

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **SPECIAL PROVISIONS – NEW JERSEY**

### **DEFINITIONS**

Paragraph **A.** is replaced by the following:

In this policy, "you" and "your" refer to the "named insured" shown in the Declarations and:

1. The spouse; or
2. A party who, with the "named insured", has entered into a civil union recognized under New Jersey law;

if a resident of the same household.

"We", "us" and "our" refer to this Company providing this insurance.

### **SECTION I – EXCLUSIONS**

Paragraph **8. Intentional Loss** is replaced by the following:

#### **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.

However, this exclusion will not apply to deny payment to a co-"insured", who did not cooperate in or contribute to the creation of the loss, if the loss arose out of domestic violence.

If we pay a claim pursuant to Paragraph **8.**, our payment to the "insured" is limited to that "insured's" insurable interest in the property. In no event will we pay more than the Limit of Liability.

(This is Paragraph **A.8.** in Forms **HO 00 03** and **HO 00 05.**)

### **SECTION I – CONDITIONS**

Paragraph **J. Loss Payment** is replaced by the following:

#### **J. 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 is payable within 10 working days after:

1. We reach an agreement with you and you have satisfied any and all conditions of the agreement; or

2. There is an entry of a final judgment; or

3. There is a filing of an appraisal award with us.

#### **L. Mortgage Clause**

Paragraph **3.** is replaced by the following:

3. If we decide to cancel or not to renew this policy, the mortgagee will be notified at least 30 days before the date cancellation or nonrenewal takes effect.

(This Condition does not apply to Form **HO 00 04.**)

### **SECTION II – LIABILITY COVERAGES**

#### **A. Coverage E – Personal Liability**

Paragraph **1.** is replaced by the following in all forms and Endorsements **HO 24 73** and **HO 24 82:**

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

Paragraph **1.** is replaced by the following in Endorsement **HO 24 10:**

1. Pay for the damages for which an "insured" is legally liable, subject to the Aggregate Limit Of Liability, as shown in the Schedule and described in Section **II – Conditions, A.** Aggregate Limit Of Liability; and

### **SECTION II – EXCLUSIONS**

#### **E. Coverage E – Personal Liability And Coverage F – Medical Payments To Others**

Paragraph **1. Expected Or Intended Injury** is replaced by the following in all forms and Endorsement **HO 24 73:**

##### **1. Expected Or Intended Injury**

"Bodily injury" or "property damage", with respect to all "insureds", which is expected or intended by an "insured", even if the "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, or property than initially expected or intended.

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

This Exclusion **E.1.** applies to all "insureds", notwithstanding the provision in Section II – Conditions Paragraph **B. Severability Of Insurance.**

Paragraph **8. Controlled Substances** is replaced by the following in all forms:

#### **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(s) 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:

- a. The legitimate use of prescription drugs by a person following the lawful orders of a licensed health care professional; or
- b. The "insured(s)" who have no knowledge of the involvement with a controlled substance(s). An "insured's" knowledge of such involvement must be shown by us by competent evidence of such knowledge.

(This is Paragraph **E.9.** in Endorsement **HO 24 73.**)

### **SECTION II – ADDITIONAL COVERAGES**

#### **A. Claims Expenses**

The following paragraph is added:

5. Prejudgment interest awarded against the "insured" on that part of the judgment we pay.

### **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 the Limit Of Liability for Coverage **E** as 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. Subject to Paragraph **1.** above, our total liability under Coverage **E** for damages for which an "insured" is legally liable because of vicarious liability, whether or not statutorily imposed, for the actions of a child or minor, if such vicarious liability is not otherwise excluded, is \$10,000. The sublimit is within, but does not increase, the Coverage **E** Limit Of Liability.

3. The limit of liability in **1.** above and sublimit 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 a result of one accident will not be more than the Limit Of Liability for Coverage **F** as shown in the Declarations.

This condition does not apply with respect to damages arising out of "fungi", wet or dry rot, or bacteria when Endorsement **HO 04 26**, **HO 04 27** or **HO 04 28** is attached.

### **SECTIONS I AND II – CONDITIONS**

Paragraph **C. Cancellation** is replaced by the following:

#### **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 takes 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, stating the reasons for cancellation, may be delivered to you or mailed to you at your mailing address shown in the Declarations by certified mail, or first-class mail if we have obtained, from the U.S. Post Office, a date-stamped proof of mailing showing your name and address. Written notice of cancellation will also be mailed to any person or organization entitled to notice under the policy.
  - a. When this policy has been in effect for less than 60 days and is not a renewal with us, we may cancel by letting you know at least:
    - (1) 10 days before the date cancellation takes effect, if we cancel for either: nonpayment of premium; or the existence of a moral hazard, which is defined in N.J.A.C. 11:1-20.2(f) as follows:
      - (a) The risk, danger or probability that the "insured" will destroy, or permit to be destroyed, the insured property for the purpose of collecting the insurance proceeds. Any change in the circumstances of an "insured" that will increase the probability of such a destruction may be considered a moral hazard; and

- (b) The substantial risk, danger or probability that the character, circumstances or personal habits of the "insured" may increase the possibility of loss or liability for which we will be held responsible. Any change in character or circumstances of an individual, corporate, partnership or other "insured" that will increase the probability of such a loss or liability may be considered a moral hazard.
- (2) 30 days before the date cancellation takes effect if we cancel for any other reason.
- b. 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 only for one or more of the following reasons:
  - (1) Nonpayment of premium;
  - (2) Existence of a moral hazard, as defined in N.J.A.C. 11:1-20.2(f) and stated in **C.2.a.(1)(a)** and **C.2.a.(1)(b)** above;
  - (3) Material misrepresentation or nondisclosure to us of a material fact at the time of acceptance of the risk;
  - (4) Increased hazard or material change in the risk assumed which we could not have reasonably contemplated at the time of assumption of the risk;
  - (5) Substantial breaches of contractual duties, conditions or warranties that materially affect the nature and/or insurability of the risk;
  - (6) Lack of cooperation from the "insured" on loss control matters materially affecting insurability of the risk;
  - (7) Fraudulent acts against us by the "insured" or the "insured's" representative that materially affect the nature of the risk insured;
  - (8) Loss of or reduction in available insurance capacity;
  - (9) Material increase in exposure arising out of changes in statutory or case law subsequent to the issuance of the insurance contract or any subsequent renewal;
  - (10) Loss of or substantial changes in applicable reinsurance;
  - (11) Failure by the "insured" to comply with any Federal, State or local fire, health, safety, building or construction regulation, law or ordinance with respect to an insured risk which substantially increases any hazard insured against within 60 days of written notification of a violation of any such law, regulation or ordinance;
  - (12) Failure by the "insured" to provide reasonable and necessary underwriting information to us upon written request therefore and a reasonable opportunity to respond;
  - (13) Agency termination, provided:
    - (a) We document that replacement coverage at comparable rates and terms has been provided to you, and we have informed you, in writing, of your right to continue coverage with us; or
    - (b) We have informed you, in writing, of your right to continue coverage with us and you have agreed, in writing, to the cancellation based on the termination of your appointed agent; or
  - (14) Any other reason in accordance with our underwriting guidelines for cancellation of Homeowners insurance.
- c. If we cancel this policy based on Paragraph **C.2.b.(1)** or **C.2.b.(2)** above, we may do so by letting you know at least 10 days before the date cancellation takes effect. For cancellation due to nonpayment of premium, the notice will state the effect of nonpayment by the due date. Cancellation for nonpayment of premium will not be effective if payment of the amount due is made before the effective date of cancellation set forth in the notice. If we cancel this policy for any other reason listed in **C.2.b.** above, we may cancel by letting you know not more than 120 days nor less than 30 days before the date cancellation takes effect.
- d. We need not send notice of cancellation if you have:
  - (1) Replaced coverage elsewhere; or
  - (2) Specifically requested termination.
- 3. When this policy is cancelled, 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.

Paragraph **D. Nonrenewal** is replaced by the following:

**D. Nonrenewal**

1. We may elect not to renew this policy for any reason permitted to cancel this policy. If we elect not to renew this policy, we will deliver or mail a notice of nonrenewal, stating the reasons for nonrenewal, to you at least 30 days but not more than 120 days before the expiration date of this policy. If this policy does not have a fixed expiration date, it will be deemed to expire annually on the anniversary of its inception.
2. This nonrenewal notice may be delivered to you or mailed to you at your mailing address shown in the Declarations by:
  - a. Certified mail; or
  - b. First-class mail if we have obtained, from the U.S. Post Office, a date-stamped proof of mailing showing your name and address.
3. We need not mail or deliver this nonrenewal notice if you have:
  - a. Replaced coverage elsewhere; or
  - b. Specifically requested termination.

**F. Subrogation**

The following is added:

If we pay an "insured", who is a victim of domestic violence, for a loss caused by an act of domestic violence, the rights of that "insured" to recover damages from the perpetrator of the domestic violence 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 violence.

Paragraph **G. Death** is replaced by the following:

**G. Death**

If any person named in the Declarations, or:

- a. The spouse, if a resident of the same household; or

- b. A party who, with the "named insured", has entered into a civil union recognized under New Jersey law, 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.

The following conditions are added:

**Insurance Department Requirement – Cancellation And Nonrenewal**

Pursuant to New Jersey law, this policy cannot be cancelled or nonrenewed for any underwriting reason or guideline which is arbitrary, capricious or unfairly discriminatory or without adequate prior notice to the "insured". The underwriting reasons or guidelines that an insurer can use to cancel or nonrenew this policy are maintained by the insurer in writing and will be furnished to the "insured" and/or the "insured's" lawful representative upon written request.

This provision shall not apply to any policy which has been in effect for less than 60 days at the time notice of cancellation is mailed or delivered, unless the policy is a renewal policy.

**Insurance Department Requirement – Standard Fire Insurance Policy**

This policy provides coverage to the "insured" on an equivalent or more favorable basis than that provided by the statutory provisions cited in N.J.S.A. 17:36-5.20.

All other provisions of this policy apply.