

**Loudoun Mutual Insurance Company**

**MasterGuard**

(Applicable to Form 5 only)

This endorsement broadens the coverages provided by “your” primary coverage form.

**PLEASE READ IT CAREFULLY**

**I. Expanded Replacement Cost Terms**

This endorsement applies only to the “residence” covered under Coverage A.

When a covered loss exceeds the Coverage A “limit” shown on the “declarations” and “you” elect to repair or replace the “residence”, under How Much We Pay For Loss or Claim, Property Coverages:

1. Our Limit is deleted and replaced by:

a. Our Limit – Subject to the deductible or other limitations that applies, “we” pay the lesser of:

- 1) 130% of the Coverage A “limit” shown on the “declarations”;
- 2) “your” interest in the property; or
- 3) the amount determined under the applicable Loss Settlement Terms.

2. Loss Settlement Terms 1.e. 1)d) and 1.e. 1)e) are deleted and replaced by:

d) The smaller of the following amounts is used in applying the “terms” under Our Limit:

- 1) the cost to repair or replace the damage on the same premises using materials of like kind and quality, to the extent practical; or
- 2) the amount actually and necessarily spent to repair or replace the damage.

The terms shown above only apply if “you” have:

- 1) notified “us” within 45 days of completion of any additions or alterations to or remodeling of the “residence” covered under Coverage A that increase its replacement cost by \$50,000 or more; and
- 2) permitted “us” to adjust the Coverage A “limit” during the policy period in accordance with:
  - a. any property evaluations made by “us” or on “our” behalf;
  - b. any increase in construction costs due to inflation; and
  - c. any increase in replacement cost resulting from any additions or alterations to or remodeling of the “residence”.

“You” must pay any additional premium due for any adjustment to the Coverage A “limit”.

**OPTIONAL LOSS SETTLEMENT**

At “your” option, if the dwelling insured is furnished and occupied as “your” primary residence at the time of loss, the policy provisions for “How Much We Pay for Loss” is replaced by the following:

“We” will pay 160% of the Coverage A “limit” as shown on the “Declarations” in the event the “residence” is destroyed by a covered peril to the extent that the repair or rebuilding costs meets 90% of the Coverage A “limit”. This 160% payment would include all losses for Coverage A, C, D, Incidental Property Coverages and all additional property coverage. This would void all policy requirements to rebuild the dwelling at the same location and all requirements to provide proof of loss for personal property and additional living expenses.

All other provisions of the policy apply. Property that is scheduled is excluded from this settlement.

This option must be exercised no later than 60 days from the date of loss.

## II. Coverage C – Personal Property

### Limitations on Certain Property

The special “limits” applicable to the following are increased to the “limits” shown below:

- a. \$500 on money, bank notes, bullion, gold other than goldware and gold-plated ware, silver other than silverware and silver-plated ware, platinum, and numismatic property.
- g. For loss by theft:
  - 1) \$5,000 (\$2,500 for any individual item) on jewelry, watches, precious and semiprecious stones, gems and furs; and
  - 2) \$5,000 (\$2,500 for any individual item) on guns.

## III. Incidental Property Coverages

The following Incidental Property Coverages are modified as follows:

- 2. Debris Removal- “We” pay for the cost to remove the debris of covered property after a loss. The loss must be caused by a peril that applies to the damaged property. “We” also pay for the cost to remove volcanic ash, dust, or particulate matter that causes direct physical loss to property covered under Coverages A, B, or C.

“We” will not pay more for the direct physical loss to property and debris removal combined than the “limit” that applies to the damaged property. However, when the covered loss plus the cost of debris removal is more than the applicable “limit”, “we” will pay an extra 10% of the applicable “limit” to cover the cost of debris removal.

“We” also pay:

- a. the cost to remove fallen trees which cause damage to covered property; and
  - b. up to \$1,000 to remove fallen trees on the “insured premises”, if the falling of the tree is caused by a peril insured against under Coverage C and coverage is not provided elsewhere by this policy. This “limit” is the most “we” will pay per occurrence regardless of the number of fallen trees.
- 6. Trees, Plants, Shrubs, or Lawns – “We” pay for the direct physical loss to trees, plants, shrubs, or lawns on the “insured premises” caused by:
    - a. fire or lightning, explosion, riot or civil commotion, aircraft;
    - b. vehicles if not owned or operated by an occupant of the “insured premises”; or c. vandalism or theft.

“You” may apply up to 10% of the Coverage A “limit”, to cover trees, plants, shrubs, or lawns. “We” do not pay more than \$1,000 for each tree, plant, or shrub. This includes the cost to remove the debris of the covered item.

“We” do not cover trees, plants, shrubs, or lawns grown for “business”.

The following Incidental Property Coverages are added as follows:

- 11. Water Damage- Sewers, Drains, and Sumps – “We” pay for direct physical loss to covered property caused by:
  - a. water or sewage which backs up through sewers or drains; or
  - b. water which enters into and overflows from within a sump pump, sump pump well, or other type of system designed to remove subsurface water which is drained from the foundation area. However, “we” do not pay for loss to the sump pump or other type of system or related equipment caused by mechanical breakdown.

This coverage does not increase the “limits” shown on the “declarations” for Coverages A, B, C or D.

“We” pay only that part of the loss which is more than the deductible stated in the “declarations”. However, the deductible does not apply to Coverage D.

Under Exclusions That Apply to Property Coverages, the references to:

1. water or sewage which backs up through sewers or drains or water which overflows from within a sump under Water Damage; and
2. mechanical breakdown under Wear and Tear;

are deleted with respect to the coverage provided by this endorsement.

12. Extra Mortgage Expense – If “you” are required to obtain a new mortgage as a result of a covered homeowner loss, “we” will pay up to \$250 per month for a maximum of three years for any additional interest “you” may be required to pay above the highest rate of interest applicable to “your” mortgage agreement at the time of loss. In addition, “we” will pay up to \$2,000 towards the cost of acquiring a new mortgage if “you” rebuild in the same location.
13. Computer Coverage – “We” will pay up to \$2,500 for direct physical loss to “hardware” (meaning machines or a network of machines including related peripheral equipment capable of accepting information and processing it according to a plan or program) and up to \$250 for direct physical loss to “software” (meaning processing, recording or storage media used for electronic data processing operations including films, tapes, cards, discs, drums, cartridges or cells).

Software also means data, including instructions or information, stored on processing, recording or storage media used for electronic processing operations) unless the loss is caused by a peril that is excluded.

The loss must be due to an external cause.

The Exclusions That Apply to Property Coverages are deleted and replaced by the following with respect to the property covered by this Incidental Property Coverage:

“We” do not pay for a loss caused by:

- a. War – “We” do not pay for loss that results from war. This means declared war, undeclared war, civil war, insurrection, rebellion, revolution, a warlike act by a military force or by military personnel; the destruction, seizure, or use of the property for a military purpose; or the discharge of a nuclear weapon even if it is accidental.
- b. Civil Authority – “We” do not pay for loss which results from order of civil authority. This means seizure or destruction under quarantine or customs regulations; risks of contraband or illegal transportation or trade; or confiscation or destruction by order of a government or public authority. “We” do pay for loss which results from acts of a civil authority to prevent the spread of fire.
- c. Nuclear Hazard – “We” do not pay for loss which results from nuclear reaction, nuclear radiation, or radioactive contamination. Loss caused by nuclear hazard is not considered loss caused by fire. Direct loss by fire resulting from the nuclear hazard is covered.
- d. “We” do not pay for a loss that results from and is confined to the following perils:
  - 1) normal wear and tear of covered property;
  - 2) gradual deterioration of covered property;
  - 3) hidden or latent defect in covered property;
  - 4) a quality, fault, or weakness in covered property that causes it to damage or destroy itself;  
or
  - 5) insect or vermin damage to covered property.
- e. “We” do not pay for loss caused by mechanical breakdown or malfunction, component failure, faulty installation or blowout. However, if loss by fire or explosion results, “we” will pay for the resulting loss.
- f. “We” do not pay for loss to “software” caused by interruption of electrical power supply, power surge, blackout or brownout if the cause of such disturbance took place more than 100 feet from the “insured premises”.
- g. “We” do not pay for loss to “software” caused by electrical injury, magnetic injury, disturbance of electronic recordings or erasure of magnetic recordings if cause of such disturbance took place more than 100 feet from the “insured residence”.
- h. “We” do not pay for loss caused by or resulting from loss of use, business interruption, delay or loss of market.

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- i. “We” do not pay for loss caused by humidity, dampness, dryness, or changes in extremes of temperature.
  - j. “We” do not pay for loss or damage resulting from the failure of any electronic data processing equipment, computer program, software, media, or data to correctly recognize, interpret or process any encoded, abbreviated or encrypted date or time.
14. Earthquake Coverage – “We” pay for direct physical loss to property covered under Coverages A and B caused by earthquake. This includes land shock waves or tremors before, during, or after a volcanic eruption, explosion, or effusion. One or more earthquake shocks that occur within a 168 hour period constitute a single occurrence.
- This coverage does not increase the “limits” stated on the “declarations” of this policy. Under the Earth Movement exclusion, the references to earthquake and volcanic eruption, explosion, or effusion are deleted with respect to the coverage provided by this endorsement.

With respect to the coverage provided by this endorsement, the following exclusions are added:

- a. “We” do not pay for loss caused directly or indirectly by flood of any nature or tidal wave, whether caused by, resulting from, contributed to, or aggravated by earthquake.
- b. “We” do not pay for loss caused directly or indirectly by landslide, subsidence, erosion, or mudflow or the rising, sinking, shifting, expanding, or contracting of the earth, unless such loss occurs as a result of an earthquake.
- c. “We” do not pay for the cost of filling land.

“We” pay only that part of the loss in each occurrence which is more than 2% of the “limit” that applies. The deductible applies separately to loss under Coverage A, B, and D.

#### **IV. Incidental Liability Coverages**

The following incidental liability coverages are modified as follows:

- 1. Damage to Property of Others – “Our” “limit” for this coverage is increased from \$500 per “occurrence” to \$1,000 per “occurrence”.

The following incidental liability coverages are added.

#### **9. Golf Cart Liability**

Under Coverages L and M, “insured” also includes a person or organization legally responsible for a golf cart owned by an “insured”. (This does not include a person or organization using or having custody or having possession of the golf cart without permission of the owner.)

“Motorized Vehicles” – item 5.a. is deleted and replaced by the following with respect to the coverage provided by this endorsement:

- 5. “We” pay for the “bodily injury” or “property damage” which:
  - a. results from the ownership, maintenance, use, loading or unloading of:
    - 1) a “motorized vehicle” in dead storage on the “insured premises”;
    - 2) a “motorized vehicle” not subject to “motor vehicle” registration because of its type of use or a “recreational motor vehicle” and which occurs on the “insured premises”;
    - 3) a golf cart which is not subject to “motor vehicle” registration. However, this coverage does not apply to a golf cart:
      - a) while used to carry persons for a charge, rented to others, or used for other business purpose; or
      - b) while used in racing, speed, pulling or pushing, demolition, or stunting activities or contests or in the practice or preparation for such activities or contests.

#### **VI. Conditions**

Should insurance apply to a loss under more than one endorsement of this policy, coverage under this endorsement shall be excess. In no event shall “we” pay more than the actual loss. All other terms of the policy apply.

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