft liability".

D. "Hovercraft Liability"

This policy does not cover "hovercraft liability".

E. Coverage E - Personal Liability And Coverage F - Medical Payments To Others

Coverages E and F do not apply to the following:

1. Expected Or Intended Injury

"Bodily injury" or "property damage" which is expected or intended by an "insured" even if the resulting "bodily injury" or "property damage":

- a. Is of a different kind, quality or degree than initially expected or intended; or
- b. Is sustained by a different person, entity, real or personal property, than initially expected or intended.

However, this Exclusion E.1. does not apply to "bodily injury" resulting from the use of reasonable force by an "insured" to protect persons or property;

2. "Business"

- a. "Bodily injury" or "property damage" arising out of or in connection with a "business" conducted from an "insured location" or engaged in by an "insured", whether or not the "business" is owned or operated by an "insured" or employs an "insured".

This Exclusion E.2. applies but is not limited to an act or omission, regardless of its nature or circumstance, involving a service or duty rendered, promised, owed, or implied to be provided because of the nature of the "business".

- b. This Exclusion E.2. does not apply to:

- (1) The rental or holding for rental of an "insured location";

- (a) On an occasional basis if used only as a residence;
 - (b) In part for use only as a residence, unless a single family unit is intended for use by the occupying family to lodge more than two roomers or boarders; or
 - (c) In part, as an office, school, studio or private garage; and
- (2) An "insured" under the age of 21 years involved in a part-time or occasional, self-employed "business" with no employees;
- 3. Professional Services
"Bodily injury" or "property damage" arising out of the rendering of or failure to render professional services;
- 4. "Insured's" Premises Not An "Insured Location"
"Bodily injury" or "property damage" arising out of a premises:
 - a. Owned by an "insured";
 - b. Rented to an "insured"; or
 - c. Rented to others by an "insured";
 that is not an "insured location";
- 5. War
"Bodily injury" or "property damage" caused directly or indirectly by war, including the following and any consequence of any of the following:
 - a. Undeclared war, civil war, insurrection, rebellion or revolution;
 - b. Warlike act by a military force or military personnel; or
 - c. Destruction, seizure or use for a military purpose.
 Discharge of a nuclear weapon will be deemed a warlike act even if accidental;
- 6. Communicable Disease
"Bodily injury" or "property damage" which arises out of the transmission of a communicable disease by an "insured";
- ~~7. Sexual Molestation, Corporal Punishment Or Physical Or Mental Abuse~~
"Bodily injury" or "property damage" arising out of sexual molestation, corporal punishment or physical or mental abuse; or

8. Controlled Substance

"Bodily injury" or "property damage" arising out of the use, sale, manufacture, delivery, transfer or possession by any person of a Controlled Substance as defined by the Federal Food and Drug Law at 21 U.S.C.A. Sections 811 and 812. Controlled Substances include but are not limited to cocaine, LSD, marijuana and all narcotic drugs. However, this exclusion does not apply to the legitimate use of prescription drugs by a person following the orders of a licensed physician.

Exclusions A. "Motor Vehicle Liability", B. "Watercraft Liability", C. "Aircraft Liability", D. "Hovercraft Liability" and E.4. "Insured's" Premises Not An "Insured Location" do not apply to "bodily injury" to a "residence employee" arising out of and in the course of the "residence employee's" employment by an "insured".

F. Coverage E - Personal Liability

Coverage E does not apply to:

1. Liability:

- a. For any loss assessment charged against you as a member of an association, corporation or community of property owners, except as provided in D. Loss Assessment under Section II - Additional Coverages;
- b. Under any contract or agreement entered into by an "insured". However, this exclusion does not apply to written contracts:
 - (1) That directly relate to the ownership, maintenance or use of an "insured location"; or
 - (2) Where the liability of others is assumed by you prior to an "occurrence";
 unless excluded in a. above or elsewhere in this policy;

- 2. "Property damage" to property owned by an "insured". This includes costs or expenses incurred by an "insured" or others to repair, replace, enhance, restore or maintain such property to prevent injury to a person or damage to property of others, whether on or away from an "insured location";

- 3. "Property damage" to property rented to, occupied or used by or in the care of an "insured". This exclusion does not apply to "property damage" caused by fire, smoke or explosion;

- 4. "Bodily injury" to any person eligible to receive any benefits voluntarily provided or required to be provided by an "insured" under any:
 - a. Workers' compensation law;

- b. Non-occupational disability law; or
- c. Occupational disease law;
- 5. "Bodily injury" or "property damage" for which an "insured" under this policy:
 - a. Is also an insured under a nuclear energy liability policy issued by the:
 - (1) Nuclear Energy Liability Insurance Association;
 - (2) Mutual Atomic Energy Liability Underwriters;
 - (3) Nuclear Insurance Association of Canada;
 or any of their successors; or
 - b. Would be an insured under such a policy but for the exhaustion of its limit of liability; or
- 6. "Bodily injury" to you or an "insured" as defined under Definitions 5.a. or b.
 This exclusion also applies to any claim made or suit brought against you or an "insured":
 - a. To repay; or
 - b. Share damages with;
 another person who may be obligated to pay damages because of "bodily injury" to an "insured".

G. Coverage F - Medical Payments To Others

Coverage F does not apply to "bodily injury":

- 1. To a "residence employee" if the "bodily injury":
 - a. Occurs off the "insured location"; and
 - b. Does not arise out of or in the course of the "residence employee's" employment by an "insured";
- 2. To any person eligible to receive benefits voluntarily provided or required to be provided under any:
 - a. Workers' compensation law;
 - b. Non-occupational disability law; or
 - c. Occupational disease law;
- 3. From any:
 - a. Nuclear reaction;
 - b. Nuclear radiation; or
 - c. ~~Radioactive contamination;~~

~~all whether controlled or uncontrolled or however caused; or~~

 - d. Any consequence of any of these; or
- 4. To any person, other than a "residence employee" of an "insured", regularly residing on any part of the "insured location".

SECTION II - ADDITIONAL COVERAGES

We cover the following in addition to the limits of liability:

A. Claim Expenses

We pay:

- 1. Expenses we incur and costs taxed against an "insured" in any suit we defend;
- 2. Premiums on bonds required in a suit we defend, but not for bond amounts more than the Coverage E limit of liability. We need not apply for or furnish any bond;
- 3. Reasonable expenses incurred by an "insured" at our request, including actual loss of earnings (but not loss of other income) up to \$250 per day, for assisting us in the investigation or defense of a claim or suit; and
- 4. Interest on the entire judgment which accrues after entry of the judgment and before we pay or tender, or deposit in court that part of the judgment which does not exceed the limit of liability that applies.

B. First Aid Expenses

We will pay expenses for first aid to others incurred by an "insured" for "bodily injury" covered under this policy. We will not pay for first aid to an "insured".

C. Damage To Property Of Others

- 1. We will pay, at replacement cost, up to \$1,000 per "occurrence" for "property damage" to property of others caused by an "insured".
- 2. We will not pay for "property damage":
 - a. To the extent of any amount recoverable under Section I;
 - b. Caused intentionally by an "insured" who is 13 years of age or older;
 - c. To property owned by an "insured";
 - d. To property owned by or rented to a tenant of an "insured" or a resident in your household; or
 - e. Arising out of:
 - (1) A "business" engaged in by an "insured";
 - (2) Any act or omission in connection with a premises owned, rented or controlled by an "insured", other than the "insured location"; or
 - (3) The ownership, maintenance, occupancy, operation, use, loading or unloading of aircraft, hovercraft, watercraft or "motor vehicles".

This exclusion e.(3) does not apply to a "motor vehicle" that:

- (a) Is designed for recreational use off public roads;
- (b) Is not owned by an "insured"; and
- (c) At the time of the "occurrence", is not required by law, or regulation issued by a government agency, to have been registered for it to be used on public roads or property.

D. Loss Assessment

1. We will pay up to \$1,000 for your share of loss assessment charged against you, as owner or tenant of the "residence premises", during the policy period by a corporation or association of property owners, when the assessment is made as a result of:
 - a. "Bodily injury" or "property damage" not excluded from coverage under Section II - Exclusions; or
 - b. Liability for an act of a director, officer or trustee in the capacity as a director, officer or trustee, provided such person:
 - (1) Is elected by the members of a corporation or association of property owners; and
 - (2) Serves without deriving any income from the exercise of duties which are solely on behalf of a corporation or association of property owners.
2. Paragraph I. Policy Period under Section II - Conditions does not apply to this Loss Assessment Coverage.
3. Regardless of the number of assessments, the limit of \$1,000 is the most we will pay for loss arising out of:
 - a. One accident, including continuous or repeated exposure to substantially the same general harmful condition; or
 - b. A covered act of a director, officer or trustee. An act involving more than one director, officer or trustee is considered to be a single act.
4. ~~We do not cover assessments charged against you or a corporation or association of property owners by any governmental body.~~

SECTION II - CONDITIONS

A. Limit Of Liability

Our total liability under Coverage E for all damages resulting from any one "occurrence" will not be more than the Coverage E limit of liability shown in the Declarations. This limit is the same regardless of the number of "insureds", claims made or persons injured. All "bodily injury" and "property damage" resulting from any one accident or from continuous or repeated exposure to substantially the same general harmful conditions shall be considered to be the result of one "occurrence".

Our total liability under Coverage F for all medical expense payable for "bodily injury" to one person as the result of one accident will not be more than the Coverage F limit of liability shown in the Declarations.

B. Severability Of Insurance

This insurance applies separately to each "insured". This condition will not increase our limit of liability for any one "occurrence".

C. Duties After "Occurrence"

In case of an "occurrence", you or another "insured" will perform the following duties that apply. We have no duty to provide coverage under this policy if your failure to comply with the following duties is prejudicial to us. You will help us by seeing that these duties are performed:

1. Give written notice to us or our agent as soon as is practical, which sets forth:
 - a. The identity of the policy and the "named insured" shown in the Declarations;
 - b. Reasonably available information on the time, place and circumstances of the "occurrence"; and
 - c. Names and addresses of any claimants and witnesses;
2. Cooperate with us in the investigation, settlement or defense of any claim or suit;
3. Promptly forward to us every notice, demand, summons or other process relating to the "occurrence";
4. At our request, help us:
 - a. ~~To make settlement;~~
 - b. To enforce any right of contribution or indemnity against any person or organization who may be liable to an "insured";

- c. With the conduct of suits and attend hearings and trials; and
 - d. To secure and give evidence and obtain the attendance of witnesses;
 - 5. With respect to C. Damage To Property Of Others under Section II - Additional Cover-ages, submit to us within 60 days after the loss, a sworn statement of loss and show the damaged property, if in an "insured's" control;
 - 6. No "insured" shall, except at such "insured's" own cost, voluntarily make payment, assume obligation or incur expense other than for first aid to others at the time of the "bodily injury".
- D. Duties Of An Injured Person - Coverage F - Medical Payments To Others**
- 1. The injured person or someone acting for the injured person will:
 - a. Give us written proof of claim, under oath if required, as soon as is practical; and
 - b. Authorize us to obtain copies of medical reports and records.
 - 2. The injured person will submit to a physical exam by a doctor of our choice when and as often as we reasonably require.
- E. Payment Of Claim - Coverage F - Medical Payments To Others**
- Payment under this coverage is not an admission of liability by an "insured" or us.
- F. Suit Against Us**
- 1. No action can be brought against us unless there has been full compliance with all of the terms under this Section II.
 - 2. No one will have the right to join us as a party to any action against an "insured".
 - 3. Also, no action with respect to Coverage E can be brought against us until the obligation of such "insured" has been determined by final judgment or agreement signed by us.
- G. Bankruptcy Of An "Insured"**
- Bankruptcy or insolvency of an "insured" will not relieve us of our obligations under this policy.
- H. Other Insurance**
- ~~This insurance is excess over other valid and collectible insurance except insurance written specifically to~~
 cover as excess over the limits of liability that apply in this policy.
- I. Policy Period**
- This policy applies only to "bodily injury" or "property damage" which occurs during the policy period.

J. Concealment Or Fraud

We do not provide coverage to an "insured" who, whether before or after a loss, has:

- 1. Intentionally concealed or misrepresented any material fact or circumstance;
 - 2. Engaged in fraudulent conduct; or
 - 3. Made false statements;
- relating to this insurance.

SECTIONS I AND II - CONDITIONS

A. Liberalization Clause

If we make a change which broadens coverage under this edition of our policy without additional premium charge, that change will automatically apply to your insurance as of the date we implement the change in your state, provided that this implementation date falls within 60 days prior to or during the policy period stated in the Declarations.

This Liberalization Clause does not apply to changes implemented with a general program revision that includes both broadenings and restrictions in coverage, whether that general program revision is implemented through introduction of:

- 1. A subsequent edition of this policy; or
- 2. An amendatory endorsement.

B. Waiver Or Change Of Policy Provisions

A waiver or change of a provision of this policy must be in writing by us to be valid. Our request for an appraisal or examination will not waive any of our rights.

C. Cancellation

- 1. You may cancel this policy at any time by returning it to us or by letting us know in writing of the date cancellation is to take effect.
- 2. We may cancel this policy only for the reasons stated below by letting you know in writing of the date cancellation takes effect. This cancellation notice may be delivered to you, or mailed to you at your mailing address shown in the Declarations. Proof of mailing will be sufficient proof of notice.
 - a. When you have not paid the premium, we ~~may cancel at any time by letting you know at least 10 days before the date cancellation takes effect.~~
 - b. When this policy has been in effect for less than 60 days and is not a renewal with us, we may cancel for any reason by letting you know at least 10 days before the date cancellation takes effect.

- c. When this policy has been in effect for 60 days or more, or at any time if it is a renewal with us, we may cancel:

- (1) If there has been a material misrepresentation of fact which if known to us would have caused us not to issue the policy; or
- (2) If the risk has changed substantially since the policy was issued.

This can be done by letting you know at least 30 days before the date cancellation takes effect.

- d. When this policy is written for a period of more than one year, we may cancel for any reason at anniversary by letting you know at least 30 days before the date cancellation takes effect.
3. When this policy is canceled, the premium for the period from the date of cancellation to the expiration date will be refunded pro rata.
 4. If the return premium is not refunded with the notice of cancellation or when this policy is returned to us, we will refund it within a reasonable time after the date cancellation takes effect.

D. Nonrenewal

We may elect not to renew this policy. We may do so by delivering to you, or mailing to you at your mailing address shown in the Declarations, written notice at least 30 days before the expiration date of this policy. Proof of mailing will be sufficient proof of notice.

E. Assignment

Assignment of this policy will not be valid unless we give our written consent.

F. Subrogation

An "insured" may waive in writing before a loss all rights of recovery against any person. If not waived, we may require an assignment of rights of recovery for a loss to the extent that payment is made by us.

If an assignment is sought, an "insured" must sign and deliver all related papers and cooperate with us.

Subrogation does not apply to Coverage F or Paragraph C. Damage To Property Of Others under Section II - Additional Coverages.

G. Death

If any person named in the Declarations or the spouse, if a resident of the same household, dies, the following apply:

1. We insure the legal representative of the deceased but only with respect to the premises and property of the deceased covered under the policy at the time of death; and
2. "Insured" includes:
 - a. An "insured" who is a member of your household at the time of your death, but only while a resident of the "residence premises"; and
 - b. With respect to your property, the person having proper temporary custody of the property until appointment and qualification of a legal representative.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PERSONAL PROPERTY REPLACEMENT COST LOSS SETTLEMENT

A. Eligible Property

1. Covered losses to the following property are settled at replacement cost at the time of the loss:
 - a. Coverage C; and
 - b. If covered in this policy:
 - (1) Awnings, outdoor antennas and out-door equipment; and
 - (2) Carpeting and household appliances; whether or not attached to buildings.
2. This method of loss settlement will also apply to the following articles or classes of property if they are separately described and specifically insured in this policy and not subject to agreed value loss settlement:
 - a. Jewelry;
 - b. Furs and garments:
 - (1) Trimmed with fur; or
 - (2) Consisting principally of fur;
 - c. Cameras, projection machines, films and related articles of equipment;
 - d. Musical equipment and related articles of equipment;
 - e. Silverware, silver-plated ware, goldware, gold-plated ware and pewterware, but excluding:
 - (1) Pens or pencils;
 - (2) Flasks;
 - (2) Smoking implements; or
 - (3) Jewelry; and
 - f. Golfer's equipment meaning golf clubs, golf clothing and golf equipment.

1. Antiques, fine arts, paintings and similar articles of rarity or antiquity which cannot be re-placed.
2. Memorabilia, souvenirs, collectors items and similar articles whose age or history contribute to their value.
3. Articles not maintained in good or workable condition.
4. Articles that are outdated or obsolete and are stored or not being used.

C. Replacement Cost Loss Settlement Condition

The following loss settlement condition applies to all property described in A. above:

1. We will pay no more than the least of the following amounts:
 - a. Replacement cost at the time of loss without deduction for depreciation;
 - b. The full cost of repair at the time of loss;
 - c. The limit of liability that applies to Coverage C, if applicable;
 - d. Any applicable special limits of liability stated in this policy; or
 - e. For loss to any item described in A.2.a. - f. above, the limit of liability that applies to the item.
2. If the cost to repair or replace the property described in A. above is more than \$500, we will pay no more than the actual cash value for the loss until the actual repair or replacement is complete.
3. You may make a claim for loss on an actual cash value basis and then make claim for any additional liability in accordance with this endorsement provided you notify us of your intent to do so within 180 days after the date of loss.

~~Personal Property Replacement Cost loss settlement will not apply to other classes of property separately described and specifically insured.~~

~~All other provisions of this policy apply.~~

B. Ineligible Property

Property listed below is not eligible for replacement cost loss settlement. Any loss will be settled at actual cash value at the time of loss but not more than the amount required to repair or replace.

POLICY NUMBER: HGMH16600

HOMEBOWNERS
HO 24 70 10 00

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL RESIDENCE RENTED TO OTHERS

1, 2, 3 OR 4 FAMILIES

SCHEDULE*

Definition 6, which defines an "Insured location" and the exception to Section II Exclusion E.2. "Business" in Paragraph b. are extended to include the location(s) listed below.

All other provisions of this policy apply.

Location	Number Of Families
13-1220 KAUOLEAU ROAD, PAHOA, HAWAII 96778 TMK: 1-3-10-20	1

*Entries may be left blank if shown elsewhere in this policy for this coverage.

This endorsement forms a part of the Policy to which attached, effective from its date of issue unless otherwise stated herein.

Policy Number: HGMH16600

Policy Period Inception: 01/25/2017

Issued to: SUSAN OSBORN

Expiration: 01/25/2018

Endorsement Effective from: 01/25/2017

12:01 A.M. Standard Time

Provided By:
LLOYD'S OF LONDON

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PUNITIVE OR EXEMPLARY DAMAGE EXCLUSION

In consideration of the premium charged, it is agreed that this policy does not apply to a claim of or indemnification for punitive or exemplary damages.

Punitive or exemplary damages are damages in excess of the amount needed to compensate for bodily injury or property damage which are imposed in order to punish YOU due to YOUR particularly wanton, willful or malicious character in order to make an example of or to punish YOU. Punitive or exemplary damages also include any damages awarded pursuant to statute in the form of double, triple, or other multiple damages in excess of compensatory damages.

In suit is brought against YOU for a claim falling within coverage provided under the policy, seeking both compensatory and punitive or exemplary damages, then WE will afford defense to such action; however, WE will have no obligation to pay for any costs, interest, or damages attributable to punitive or exemplary damages.

All other terms and conditions remain unchanged.

Issued by:

MONARCH E&S INSURANCE SERVICES
2540 Foothill Blvd., Suite 101
La Crescenta, California 91214

ENDORSEMENT NO. RC-02 (09-98)

INSURED

This endorsement forms a part of the Policy to which attached, effective from its date of issue unless otherwise stated herein.

Policy Number: HGMH16600

Policy Period Inception: 01/25/2017

Issued to: SUSAN OSBORN

Expiration: 01/25/2018

Endorsement Effective from: 01/25/2017

12:01 A.M. Standard Time

Provided By:
LLOYD'S OF LONDON

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

LEAD CONTAMINATION EXCLUSION

This endorsement excludes occurrences at the insured premises which result in:

- a. Bodily Injury arising out of the ingestion, inhalation or absorption of lead in any form;
- b. Property Damage arising from any form of lead;
- c. Any loss, cost or expense arising out of any request, demand or order that any insured or others test for, monitor, cleanup, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of lead; or
- c. Any loss, cost or expense arising out of any claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of lead.

All other terms and conditions remain unchanged.

Issued by:

MONARCH E&S INSURANCE SERVICES

2540 Foothill Blvd., Suite 101
La Crescenta, California 91214

ENDORSEMENT NO. RC-04 (09-98)

INSURED

This endorsement forms a part of the Policy to which attached, effective from its date of issue unless otherwise stated herein.

Policy Number: HGMH16600

Policy Period Inception: 01/25/2017

Issued to: SUSAN OSBORN

Expiration: 01/25/2018

Endorsement Effective from: 01/25/2017

12:01 A.M. Standard Time

Provided By:
LLOYD'S OF LONDON

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MINIMUM EARNED PREMIUM

If this policy is cancelled at the request of the insured, the total retained by the company shall not be less than 25 % of the total original premium.

All other terms and conditions remain unchanged.

Issued by:

MONARCH E&S INSURANCE SERVICES
2540 Foothill Blvd., Suite 101
La Crescenta, California 91214

ENDORSEMENT NO. RC-10 (09-98)

INSURED

This endorsement forms a part of the Policy to which attached, effective from its date of issue unless otherwise stated herein.

Policy Number: HGMH16600

Policy Period Inception: 01/25/2017

Issued to: SUSAN OSBORN

Expiration: 01/25/2018

Endorsement Effective from: 01/25/2017

12:01 A.M. Standard Time

Provided By:
LLOYD'S OF LONDON

COVERAGES AND LIMITS OF LIABILITY

It is understood and agreed that as of the effective date hereof, the policy is hereby amended in the following particulars:

The described location(s) covered by this policy to read as follows:

13-3344 MOHALA STREET
PAHOA, HI 96778

This insurance applies to the described location(s), coverage for which a limit of liability is shown below:

COVERAGES AND LIMITS OF LIABILITY:

A. DWELLING	\$350,000 - RCV PER HO-3 FORM
B. OTHER STRUCTURES	\$ 45,000
C. PERSONAL PROPERTY	\$ 50,000 - RCV
D. LOSS OF USE	\$ 45,400
E. PERSONAL LIABILITY	\$500,000 - INCLUDING 1 RENTAL UNIT
F. MEDICAL PAYMENTS	\$ 1,000

All other terms and conditions remain unchanged.

Issued by:

MONARCH E&S INSURANCE SERVICES
2540 Foothill Blvd., Suite 101
La Crescenta, California 91214

ENDORSEMENT NO. RC-17a (09-2000)

INSURED

This endorsement forms a part of the Policy to which attached, effective from its date of issue unless otherwise stated herein.

Policy Number: HGMH16600

Policy Period Inception: 01/25/2017

Issued to: SUSAN OSBORN

Expiration: 01/25/2018

Endorsement Effective from: 01/25/2017

12:01 A.M. Standard Time

Provided By:
LLOYD'S OF LONDON

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MICROORGANISM EXCLUSION (MAP)
(Absolute)

This policy does not insure any loss, damage, claim, cost, expense or other sum directly or indirectly arising out of or relating to:

mold, mildew, fungus, spores or other microorganism of any type, nature, or description, including but not limited to any substance whose presence poses an actual potential threat to human health.

This exclusion applies regardless whether there is (i) any physical loss or damage to insured property; (ii) any insured peril or cause, whether or not contributing concurrently or in any sequence; (iii) any loss of use, occupancy, or functionality; or (iv) any action required, including but not limited to repair, replacement, removal, cleanup, abatement, disposal, relocation, or steps taken to address medical or legal concerns.

This exclusion replaces and supersedes any provision in the policy that provides insurance, in whole or in part, for these matters.

All other terms and conditions remain unchanged.

Issued by:

MONARCH E&S INSURANCE SERVICES
2540 Foothill Blvd., Suite 101
La Crescenta, California 91214

ENDORSEMENT NO. RC-20 (10-02)

INSURED

This endorsement forms a part of the Policy to which attached, effective from its date of issue unless otherwise stated herein.

Policy Number: HGMH16600

Issued to: SUSAN OSBORN

Endorsement Effective from: 01/25/2017

Policy Period Inception: 01/25/2017

Expiration: 01/25/2018

12:01 A.M. Standard Time

Provided By:
LLOYD'S OF LONDON

This endorsement forms a part of and is for attachment to the below described policy issued by the Company and is effective from the inception date of the policy unless another effective date is shown:

IN CONSIDERATION OF THE PREMIUM AT WHICH THIS POLICY IS WRITTEN, IT IS HEREBY AGREED THAT THE FOLLOWING PROVISIONS ARE ADDED:

ANIMAL LIABILITY LIMITATION

Notwithstanding anything to the contrary contained in the form to which this Endorsement is attached, the liability coverage provided by this insurance does not apply to "BODILY INJURY" or "PROPERTY DAMAGE" caused by:

1. A dog of one of the following breeds:

PITBULL	DALMATIAN
BULL TERRIER	DOBERMAN PINSCHER
STAFFORDSHIRE BULL	ROTTWEILER
AKITA	MASTIFF
CHOW	WOLF-MIXES

including a mixed breed which includes one or more of the above breeds;

2. A dog:
 - a. exhibiting an aggressive temperament;
 - b. with a bite history
 - c. Specifically trained as a guard dog;
3. Any exotic animal not normally used or kept as a pet;

which is owned by or is in the care, custody or control of the Insured.

THIS ENDORSEMENT ALSO APPLIES WHEN LIABILITY COVERAGE IS EXTENDED TO RENTAL PROPERTY.

All other terms and conditions remain unchanged.

This endorsement forms a part of the Policy to which attached, effective from its date of issue unless otherwise stated herein.

Policy Number: HGMH16600

Policy Period Inception: 01/25/2017

Issued to: SUSAN OSBORN

Expiration: 01/25/2018

Endorsement Effective from: 01/25/2017

12:01 A.M. Standard Time

Provided By:
LLOYD'S OF LONDON

LAVA AND/OR LAVA FLOW EXCLUSION

This endorsement changes the policy, please read it carefully.

In Consideration of the premium charged, it is agreed that the peril of Lava and /or Lava Flow causing direct or indirect physical damage or loss of use of the Property insured, is deleted in its entirety from this Policy.

All other terms and Conditions of the Policy remain Unchanged.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**NAMED STORM PERCENTAGE
DEDUCTIBLE**

SCHEDULE

Named Storm Percentage Deductible:* 2%

*Entries may be left blank if shown elsewhere in this policy for this coverage

A. Definitions

The following definitions are added for purposes of this endorsement only.

1. "National Weather Service" means the National Weather Service including any of its offices, centers or agencies or, if the National Weather Service ceases to exist or cease to perform the function of issuing warnings, watches or advisories for "named storms", such other entity as may replace it.
2. "Named storm" means a weather-related event involving wind that has been assigned a formal name by the National Hurricane Center, National Weather Service, World Meteorological Association or any other generally recognized scientific or meteorological association that provides formal names for public use and reference. A named storm includes hurricanes, tropical depressions tropical storms, wind, wind gust, hail, rain, snow or sleet, tornadoes or cyclones caused by or resulting from the weather-related event.

B. Named Storm Deductible

The following special deductible is added to the policy:

1. With respect to the peril of Windstorm or Hail, we will pay only that part of the total of all loss payable resulting from "named storm", under Section I that exceeds the applicable named storm deductible described in Paragraph B.2. of this endorsement.
2. The applicable named storm deductible:
 - a. Is the dollar amount determined by multiplying the Dwelling, Other Structures, Personal Property and Loss Of Use or Fair Rental Value Limit Of Liability shown in the Declarations by the percentage shown as the Named Storm Deductible in the Schedule.

- b. Only applies to loss caused by the peril of Windstorm or Hail during the period:

- (1) Beginning at the time an advisory, watch or warning for a "named storm" is issued or declared for any part of the State where the "residence premises" is located by the "National Weather Service"; and
- (2) Ending 24 hours following:
 - (a) The termination of the last watch or warning for a "named storm" for any part of the State where the residence premises is situated by the "National Weather Service"; or
 - (b) The issuance of the last advisory for a "named storm" for any part of the State where the residence premises is situated by the "National Weather Service";whichever is later.

- c. Shall in no event at the time of loss be less than the deductible that applies to the perils of fire and lightning.

3. No other deductible applies to loss caused by the peril of Windstorm or Hail and resulting from a "named storm" during the period described in Paragraph B.2.b. of this endorsement.
4. Refer to the policy Declarations for the deductible that applies to loss caused by the peril of Windstorm or Hail and resulting from a "named storm" other than during the period described in Paragraph B.2.b. of this endorsement.

All other provisions of this policy apply.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXISTING DAMAGE EXCLUSION
(FOR USE WITH FORMS HO 00 03, HO 00 04, HO 00 06, AND DP 00 03)

This endorsement modifies insurance provided by the policy.

The following exclusion is added to Paragraph A. under SECTION I - EXCLUSIONS of the HOMEOWNERS 3 - SPECIAL FORM policy:

10. Existing Damage

Existing Damage means the following:

- a. Any damage which occurred prior to policy inception regardless of whether such damages were apparent at the time of the inception of this policy or discovered at a later date;
- b. Any claims and/or damages caused by, arising out of, or resulting directly or indirectly, in whole or in part, from workmanship, repairs and/or lack of repairs relating to or arising from damages which occurred prior to policy inception; or
- c. Any claims and/or damages unless all structures covered by your previous policy have been fully and completely repaired. Prior to such completion of repairs, coverage will be limited to the actual cash value of the property at the time of a covered loss occurring during this policy period.

The following exclusion is added under SECTION I - EXCLUSIONS of the HOMEOWNERS 4 - CONTENTS BROAD FORM, and HOMEOWNERS 6 - UNIT - OWNERS FORM policies:

10. Existing Damage

Existing Damage means the following:

- a. Any damages which occurred prior to policy inception regardless of whether such damages were apparent at the time of the inception of this policy or discovered at a later date;
- b. Any claims and/or damages caused by, arising out of, or resulting directly or indirectly, in whole or in part, from workmanship, repairs and/or lack of repairs relating to or arising from damage which occurred prior to policy inception; or
- c. Any claims and/or damages unless all structures covered by your previous policy have been fully and completely repaired. Prior to such completion of repairs, coverage will be limited to the actual cash value of the property at the time of a covered loss occurring during this policy period.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

The following exclusion is added to Paragraph A. under GENERAL EXCLUSIONS of the DWELLING PROPERTY 3 - SPECIAL FORM policy:

10. Existing Damage

Existing Damage means the following:

- a. Any damages which occurred prior to policy inception regardless of whether such damages were apparent at the time of the inception of this policy or discovered at a later date;
- b. Any claims and/or damages caused by, arising out of, or resulting directly or indirectly, in whole or in part, from workmanship, repairs and/or lack of repairs relating to or arising from damage which occurred prior to policy inception; or

- c. Any claims and/or damages unless all structures covered by your previous policy have been fully and completely repaired. Prior to such completion of repairs, coverage will be limited to the actual cash value of the property at the time of a covered loss occurring during this policy period.

If any provision contained herein shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such provision shall be ineffective only to the extent of such invalidity, illegality or unenforceability, without invalidating the remainder of such provision.

All other terms and conditions of the policy remain the same.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SPECIAL PROVISIONS - HAWAII

DEFINITIONS

The following definition is added:

"Domestic abuse", as used in this endorsement means:

1. Physical harm, bodily injury, assault or the infliction of fear of imminent physical harm, bodily injury or assault between family members;
2. Sexual assault of one family or household member by another;
3. Stalking of one family or household member by another family or household member; or
4. Intentionally, knowingly or recklessly causing damage to property so as to intimidate or attempt to control the behavior of another family or household member.

SECTION I - EXCLUSIONS

8. Intentional Loss is replaced by the following:

8. Intentional Loss

- a. Intentional Loss, means any loss arising out of any act an "insured" commits or conspires to commit with the intent to cause a loss.

In the event of such loss, no "insured" is entitled to coverage, even "insureds" who did not commit or conspire to commit the act causing the loss.

- b. However, this exclusion will not apply to deny an "insured's" claim for an otherwise covered property loss if such loss is caused by an act of "domestic abuse" by another "insured" under the policy, and the "insured" making claim:

- (1) Files a police report and cooperates with any law enforcement investigation relating to the act of "domestic abuse"; and

- (2) Did not cooperate in or contribute to the creation of the loss.

- c. If we pay a claim pursuant to Paragraph 8.b., our payment to the "insured" is limited to that "insured's" insurable interest in the property less any payments we first made to a mortgagee or other party with a legal secured interest in the property. In no event will we pay more than the limit of liability.

(This is Exclusion A.8. in Form HO 00 03.)

SECTION I - CONDITIONS

LOSS SETTLEMENT

In Forms HO 00 02, HO 00 03 and HO 00 05, Paragraph 2.d. is replaced by the following:

- d. We will pay no more than the actual cash value of the damage unless:

- (1) Actual repair or replacement is complete; or

- (2) The cost to repair or replace the damage is both:

- (a) Less than 5% of the amount of insurance in this policy on the building; and

- (b) Less than \$2500.

I. Loss Payment is replaced by the following:

I. Loss Payment

We will adjust all losses with you. We will pay you unless some other person is named in the policy or is legally entitled to receive payment. Loss will be payable 30 days after we receive your proof of loss and:

1. Reach an agreement with you;
2. There is an entry of final judgment; or
3. There is a filing of an appraisal award with us.

Q. Concealment Or Fraud is replaced by the following:

Q. Concealment Or Fraud

With respect to all "insureds" covered under this policy, concealment or misrepresentation, whether made before or after a loss, shall prevent recovery if it:

1. Was made with actual intent to deceive; or
2. Materially affects either the acceptance of the risk or the hazard assumed by us.

SECTION II - LIABILITY COVERAGES

A. Coverage E - Personal Liability

Paragraph 1. is replaced by the following in all forms and Endorsement HO 24 73:

1. Pay up to our limit of liability for the damages for which the "insured" is legally liable; and

SECTION II - CONDITIONS

Paragraph A. Limit Of Liability is replaced by the following:

A. Limit Of Liability

1. Our total liability under Coverage E for all damages resulting from any one "occurrence" will not be more than Coverage E the limit of liability shown in the Declarations. All "bodily injury" and "property damage" resulting from any one accident or from continuous or repeated exposure to substantially the same general harmful conditions shall be considered to be the result of one "occurrence".
2. Sub-limit Of Liability
Subject to Paragraph 1. above, our total liability under Coverage E for damages for which an "insured" is legally liable because of statutorily imposed vicarious parental liability not otherwise excluded is \$10,000. This sub-limit is within, but does not increase the Coverage E limit of liability.
3. The limit of liability in 1. above and sub-limit in 2. above apply regardless of the number of "insureds", claims made or persons injured.
4. Our total liability under Coverage F for all medical expense payable for "bodily injury" to one person as the result of one accident will not be more than the Coverage F limit of liability shown in the Declarations.
5. This Condition (A.) does not apply:
 - (a) To losses that are covered under the Home Business Endorsement, HO 07 01; or
 - (b) With respect to damages arising out of "fungi", wet or dry rot, or bacteria when Endorsements HO 04 26, HO 04 27 or HO 04 28 are attached.

J. Concealment Or Fraud is replaced by the following:

J. Concealment Or Fraud

Concealment or misrepresentation by an "insured" covered under this policy, whether made before or after a loss, shall prevent recovery if it:

- (1) Was made with actual intent to deceive; or
- (2) Materially affects either the acceptance of the risk or the hazard assumed by us.

SECTIONS I AND II - CONDITIONS

C. Cancellation

Paragraph 3. is replaced by the following:

3. When this policy is cancelled, the premium for the period from the date of cancellation to the expiration date will be refunded. When you request cancellation, the return premium will be based on our short rate procedure. When we cancel, the return premium will be pro rata.

F. Subrogation

The following is added:

If we pay an "insured", who is a victim of "domestic abuse", for a loss caused by an act of "domestic abuse", the rights of that "insured" to recover damages from the perpetrator of the abuse are transferred to us to the extent of our payment. That "insured" may not waive such rights to recover against the perpetrator of the "domestic abuse".

All other provisions of this policy apply.

EXHIBIT B

Harry Kim
Mayor



Deanna S. Sako
Finance Director

Nancy Crawford
Deputy Director

County of Hawai'i

DEPARTMENT OF FINANCE - REAL PROPERTY TAX

Aupuni Center • 101 Pauahi Street • Suite No. 4 • Hilo, Hawai'i 96720-4224 • Fax (808) 961-8415
Appraisers (808) 961-8354 • Clerical (808) 961-8201 • Collections (808) 961-8282
West Hawai'i Civic Center • 74-5044 Ane Keohokalole Hwy. • Bldg. D, 2nd Flr. • Kailua Kona, Hawai'i 96740
Fax (808) 327-3538 • Appraisers (808) 323-4881 • Clerical (808) 323-4880

June 4, 2018

Ms. Susan Leigh Osborne
13-3344 Mohala St
Pahoa, HI 96778-8402

Re: Damage Assessment Letter
TMK: 1-3-030-012-0000 (13-3344 Mohala St)

Aloha Ms. Osborne,

This letter confirms that your dwelling has been destroyed by the recent Kilauea Volcano event and adjustments to property tax assessed values will be made accordingly. The Office of Housing and Community Development has confirmed that damage to your property is extensive. Consequently, your real property taxes for the 2017 tax year (July 1, 2017 through June 30, 2018) will be prorated. Your property value for the 2018 tax year (July 1, 2018 through June 30, 2019) will be adjusted to \$0 as all structures on your property burned and there is no longer access to your property noted above.

We are providing this confirmation only to you as the owner of the property. You may provide a copy of this letter to your insurance company, lender, utility company, or others who may require this damage confirmation. We sincerely sympathize with your loss. Should you need assistance or if you have any questions, please do not hesitate to contact me directly at 808-961-8260.

Sincerely,

A handwritten signature in black ink, appearing to read "Lisa Miura".

Lisa Miura
Real Property Tax Administrator

cc: Housing
Civil Defense
Department of Public Works, Building Division

Hawai'i County is an Equal Opportunity Provider and Employer

EXHIBIT C



PROPERTY LOSS NOTICE

OP ID: NK

DATE (MM/DD/YYYY)
06/18/2018

AGENCY Mutual Underwriters Hilo Office 275 Ponahawai Street Suite 105 Hilo, HI 96720-3869	INSURED LOCATION CODE	DATE OF LOSS AND TIME 05/25/18		AM PM
	PROPERTY / HOME POLICY			
CONTACT NAME: Noreen Kaneshiro PHONE (A/C, No. Exl): 808-969-1110 FAX (A/C, No): 808-969-1120 E-MAIL ADDRESS: CODE: SUBCODE: AGENCY CUSTOMER ID: OSBOSU1	CARRIER Underwriters At Lloyds			NAIC CODE
	POLICY NUMBER HGMH18137			
FLOOD POLICY				
CARRIER			NAIC CODE	
POLICY NUMBER				
WIND POLICY				
CARRIER			NAIC CODE	
POLICY NUMBER				

INSURED

NAME OF INSURED (First, Middle, Last) Susan Osborne			INSURED'S MAILING ADDRESS 13-3344 Mohala Street Pahoa, HI 96778		
DATE OF BIRTH	FEIN (if applicable)	MARITAL STATUS / CIVIL UNION (if applicable)	PRIMARY E-MAIL ADDRESS: susie@kuaokala.org		
PRIMARY PHONE # <input checked="" type="checkbox"/> HOME <input type="checkbox"/> BUS <input type="checkbox"/> CELL 808-640-3439	SECONDARY PHONE # <input type="checkbox"/> HOME <input type="checkbox"/> BUS <input type="checkbox"/> CELL		SECONDARY E-MAIL ADDRESS:		
NAME OF SPOUSE (First, Middle, Last) (if applicable)			SPOUSE'S MAILING ADDRESS (if applicable)		
DATE OF BIRTH	FEIN (if applicable)	MARITAL STATUS / CIVIL UNION (if applicable)	PRIMARY E-MAIL ADDRESS:		
PRIMARY PHONE # <input type="checkbox"/> HOME <input type="checkbox"/> BUS <input type="checkbox"/> CELL	SECONDARY PHONE # <input type="checkbox"/> HOME <input type="checkbox"/> BUS <input type="checkbox"/> CELL		SECONDARY E-MAIL ADDRESS:		

CONTACT

☒ CONTACT INSURED

NAME OF CONTACT (First, Middle, Last) Susan Osborne			CONTACT'S MAILING ADDRESS 13-3344 Mohala Street Pahoa, HI 96778		
PRIMARY PHONE # <input checked="" type="checkbox"/> HOME <input type="checkbox"/> BUS <input type="checkbox"/> CELL 808-640-3439	SECONDARY PHONE # <input type="checkbox"/> HOME <input type="checkbox"/> BUS <input type="checkbox"/> CELL		PRIMARY E-MAIL ADDRESS: susie@kuaokala.org		
WHEN TO CONTACT			SECONDARY E-MAIL ADDRESS:		

LOSS

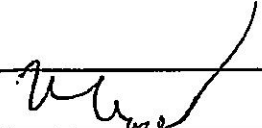
LOCATION OF LOSS 13-3344 Mohala Street STREET:				POLICE OR FIRE DEPARTMENT CONTACTED PUNA POLICE	
CITY, STATE, ZIP: Pahoa, HI 96778				REPORT NUMBER	
COUNTRY: US					
DESCRIBE LOCATION OF LOSS IF NOT AT SPECIFIC STREET ADDRESS:					
KIND OF LOSS	<input checked="" type="checkbox"/> FIRE	<input type="checkbox"/> LIGHTNING	<input type="checkbox"/> FLOOD	PROBABLE AMOUNT ENTIRE LOSS	
	<input type="checkbox"/> THEFT	<input type="checkbox"/> HAIL	<input type="checkbox"/> WIND		
DESCRIPTION OF LOSS & DAMAGE (ACORD 101, Additional Remarks Schedule, may be attached if more space is required) HOME ENGULFED BY FIRE					
REPORTED BY SUSAN OSBORNE			REPORTED TO NOREEN KANESHIRO 		

EXHIBIT D



AFFIRMATIVE RISK MANAGEMENT

MULTILINE INSURANCE ADJUSTERS

arm@armusa.net

www.armusa.net

July 19, 2018

*Via Certified Mail
Return Receipt Requested and
First Class Mail*

Susan Osborne
13-3344 Mohala Street
Pahoa, HI 96778

RE: **Insured:** Susan Osborne
 Date of Loss: May 25, 2018
 Loss Location: 13-3344 Mohala Street, Pahoa, HI 96778
 ARM File #: 18-64240.00
 Policy Number: HGMH18137

Dear Ms. Osborne:

I am the insurance adjuster appointed on behalf of Certain Underwriters at Lloyd's, London Subscribing to Certificate No. HGMH18137, (hereinafter referred to as Underwriters), as their third party administrator.

Underwriters would like you to know they appreciate and value you as an insured. However, Underwriters are only obligated to pay those claims for which insurance coverage exists. Should there be any questions or concerns after reading the contents of this letter, please feel free to contact me at any time.

I have completed my investigation into the loss and damage from the lava flow that occurred on or about May 25, 2018 as a result of the ongoing activity of the Kilauea Volcano. My investigation has confirmed your premises is a total loss due to the lava flow/volcanic eruption.

Unfortunately, your policy excludes coverage for any direct physical damage or indirect physical damage or loss of use that is a result of lava and/or lava flow, as noted on the Declarations page of your policy which reads as follows:



P.O. Box 45058 • Little Rock • Arkansas 72214 • 501-228-0900 • Fax: 501-228-0967

ARM

THE ABBREVIATION FOR EXCELLENCE



This Declaration Page is attached to and forms part of Certificate provisions (Form SLC-3 USA NMA2868)
Previous No. HGMH16600 Authority Ref. No. B040318MEG189 Certificate No. HGMH18137

1. Name and address of the Assured:

SUSAN OSBORN

13-3344 MOHALA STREET
PAHOA, HI 96778

2. Effective from **01/25/2018** to **01/25/2019**
both days at 12:01 a.m. standard time.

3. Insurance is effective with certain UNDERWRITERS AT LLOYD'S, LONDON.

Percentage 100 %

4. Amount	Coverage	Rate	Premium
\$	HOMEOWNERS - 3	\$	2,212.00
\$	EXCLUDING LAVA AND/OR LAVA FLOW	\$	
\$	EARTHQUAKE & FLOOD	\$	
\$	POLICY LIMITS PER FORM RC - 17A	\$	
STATE TAX		\$	103.52
STAMPING FEE		\$	
POLICY FEE		\$	150.00
TOTAL		\$	2,465.52

I regret to advise you that Underwriters deny coverage for this loss as outlined under the Lava and/or Lava Flow Exclusion form RC-38 (04-11) which forms part of your Homeowners - 3 insurance policy which reads as follows:

LAVA AND/OR LAVA FLOW EXCLUSION

This endorsement changes the policy, please read it carefully.

In Consideration of the premium charged, it is agreed that the peril of Lava and /or Lava Row causing direct or indirect physical damage or loss of use of the Property insured, is deleted in its entirety from this Policy.

Based on the above information, Underwriters must respectfully advise you that they will not take any further action in this matter. However, despite Underwriters coverage position, as outlined above, Underwriters remain willing and ready to discuss any of the coverage matters set forth above, as Underwriters present position is based solely upon the facts presently known to them.

By stating the above reason for denial Underwriters do not intend to waive any of their rights or defenses which they now have or may discover in the future under the above numbered policy. All rights, defenses, and privileges afforded to Underwriters under the policy are hereby expressly reserved on their behalf.

Although there is no coverage for your loss under this policy, in order to assist during this trying time, Underwriters are issuing the enclosed without prejudice payment to you in the amount of \$2,000.00.

Once again, I recognize that despite my analysis, you may have additional facts or documentation, which you believe bear on this matter. Accordingly, if you believe you possess additional facts, please feel free to provide the additional information or documentation to me and it will be duly considered.

For your protection, Hawaii law requires you to be informed that presenting a fraudulent claim for payment of a loss or benefit is a crime punishable by fines or imprisonment, or both. Hawaii S-2836.

Sincerely,
Affirmative Risk Management



Jeff R. Hall
Adjuster
Jeff.Hall@armusa.net
Phone: (501) 725-3396
Fax: (501) 725-3397

Enclosures: Policy Excerpts
Check

cc: Mutual Underwriters Hilo Office
Allan@mutualunderwriters.com

Beatriz Maldonado
beatrizm@monarchexcess.com

FOSTER LAW OFFICES, LLC
JEFFREY E. FOSTER #9857
PO Box 127
Captain Cook, HI 96704
Tel: (808) 348-7800
Fax: (808) 443-0277

Attorney for Plaintiff

**IN THE CIRCUIT COURT OF THE THIRD CIRCUIT
STATE OF HAWAI'I**

SUSAN LEIGH OSBORNE a/k/a SUSAN OSBORN,)	CIVIL NO.
)	(Non-Motor Vehicle Tort)
Plaintiff,)	(HILO)
V.)	
)	SUMMONS
CERTAIN UNDERWRITERS AT)	
LLOYD'S LONDON; SPECIALTY)	
PROGRAM GROUP, LLC, a State)	
of Hawai'i Foreign Limited Liability)	
Company; RTEA CORPORATION d/b/a)	
MUTUAL UNDERWRITERS, a Hawai'i)	
Corporation; ARM CLAIMS)	
INCORPORATED d/b/a ALTERNATIVE)	
RISK MANAGEMENT, a Delaware)	
Corporation; JOHN MULLEN & CO., INC., a)	
Hawai'i Corporation; and JOHN DOES 1-10;)	
JANE DOES 1-10; DOE CORPORATIONS 1-)	
10; DOE LIMITED LIABILITY COMPANIES)	
1-10; DOE PARTNERSHIPS 1-10; DOE)	
TRUSTS 1-10; DOE ENTITIES 1-10; DOE)	
GOVERNMENTAL AGENCIES 1-10; DOE)	
NOT-FOR-PROFIT ENTITIES 1-10,)	
Defendant(s),)	

SUMMONS

STATE OF HAWAI'I

To the above-named Defendant(s):

YOU ARE HEREBY SUMMONED and required to file with the court and serve upon JEFFREY E. FOSTER, Plaintiff's attorney, whose address is P.O. Box 127, Captain Cook, Hawai'i, 96704, an Answer to the Complaint which is herewith served upon you, within twenty (20) days after service of this Summons upon you, exclusive of the day of service, or within such time as is provided by law. If you fail to do so, judgment by default will be taken against you for the relief demanded in the Complaint.

This Summons shall not be personally served between 10:00 p.m. and 6:00 a.m. on premises not open to the public, unless a Judge of the above entitled court permits, in writing on this Summons, personal delivery during these hours.

A failure to obey this Summons may result in an entry of default and default judgment against the disobeying person or party.

DATED: **KEALAKERUA** , Hawai'i, **AUG 16 2018** 2018.

L. KITAOKA (SEAL)

CLERK OF THE ABOVE ENTITLED COURT