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IN THE DISTRICT COURT OF OKLAHOMA COUNTY
STATE OF OKLAHOMA

BILLY and LACY HURSH, Plaintiffs, v. STATE FARM FIRE AND CASUALTY COMPANY, MARK D. WELTY, and MARK D. WELTY INSURANCE AGENCY, INC., Defendants.	Case No. CJ-2025-2626 Judge Amy Palumbo

DEFENDANT STATE FARM FIRE AND CASUALTY COMPANY'S AMENDED MOTION FOR PARTIAL SUMMARY JUDGMENT AND BRIEF IN SUPPORT

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INTRODUCTION

Discovery has revealed that Plaintiffs Billy and Lacy Hursh's elaborate petition reduces to a weak breach of contract claim about the extent of hail damage—and even that dispute is thin.[1] Plaintiffs made no claim for storm damage until *five months* after the storm, and then only because a roofing company salesperson said they needed a new roof and persuaded them to seek it from State Farm. Within four days of the claim (which the roofing company submitted), State Farm had an inspector on Plaintiffs' roof, taking dozens of photographs and assessing its condition. Based on that evidence, State Farm determined that the cost to repair the minor storm damage fell below Plaintiffs' deductible. Roofing companies nonetheless continued to court Plaintiffs, urging them to replace the roof either out of pocket or by re-submitting a claim to State Farm. Some roofers claimed the roof had storm damage; another concluded that "there is no evidence of storm, hail, or wind damage" and that "the issues stem from normal wear and tear." Given how little storm damage there was, Ms. Hursh reported that "all the roofers we had come look had said there was a 50/50 chance" that State Farm would approve another claim.

Those facts bar a bad faith claim as a matter of Oklahoma law, under which a bad faith "cause of action will not lie where there is a legitimate dispute." *Manis v. Hartford Fire Ins. Co.*, 1984 OK 25, ¶ 12, 681 P.2d 760, 762. A "50/50 chance" is the definition of a legitimate dispute—it could go either way. Plaintiffs may disagree with State Farm's determination, but that

[1] Defendants noticed Plaintiffs' depositions in March 2026 for dates in early April 2026. Plaintiffs moved to quash those depositions and sought to delay them until after the depositions of various State Farm representatives. As a result, Plaintiffs' depositions will not occur until October 22 and 23, 2026, despite Defendants' diligent efforts to obtain that testimony months earlier. To the extent Plaintiffs later contend that facts developed during those depositions are not addressed in this Motion, Defendants reserve the right to supplement or amend this Motion as appropriate. Defendants should not be prejudiced by Plaintiffs' efforts to delay their depositions until after the summary judgment briefing schedule.

disagreement does not constitute bad faith, especially where State Farm's investigation was more than adequate and its determination was well supported by the claim file.

In the face of that undisputed legitimate dispute, Plaintiffs cannot meet their burden to make "a clear showing that the insurer unreasonably, and in bad faith, withholds payment of the claim of its insured." *Id.* at ¶ 7 (citation omitted). Summary judgment on bad faith is appropriate because Plaintiffs can present no specific additional evidence from which a reasonable jury could find that State Farm performed an inadequate claim investigation or did not actually rely on the 50/50 legitimate dispute to deny the claims. *See Phillips v. State Farm*, 640 F. Supp. 3d 1103, 1109 (N.D. Okla. 2022) (relying on similar claims-handling facts for summary judgment on bad faith).

Plaintiffs cannot transform this ordinary contract dispute into a bad faith case by ignoring the claim file and relying instead on speculation and innuendo about an alleged corporate "scheme" to deny roof replacements. "Whether or not an insurer has breached its duty to act in good faith and deal fairly is dependent upon the particular facts and circumstances in each case." *Gov't Emples. Ins. Co. v. Quine*, 2011 OK 88, ¶ 15, 264 P.3d 1245, 1249. But Plaintiffs have no evidence to connect their inchoate scheme theory to State Farm's prompt, accurate handling of their claims in this case. Given the undisputed evidence of State Farm's adequate investigation and reasonable reliance on minimal storm damage to deny the claims, Plaintiffs cannot prove that the claims handlers predetermined the outcome or otherwise unreasonably assessed these claims. Absent that nexus, Plaintiffs' theory cannot overcome the undisputed evidence of a legitimate dispute between the parties, and the "legal gate" to bad faith remains firmly closed. Plaintiffs' other theories about alleged deficiencies in underwriting and policy language also fail because those are not part of an Oklahoma bad faith claim, which is solely about claims handling.

Without a viable bad faith claim, Plaintiffs cannot recover punitive damages. *Manis*, 1984 OK at ¶ 15. And they cannot in any event because, lacking evidence that State Farm acted unreasonably in this case, Plaintiffs cannot produce evidence to meet the heightened standard of "oppression, fraud, malice or gross negligence." *McLaughlin v. Nat'l Benefit Life Ins. Co.*, 1988 OK 41, ¶ 22, 772 P.2d 383, 389. And Plaintiffs' fraud claim is merely a repackaging of their other claims unsupported by evidence of any duty to disclose, misstatement, or reliance. The Court should grant State Farm judgment as a matter of law on Plaintiffs' bad faith claim, related request for punitive damages, and constructive fraud/negligent misrepresentation claim

STATEMENT OF UNDISPUTED MATERIAL FACTS

A. The Policy

1. In May 2020, Plaintiffs contacted Defendant Mark Welty ("the "Welty Defendant") to obtain homeowner's insurance for their home at 1901 S. Dogwood Pl., Broken Arrow, OK 74012. Ex. 1, Policy Application at SF.HURSH_000780–83 (application taken May 28, 2020).

2. After reviewing the estimated replacement cost for the home, Plaintiffs purchased State Farm Homeowner's Policy 36-CL-H107-4 (the "Policy").

3. The Policy renewed automatically each year for a twelve-month term. *E.g.*, Ex. 2, Renewal Declarations at SF.HURSH_000004. And the renewal declarations state "[i]t is up to you to choose the coverages and limits that meet your needs." *Id.* at SF.HURSH_000007.

4. A Policy renewal was in place from June 26, 2023, to June 26, 2024. Ex. 2, Renewal Declarations at SF.HURSH_000004-5.

5. At the time of the losses alleged in this case, the Policy provided Coverage A (Dwelling) limits of $363,700.00, subject to a deductible of $3,637.00. *Id.* at SF.HURSH_000005.

6. The Policy limits payments to "the damaged part of the property," disclaims any obligation by State Farm to inspect the property, and states that replacement costs estimates are not guaranteed. Ex. 2, Renewal Declarations at SF.HURSH_000007; Ex. 3, Policy at SF.HURSH_000030, 44.

7. The Policy's insuring agreement provides that State Farm "will pay for accidental direct physical loss to the property described in Coverage A, unless the loss is excluded or limited in SECTION I – LOSSES NOT INSURED or otherwise excluded or limited in this policy." Ex. 3, Policy at SF.HURSH_000024.

8. Among the losses not insured, the Policy states that State Farm "will not pay for any loss to the property described in Coverage A that consists of, or is directly and immediately caused by … wear, tear, decay, marring, scratching, deterioration, inherent vice, latent defect, or mechanical breakdown." *Id.* at SF.HURSH_000026–27.

9. Where a loss is covered, the Policy pays to repair or replace "the damaged part of the property," subject to Coverage A limits of $363,700 and a one percent deductible of $3,637. *Id.* at SF.HURSH_000029–30, 000005.

B. Plaintiffs' First Claim Under the Policy

10. On March 5, 2024, Plaintiffs' Roofer, A+ Roofing Solutions, reported Plaintiffs' First Claim to State Farm on their behalf. Ex. 4, First Claim Notes at SF.HURSH_000346-348. The First Claim ascribed the damage supporting the claim to a wind and hailstorm five months earlier on or about October 4, 2023. *Id.*

11. The next day, State Farm Claim Specialist JR Phillips conducted a "Quality First Contact" with Ms. Hursh. Ex. 4, First Claim Notes at SF.HURSH_000345. Mr. Phillips recorded

in the claim file that "Insured noticed several roofs being replaced in the area and had one of the roofing companies doing work there stop and look at their roof." SF.HURSH_000344.

12. Randy James, a Tulsa-area roofer who Plaintiffs later asked to inspect their roof and provide a quote for a replacement roof (in May 2024), testified that some roofing companies "just hire sales guys and they go, go knock on a door and go file a claim. And they're just basically ... rolling the dice, in my opinion, of it could stick, you never know. Because these guys are ... paid on commission." Ex. 5, James Dep. at 36:13-37:17; 43:5-44:24. He testified that those "door knockers" are more likely to attribute damage to hail or storm even where none occurred. *Id.* at 40:13-41:4.

13. Mr. Phillips assigned the roof inspection to SeekNow, a third-party inspection service, because of the steepness of the roof. On March 9, 2024, a SeekNow inspector assessed Plaintiffs' roof. *Id.* at SF.HURSH_000344. SeekNow found damage only to the downspouts, gutters, and turtle vents—not the shingles. *Id.* In the Claim Notes, State Farm noted:

> Inspection revealed small impacts to 2 downspouts and rear and left gutters only. Areas marked on the roof by the roofer are not consistent with hail impacts. Small impacts documented to 2 turtle vents as well. No evidence of any ADPL to the remaining roof surface. No large dark circular fractures with crushed granules and impacted matting.

Id.

C. The First Claim Decision

14. State Farm estimated the storm damage at $1,446.87. Ex. 6, Estimate at SF.HURSH_000717-722.

15. One week after Plaintiffs filed their First Claim and three days after the inspection, Mr. Phillips had a telephone conversation with Ms. Hursh in which he explained the results of State Farm's investigation of the claim. Ex. 4, Ex. 7, March 12, 2024 Letter at HURSH_000001-

2. Mr. Phillips then sent Plaintiffs a letter explaining that the damage to the roof was caused by wear and tear and a defect in the workmanship or materials, not hail, and was therefore not covered under the Policy. *Id.*

16. More than two months later, on May 21, 2024, Ezekiel Waite of A+ Roofing sent State Farm photos of Plaintiffs' roof and requested a second inspection. Ex. 8, Waite email to State Farm at SF.HURSH_000442-472; Ex. 9, Texts between Lacy Hursh and A+ Roofing Solutions at HURSH_000076. State Farm reopened the claim, and Mr. Phillips reviewed the photos, finding that none "seem very compelling in regard to showing damaging hail that was not accounted for in original inspection," and referred the request to his team manager, Mark Wood. Ex. 4, SF.HURSH_000343. The next day, Mr. Wood independently reviewed the photos and concluded that they "do not indicate anything was missed during 1st inspection" and "appear to show w/t/d [wear, tear, and deterioration]" such that a "[s]econd inspection is not warranted at this time[,]" and that if Plaintiffs were claiming new damage, "they'll need to file a new claim." *Id.* On May 24, 2024, State Farm notified Plaintiffs that their request for a second inspection was declined and returned the claim file to closed. *Id.*

D. Plaintiffs Had Three Contractors Inspect Their Roof and Were Told That They Had a "50/50 Chance" of a Claim Approval

17. In May and June of 2024, Plaintiffs had three contractors to inspect their roof and provide quotes for a total roof replacement. *See* Ex. 10, R. Turley Roofing Estimate at HURSH_000042; Ex. 11, ROKE Roof Estimate at HURSH_000034-35; Ex. 12, Elliott Roofing Estimate Three, Elliott Roofing (SF.Hursh)_00005-6.

18. After that process, on July 24, 2024, Ms. Hursh summarized those roofers' estimations of Plaintiffs' chances of getting an insurance claim for a roof replacement approved in a text to Bill Bond of Platinum Construction, whom Plaintiffs ultimately hired. Ms. Hursh wrote:

"I know all the roofers we had come look had said there was a 50/50 chance w/ whomever came to look at it on if they'd approve or not." Ex. 13, Texts at HURSH_000103.

19. On May 29, 2024, eight days after another storm, Randy James, owner of ROKE Roofing and Construction, inspected Plaintiffs' roof at Ms. Hursh's request to help her decide whether to file a claim. Ex. 5, James Dep. at 44:20-24, 48:14-16. Mr. James got on roof and inspected the entire roof. *Id.* at 51:2-3; 52:10-13.

20. Mr. James found no hail or storm damage to Plaintiffs' roof. *Id.* at 54:22-55:22. Instead, he observed normal wear and tear, aging, and deteriorating builder-grade shingles, granule loss, significant wood rot, and squirrel damage to the siding. *Id.* at 52:14-23, 54:4-13. He attributed the granule loss and premature aging to the roof's age and to inadequate ventilation stemming from the home's original construction, and estimated the roof was 10 to 15 years old. *Id.* at 55:24-56:11, 63:14-65:5.

21. On May 30, 2024, Ms. Hursh texted Mr. James asking for a quote "if we opted to not file a claim but still wanted the roof replaced," including "extra vents." *Id.* at 61:21-62:11; Ex. 14, Text Exchange Between Lacy Hursh and Randy James at HURSH_000078-79. Mr. James understood this as a request for a cash quote, not an insurance estimate, made after Ms. Hursh knew he had found no hail or storm damage. James Dep. at 62:12-63:4. The resulting $19,661.84 estimate was not prepared by Mr. James for an insurance claim and does not reference storm or hail damage. *Id.* at 66:15-67:12; Ex. 11, ROKE Roof Estimate at HURSH_000034-35.

22. On June 10, 2024, Ms. Hursh texted Mr. James: "We're still trying to decide on if we want to make a second claim with the May date or wait until the next hailstorm." *Id.* at 69:23-70:9; Ex. 14, Text Exchange Between Lacy Hursh and Randy James at HURSH_000079. Mr. James understood that Ms. Hursh believed they might need to wait for the next hailstorm because

the prior storms had not damaged the roof. *Id.* at 70:18-71:5, 71:25-72:10. He responded that there was "zero rush" and that he did not think the roof was leaking, and he had no further contact with Plaintiffs. *Id.* at 72:11-73:8.

23. Mr. James testified that there was no evidence of storm, hail, or wind damages to the Hursh roof, and he recommended to the Hurshes not to file an insurance claim because it would be denied. He conveyed his conclusions to Lacy Hursh on May 29, 2024. Ex. 5, Randy James deposition at 85:17-86:22.

24. On May 30, 2024, Elliott Roofing inspected Plaintiffs' roof. Ex. 15, Elliott Roofing (SF.Hursh_00015). Jesse Chambers noted the roof had "[m]arginal damage. 12 yr old Tamko, not in great shape State Farm. Filed a claim earlier this spring and got denied, hesitant to file again but wants a roof. I was the last of 3 roofers, all gave similar opinions. Stil considering next steps." *Id.* Mr. Chambers noted that Plaintiffs decided to hold off on making a claim. *Id.*

E. Plaintiffs Pursue Two Tracks for Replacing Their Roof

25. On June 4, 2024, Mr. Bond and Ms. Hursh began discussing a roof replacement over text. Ex. 13 at HURSH_000084.

26. On June 27, 2024, they discussed financing the project, and Mr. Bond suggested he finance it "[i]f the total cost ends up being around $21,500.00 I could carry $6,000 of that with $1,000.00 monthly payments at zero percent interest[,]" which was "not something I normally do." *Id.* at HURSH_000087.

27. Ms. Hursh explained that she would discuss it with her husband and that "[w]e are very much leaning towards doing the roof without the insurance help vs waiting on another storm to come through & provide enough damage." *Id.* at HURSH_000087.

28. The same day, Mr. Bond explained: "The thing about waiting on another storm is no telling when we will get one. Until recently we have not had a significant hail storm in the Tulsa metro area since the spring of 2008. Keep in mind when you guys are considering that sooner will be better if you can swing it. I am staring at a material price increase coming up in July sometime. I would like to beat the increase. Let me know as soon as you can." *Id.* at HURSH_000088.

29. The next day, Mr. Bond informed Ms. Hursh that "the anticipated material price increase will go into effect sooner than I thought. Trying to procure materials on any jobs I am doing in July before the increase. Got a little time." *Id.* at HURSH_000088-89.

30. Plaintiffs then hired Mr. Bond and Platinum Construction. On July 1 and 2, 2024, Mr. Bond and Ms. Hursh discussed the type of shingle to be used on the repair, agreed to start the work on the roof, and arranged for Mr. Bond to pick up the "material deposit check" for $5,000 and provide a scope of work document. *Id.* at HURSH_000090-96.

31. The next day, July 3, 2024, Ms. Hursh emailed Mr. Bond documents from State Farm's first inspection. *Id.* at HURSH_000096.

32. From July 9, 2024, to July 11, 2024, Ms. Hursh and Mr. Bond texted about Mr. Bond's attempts to contact Mr. Philips, other roofs being replaced near the Hurshes, and potential impacts of "being dropped from an insurance" policy. *Id.* at HURSH_000097-100.

F. Plaintiffs' Second Claim and State Farm's Second Inspection

33. On July 12, 2024, Plaintiffs submitted a Second Claim to State Farm. Ex. 16, Second Claim Notes at SF.HURSH_000083. The claim identified the date of loss as May 21, 2024, approximately two months prior to Plaintiffs' report. *Id.*

34. On July 20, 2024, Conrad J. Feller conducted a "Quality First Contact" with Lacy Hursh. *Id.* at SF.HURSH_000081. Ms. Hursh described hail damage to the roof and gutters. *Id.*

Conrad J. Feller confirmed that the deductible was $3,637.00 and scheduled a field inspection for July 24, 2024. *Id.*

35. On July 24, 2024, Conrad Feller inspected the roof with Bill Bond present. *Id.* at SF.HURSH_000080. The inspection revealed hail damage only to the turtle vents, vent caps, eave gutters, and window screens. *Id.*

36. Mr. Bond testified that State Farm's inspector for the Second Claim was thorough and spent over an hour on Plaintiffs' roof. Ex. 17, Bond Dep. at 77:18-23, 147:6-24.

37. State Farm estimated the covered damage to total $2,452.57, which fell below Plaintiffs' deductible of $3,637.00. Ex. 19, 7/29/24 Letter with Estimate. Mr. Feller spoke with Lacy Hursh, explained that the damage fell below the deductible, and noted that Ms. Hursh understood. Ex. 16, Second Claim Notes at SF.HURSH_000080.

38. On July 29, 2024, State Farm sent a letter to the Plaintiffs informing them of the inspection results and determination. Ex. 19, 7/29/24 Letter from State Farm to Pls. at HURSH_000003. State Farm closed the Second Claim, and Plaintiffs did not appeal or request another inspection.

G. Testimony of Plaintiffs' Contractor, Bill Bond

39. Mr. Bond testified that Plaintiffs' roof showed signs of wear and tear and aging, and he testified that he believed there was a 50/50 chance State Farm would approve Plaintiffs' claim. Ex. 17, Bond Dep. at 62:14-25.

40. On October 2, 2024, Mr. Bond texted Ms. Hursh that he had multiple professionals in the roofing industry review photos of Plaintiffs' roof and that "most everyone" did not see "any significant hail hits." Ex. 13, Messages with Bill Bond at HURSH_000115. Mr. Bond confirmed that message in his deposition. Ex. 17, Bond Dep. at 229:16-232:2.

41. When asked at his deposition to circle the hail damage on copies of the same photograph of Plaintiffs' roof, Mr. Bond circled different areas on each copy. *Id.* at 41:11–43:18, Ex. 18, Deposition Ex. 2 to Bond Dep. at 000005, 29.

42. Mr. Bond testified that roofers can have different opinions about the same roof and that his opinion simply differed from State Farm's. *Id.* at 248:9–249:11.

43. Mr. Bond testified that he has worked with JR Phillips, the State Farm claim handler on the First Claim, for eight to ten years, and that Mr. Phillips is "absolutely" good at what he does. *Id.* at 135:17–19, 137:3–10.

44. Mr. Bond testified that he works with State Farm regularly, that he has no personal knowledge of any scheme, that in his experience State Farm is thorough, and that State Farm replaced two roofs he worked on during the same period as Plaintiffs' claims. *Id.* at 207:12–208:2; 215:3–216:23; 225:15–226:10; 238:1–9; 225–26.

H. Plaintiffs' Discovery Responses

45. When asked to identify the misrepresentations or omissions underlying their constructive fraud claim, Plaintiffs identified no affirmative statement or partial disclosure by State Farm and stated only that "the Defendants intentionally withheld their knowledge of the Scheme from Plaintiff." Ex. 20, Lacy Hursh Resp. to Defs.' Interrog. No. 4, pg. 12; Ex. 21, Billy Hursh Resp. to Defs.' Interrog. No. 4, pg. 12.

46. When asked in Interrogatory No. 9 to identify each act or omission warranting punitive damages, Plaintiffs identified no specific conduct and instead asserted that State Farm's alleged "Scheme" is "intentional, willful, malicious, and/or in reckless disregard" of insureds' rights and that their claim denials were "pre-determined." Ex. 20, Lacy Hursh Resp. to Defs.' Interrog. No. 9; Ex. 21, Bill Hursh Resp. to Defs.' Interrog. No. 9.

47. When asked in Interrogatory No. 18 (Lacy Hursh) and Interrogatory No. 19 (Billy Hursh) to identify "all evidence and the factual basis" for the alleged "systematic and pervasive Scheme," Plaintiffs objected and referred State Farm to the Petition and other interrogatory answers, to anticipated deposition testimony of State Farm officials, and to the Oklahoma Attorney General's intervention in this case. Ex. 20, Lacy Hursh Resp. to Defs.' Interrog. No. 18; Ex. 21, Billy Hursh Resp. to Defs.' Interrog. No. 19.

48. Plaintiffs deposed three State Farm officials, none of whom had personal knowledge of the investigation, evaluation, or handling of Plaintiffs' claims. *See, e.g.*, Ex. 22, Herbert Dep. at 47; Ex. 23 Welsh Dep. at 46.

ARGUMENTS AND AUTHORITIES

I. Plaintiffs' Bad Faith Claim Fails as a Matter of Law.

A. The Undisputed Facts Prove a Legitimate Dispute Existed, Barring Plaintiffs' Bad Faith Claim.

Plaintiffs cannot meet the high bar to proceed on a bad faith claim. Bad faith claims demand "a ***clear showing*** that the insurer unreasonably, and in bad faith, with[held] payment of the claim of its insured." *Christian v. Am. Home Assurance Co.*, 1977 OK 141, ¶ 26, 577 P.2d 899, 905 (emphasis added). The Oklahoma Supreme Court has held that, "there can be disagreements between insurer and insured on a variety of matters" relating to the adjudication of a claim. *Id.* That disagreement alone "is not per se bad faith or unfair dealing." *Id.* To protect an insurer's "constitutional right to litigate a good-faith dispute," a bad faith claim "will not lie where there is a legitimate dispute" between the parties. *Manis v. Hartford Fire Ins. Co.*, 1984 OK 25, ¶ 12, 681 P.2d 760, 762. The undisputed facts here show that the parties had a legitimate dispute regarding State Farm's handling of Plaintiffs' claims, so Plaintiffs cannot bring a bad faith claim as a matter of Oklahoma law. *See Beers v. Hillory*, 2010 OK CIV APP 99, ¶ 20, 241 P.3d 285, 291.

The *Manis* court applied the "legitimate dispute" principle to reverse a bad faith verdict and associated punitive damages award where, as here, the facts showed "the insurer's conduct in withholding payment of the claim was reasonable." *Manis*, 1984 OK ¶ 8, 681 P.2d at 762. In *Manis*, the plaintiff sued two insurance companies for bad faith breach of contract after they refused to pay a claim for fire damage to the plaintiff's business. *Id.* at ¶¶ 1–2, 681 P.2d at 761. The plaintiff claimed the fire was accidental, but the insurers relied on facts showing the fire likely was arson by the insured, and thus excluded under the policy. *Id.* at ¶¶ 3, 8–9, 681 P.2d at 761–62. The Oklahoma Supreme Court held the plaintiff "failed to meet his burden of proof" for a bad faith claim because "facts were in dispute as to the cause of the fire" and "insurers had a right to have this dispute settled in a judicial forum." *Id.* at ¶ 12, 681 P.2d at 762.

The Northern District of Oklahoma granted State Farm's motion for summary judgment on nearly identical facts in *Phillips v. State Farm*, 640 F. Supp. 3d 1103 (N.D. Okla. 2022). The court ruled that "there exists a legitimate dispute . . . regarding coverage and the total value of the claim," noting that while the plaintiff's contractor "concluded that plaintiffs' roof damage from hail and wind necessitated complete replacement," State Farm's claim handler inspected the property and "reviewed the information provided by plaintiffs' contractor and consistently concluded that there was no wind and hail damage beyond what was covered in [his] estimated replacement cost value." *Id.* at 1109; *accord Duensing v. State Farm*, 2006 OK CIV APP 15, ¶ 41, 131 P.3d 127, 138 (reversing judgment on bad faith because "there was a legitimate dispute" and "the record in this case shows that the Insurer acted reasonably, as a matter of law").

Here, as in *Manis*, *Duensing*, and *Phillips*, the parties genuinely dispute what caused the condition of Plaintiffs' roof. State Farm inspected Plaintiffs' roof twice. Undisputed Facts ¶¶ 13, 35. Each inspection led State Farm to reasonably conclude that the damage to Plaintiffs' roof was

primarily attributable to deterioration and wear and tear, not hail or storm damage. *Id.* ¶¶ 13, 15-16, 35-37. At least four different roofers hired by Plaintiffs inspected their roof. Plaintiffs' neighborhood roofer, A+ Roofing, first submitted a claim on Plaintiffs' behalf, believing the damage to the roof could be hail damage. *Id.* ¶ 10. After State Farm denied the claim, a second roofer from A+ Roofing requested a reinspection and submitted photos that he contended showed hail damage. *Id.* ¶ 16. Before Plaintiffs filed their second claim, ROKE Roofing inspected the roof and concluded that there was no evidence of hail or storm damage whatsoever. *Id.* ¶¶ 19-20, 23. Elliott Roofing found only "marginal damage" to the roof. *Id.* ¶ 24. And the roofer Plaintiffs ultimately hired to replace their roof, Bill Bond of Platinum Construction, shared photos of Plaintiffs' roof with multiple roofing professionals who mostly agreed there was no hail damage. *Id.* ¶ 40. Plaintiff Lacy Hursh reported, "[A]ll the roofers we had come look had said there was a 50/50 chance w/ whomever came to look at it on if they'd approve or not." *Id.* ¶ 18; *see also id.* ¶ 42 (Bond Depo. Tr. (testifying that roofers can have different opinions about the same roof and that his opinion simply differed from State Farm's)). The undisputed evidence therefore confirms a legitimate dispute existed as to whether Plaintiffs' damage was covered under their policy.

B. Because the Undisputed Facts Prove There Was a Legitimate Dispute, the Burden Shifts to Plaintiffs to Provide "Additional Evidence" of Bad Faith.

Given the legitimate dispute, Plaintiffs cannot meet their burden to "produce additional evidence of bad faith in order to send the issue to a jury." *Timberlake Construction Co. v. United States Fidelity & Guaranty Co.*, 71 F.3d 335, 343–44 (10th Cir. 1995). Plaintiffs cannot show that: (1) State Farm "did not *actually* rely on the legitimate dispute" to deny coverage," (2) State Farm "denied the claim for an illegitimate reason," (3) State Farm failed to treat them fairly, or (4) State Farm "performed an inadequate investigation of the claim." *Shotts v. Geico Gen. Ins. Co.*, 943 F.3d 1304, 1315 (10th Cir. 2019) (citations omitted) (cleaned up).

Just as in *Phillips*, "plaintiffs have failed to offer sufficient evidence of [State Farm's] bad faith" because they fail to present facts "from which a reasonable jury could find that State Farm did not actually rely on the legitimate dispute to deny the claim; denied the claim for an illegitimate reason; treated plaintiffs unfairly; or performed an inadequate investigation." 640 F. Supp. 3d at 1109. The *Phillips* court relied on the following facts, also present here: (1) State Farm "sent an adjuster to inspect plaintiffs' roof" and ultimately made a payment for the damage identified in that inspection, (2) after the plaintiffs' contractor provided additional information, a claim specialist reviewed that information and determined there was no additional damage, and (3) a second State Farm claim handler and a supervisor also reviewed the plaintiffs' information and found no reason to conduct a second inspection or change the claim determination. *Id.* at 1109–10. The court weighed that evidence against the fact that "plaintiffs present no direct evidence of [State Farm's] intentional bad-faith conduct" and granted summary judgment. *Id.* at 1110.

The undisputed facts here confirm that Plaintiffs lack any direct evidence of bad faith. State Farm reasonably adjudicated Plaintiffs' claims and denied the claims under a good faith application of the wear-and-tear policy exclusion following review of the evidence gathered. *See* Undisputed Facts ¶¶ 15-16, 37-38. Plaintiffs' own professionals supported those findings. Their roofer gave them only a "50/50 chance" of approval given the roof's condition, one of their inspectors explicitly found no hail damage, and several other roofers who reviewed photos of the roof agreed. *See id.* ¶¶ 19-20, 23-24, 39-40. State Farm investigated the claims adequately. It hired a qualified third party to physically inspect the property, and it reviewed evidence from both its inspectors and Plaintiffs' roofers. *See id.* ¶¶ 13-16, 35-38. It also carefully recorded the hail damage it did observe, which fell below the deductible. *See id.* Plaintiffs' roofer admitted that State Farm's inspector was "thorough" and spent more than an hour on the roof. *See id.* ¶¶ 35-36. And State

Farm treated Plaintiffs fairly. In sum, Plaintiffs cannot meet their burden to overcome the undisputed evidence.

C. Plaintiffs' Novel Theories Beyond the Claim Files Cannot Support Bad Faith.

The focus of an Oklahoma bad faith claim is the insurer's handling of the claim in a particular case. *Newport v. USAA*, 2000 OK 59, ¶ 10, 11 P.3d 190, 195, *as corrected* (Aug. 1, 2000). State Farm anticipates that Plaintiffs will ignore the claim files and attempt to circumvent the legitimate dispute gate by presenting three novel theories that have no basis in law or fact. The Court should reject all three.

First, Plaintiffs cannot support their bad faith claim on the argument that State Farm did not conduct an in-person inspection of Plaintiffs' roof before issuing the policy. Oklahoma law is clear that "the conduct of the insurer and the agent in selling and issuing the policy, cannot give rise to the tort of bad faith breach of an insurance contract." *Claborn v. Wash. Nat'l Ins. Co.*, 1996 OK 8, ¶ 15, 910 P.2d 1046, 1051 (citation omitted).

Second, Plaintiffs cannot proceed by complaining that State Farm's technical standards for evaluating roof damage were not contained in the policy. That attack on policy language when issued is barred by *Claborn*. It also fails because no Oklahoma law requires such specificity in insurance contracts, and the policy, as written, was approved by the Oklahoma Insurance Department. *See* 36 O.S. § 3610(A) (prohibiting use of insurance policy forms "unless filed with and approved by the Insurance Commissioner").

Third, Plaintiffs cannot proceed on a theory that State Farm had a corporate scheme to deny roof replacements, which under law of the case is "untethered" to the facts of this legitimate dispute. *State Farm v. Palumbo*, 2026 OK 51, ¶ 5, 593 P.3d 104 (barring litigation of corporate "issues untethered to the Hurshes' actual loss"). Plaintiffs have no evidence to connect their grandiose scheme theory to State Farm's prompt, accurate handling of their claims. *See Gov't*

Emples., 2011 OK at ¶ 15 (bad faith "is dependent upon the particular facts and circumstances in each case"). Nothing in the claim files and no one involved in the claims handling can tie the alleged scheme to this case. And no testimony from State Farm executives revealed any nexus between decisions at the corporate level and the handling of Plaintiffs' claims. *See* Undisputed Facts ¶¶ 48 (Herbert Depo. at 47), 48 (Welsh Depo. at 46). Without case-specific evidence, Plaintiffs cannot transform the undisputed evidence in the claim files of adequate investigation and reasonable reliance on minimal storm damage into something nefarious. The "scheme" theory remains just that, and Plaintiffs cannot rely on empty speculation to satisfy the high burden of bad faith.

II. Plaintiffs' Punitive Damages Claim Fails as a Matter of Law.

A punitive damages claim is "dependent upon bad faith for its basis" and cannot stand alone. *Peters v. Am. Income Life Ins. Co.*, 77 P.3d 1090, 1099 n.9 (Okla. Civ. App. 2002). A plaintiff is not routinely entitled to punitive damages in a bad faith case but must show that the defendant acted with oppression, malice, fraud, gross negligence, or wantonness. *Frank v. Mayberry*, 1999 OK 63, ¶ 25, 985 P.2d 773, 777; *McLaughlin v. Nat'l Benefit Life Ins. Co.*, 1988 OK 41, ¶ 22, 772 P.2d 383, 389. Plaintiffs cannot make that showing here.

Because Plaintiffs cannot sustain a bad faith claim, their request for punitive damages fails at the threshold. *Manis*, 1984 OK 25 at ¶ 15. But Plaintiffs also have no evidence to meet the heightened standard for punitive damages. Plaintiffs' interrogatory answers confirmed they had only conclusory, unsubstantiated allegations that State Farm's "scheme" constitutes "intentional, willful, malicious, and/or in reckless disregard" of insureds' rights and that Plaintiffs' claim denials were "pre-determined." Ex. 20, Pl.'s Resp. to Defs.' Interrog. No. 18; Ex. 21, Pl.'s Resp. to Defs.' Interrog. No. 18. When asked to identify "all evidence and the factual basis" for the alleged "systematic and pervasive Scheme," Plaintiffs objected that the request required them to marshal

evidence and then largely referred State Farm back to the Petition and other interrogatory answers. *Id.* The only evidence Plaintiffs are likely to rely have no connection to Plaintiffs, their claims, the claim handlers involved, or any of the events giving rise to this action. *Compare Timmons v. Royal Globe Ins. Co.*, 1982 OK 97, ¶ 35, 653 P.2d 907, 917 (affirming punitive damages where the plaintiff produced evidence that the defendant falsified a report which directly caused the plaintiff to lose its coverage under the insurance policy). The Court should rule that punitive damages are not available as a matter of law.

III. Plaintiffs' Fraud Claim Has No Merit.

This is a breach of contract case. But Plaintiffs try to stretch the same coverage dispute into a claim for constructive fraud and negligent misrepresentation, never adequately pleading fraud. And after discovery, they lack evidence to support it, entitling State Farm to summary judgment.

Plaintiffs cannot create a dispute of material fact on each of the elements of constructive fraud: (1) that the defendant owed the plaintiff a duty of full disclosure; (2) that the defendant misstated or failed to disclose a fact; (3) that the misstatement or omission was material; (4) that the plaintiff relied on the material misstatement or omission; and (5) that the plaintiff suffered damages as a result. *Faulkenberry v. Kansas City S. Ry. Co.*, 1979 OK 142, ¶ 5, 602 P.2d 203, 206; *Silver v. Slusher*, 1988 OK 53, ¶ 7, 770 P.2d 878, 882; *Uptegraft v. Dome Petroleum Corp.*, 1988 OK 129, ¶ 15, 764 P.2d 1350, 1354; *Gentry v. Am. Motorist Ins. Co.*, 1994 OK 4, ¶ 12, 867 P.2d 468, 472. Nor can they prove the elements of negligent misrepresentation, which requires a material misrepresentation made in the course of business, breach of a duty of care in making it, and reasonable reliance to the plaintiff's detriment. *Stroud v. Arthur Andersen & Co.*, 2001 OK 76, ¶ 34, 37 P.3d 783, 793–94; *Sullivan v. Wyndham Hotels & Resorts, Inc.*, No. 21-7003, 2021 WL 5822690, at *2 (10th Cir. Dec. 8, 2021).

The undisputed facts show that State Farm neither owed Plaintiffs a duty to disclose nor failed to disclose anything to them. Silence alone creates no duty: "[a] party may keep absolute silence and violate no rule of equity." *Uptegraft*, 1988 OK 129, ¶ 10. Plaintiffs were asked to identify the misrepresentations or omissions underlying their claim. They pointed to no affirmative statement or partial disclosure by State Farm and said only that "the Defendants intentionally withheld their knowledge of the Scheme from Plaintiff." Undisputed Facts ¶ 45. That is an allegation of silence about a "scheme" for which Plaintiffs have no evidence, *see supra* Section I.C. It neither creates a duty to speak nor identifies a false statement. *See Barlow v. State Farm*, CIV-25-44-R, 2025 WL 1139489, at *4 (W.D. Okla. Apr. 17, 2025) (no duty where plaintiffs "d[id] not identify any affirmative statements by [agent] concerning State Farm's claims handling or policy interpretation"); *Pratt v. Safeco*, No. CIV-20-93, 2020 WL 4735350, at *2 (W.D. Okla. Aug. 14, 2020).

Nor can Plaintiffs impose a duty on State Farm through the acts of the Welty Defendant.[2] Implied representations attendant to issuing a policy are not actionable,[3] and assurances about future payment are opinions or predictions of future performance, not fraud.[4] Even if some misstatement existed, Plaintiffs have no evidence they relied on it. They do not claim they would have bought a different policy, declined renewal, shopped other insurers, or replaced their roof sooner but for anything State Farm said or failed to say. An insured is presumed to know clear and

[2] State Farm incorporates by reference the arguments set forth in Section II, Subsection B of the Welty Defendant's Motion for Summary Judgment regarding Plaintiffs' failure to establish a duty of disclosure. *See* Welty Def.'s Mot. for Summ. J. at 14–15.

[3] *Hall v. State Farm*, CV 25-00012-JD, 2025 WL 2905205, at *6 (W.D. Okla. Oct. 13, 2025); *Pratt v. Safeco*, No. CIV-20-93, 2020 WL 4735350, at *2 (W.D. Okla. Aug. 14, 2020) ("Defendant's silence conveyed no false impression to Plaintiffs.").

[4] *Citation Co. Realtors, Inc. v. Lyon*, 1980 OK 68, ¶ 8, 610 P.2d 788, 790; *Roberts v. Wells Fargo AG Credit Corp.*, 990 F.2d 1169, 1172 (10th Cir. 1993); *CMI Roadbuilding, Inc. v. SpecSys, Inc.*, No. CIV-18-1245, 2021 WL 2189190, at *3 (W.D. Okla. May 28, 2021).

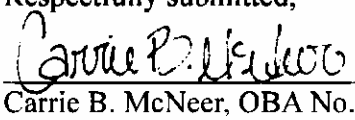
unambiguous policy terms and cannot establish reliance on representations that contradict them. *Liverpool & L. & G. Ins. Co. v. T.-M. Richardson Lumber Co.*, 1902 OK 7, ¶ 5, 69 P. 936, 937; *Country Gold*, 2015 WL 431638, at *4; *Siddique*, 2015 WL 2451734, at *4–5.

The constructive fraud claim seeks damages for one thing: State Farm's refusal to pay for a new roof under the Policy. That "is nothing more than a[] breach of contract claim masquerading as something more," and "Oklahoma law does not permit the simultaneous pursuit of fraud and breach of contract claims where the two claims are not sufficiently distinct." *Atkinson, Haskins, Nellis, Brittingham, Gladd & Fiasco, P.C. v. Oceanus Ins. Grp.*, No. 13-CV-762-JED-PJC, 2014 WL 3891267, at *4–5 (N.D. Okla. Aug. 7, 2014); *accord Fox v. Overton*, 1975 OK 57, ¶ 9, 534 P.2d 679, 681. The Court should grant State Farm summary judgment on Plaintiffs' constructive fraud/negligent misrepresentation claim.

CONCLUSION

After full written discovery, Plaintiffs have produced no evidence that State Farm lacked a reasonable basis for its claim decisions, no evidence of any misrepresentation, misstatement, or failure to disclose, and no evidence connecting Plaintiffs' claims to some sort of overarching "scheme." Plaintiffs' claims for bad faith, constructive fraud/negligent misrepresentation, and punitive damages therefore fail as a matter of law, and State Farm respectfully requests the Court grant its Motion for Partial Summary Judgment.

Respectfully submitted,



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State Farm Fire and Casualty Company

CERTIFICATE OF MAILING

I do hereby certify that on October 16, 2026, a true, correct and exact copy of the above and foregoing document was served by placing same in the United States mail, with proper postage thereon duly prepaid, to those parties as listed below:

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EXHIBIT 1

Cancel/New

Effective Date:	06-26-2020	App Date:	05-28-2020	App Time:	04:40 PM
Agent:	Mark Welty CLU CPCU Mark D Welty Ins Agency Inc	Agent Code:	2120	AFO Code:	26FA43

CUSTOMER:

	Birth date	SSN	Home Phone	Business Phone
Applicant: HURSH, BJ	[redacted]			
Co-Applicant: HURSH, LACY M				

Show name(s) on policy as: HURSH, BJ & LACY M

Mailing Address: 1901 S DOGWOOD PL
BROKEN ARROW, OK 74012-6345

Is any applicant an existing State Farm customer: Yes

If yes, State / Prov: OK

Home / Auto discount: Yes

If yes, State / Prov: OK

Does the applicant want to replace an existing State Farm policy with this transaction: Yes

Existing State Farm policy number being replaced: 36-CG-D915-3

Existing policy's cancel date: 06-26-2020

Existing policy's State / Prov: OK

Is the property location for this new policy the same as the existing policy's location: No

Is applicant the named insured on the existing State Farm policy: Yes

If yes, existing policy type being replaced: Renters

Number of residents: 4

Location:

Property Location: Street: 1901 S DOGWOOD PL
City: BROKEN ARROW
State / Prov: OK
ZIP / Postal: 74012-6345
County: Tulsa
Territory zone: 10
Subzone: 99

Is the dwelling inside city limits: Yes

Pre-eligibility:

Applicant's most recent insurer: State Farm

Has any applicant had a State Farm Homeowners, Manufactured Home, Renters, Condominium Unitowners, or Farm/Ranch policy in the last 30 days and qualifies for the Loyal Customer Discount: Yes

If yes, Tenure Details:

Enter information from the State Farm Policy that carries the oldest tenure date:

From date: 05-2012

To date: 06-2020

State / Prov: OK

Years with State Farm: 8

Tenure policy number: 36-CG-D915-3

Tenure date: 05-06-2012

Has applicant had any losses, insured or not, in the past 5 years: No

Number of homeowners rating claims: 0

Is there any damage to the home, building, or unit that has not been repaired: No

EXHIBIT 1

Dwelling:

Estimate number: R8P8-U9MA-9
Estimated replacement cost source: Estimated replacement cost tool
Total finished square feet: 2720
Number of stories: 1.5 Stories
Estimated replacement cost: 295,000
Date of estimate: 05-28-2020
Year built: 1995
Heating / Cooling year: Updated
If Updated, enter year: 2012
Does the applicant have qualifying utility update documentation: No
Electrical year: Updated
If Updated, enter year: 2012
Does the applicant have qualifying utility update documentation: No
Plumbing year: Updated
If Updated, enter year: 2012
Does the applicant have qualifying utility update documentation: No
Year purchased: 2020
Construction: Masonry veneer
Is there a solid fuel appliance, such as a wood or coal stove, fireplace insert, or free-standing fireplace unit inside any dwelling or structure on the premises: No
Roof history: Replaced
If Replaced, roof installation year: 2010
Roof material: Composition - Architectural Shingle
Is roof impact resistant: No
Occupancy: Owner
Number of weeks owner occupied (per calendar year): 52
Number of families: 1

Coverages:

Desired coverage effective date: 06-26-2020
Estimated replacement cost: 295,000
Dwelling (Coverage A): 295,000
Rate IV: 100%
Increased Dwelling - Option ID: Included
Dwelling Extension: 29,500
Are there any detached structures on the premises: No
Personal Property (Coverage B): 221,250
Loss Settlement:
Loss Settlement Option - Dwelling: A1 - Replacement Cost - Similar Construction
Loss Settlement Option - Personal Property: B1 - Limited Replacement Cost
Policy deductible: 1%
Personal Liability (Coverage L) each occurrence: 300,000
Medical Payments (Coverage M) each occurrence: 3,000

Adjustments:

Deadbolt locks: Yes
Fire extinguisher: Yes
Sprinkler system: None
Fire or smoke alarm: Local only
Burglar alarm: None

Options / Endorsements:

Jewelry and Furs: Yes
JF limit: 1,500 / 2,500 Option JF included
Silver/Goldware Theft - Option SG: Yes
SG limit: 2,500 included

Business Property - Option BP: Yes
BP limit: 1,500 included
Building Ordinance or Law - Option OL (% of Coverage A): Yes
OL limit: 10% included
Firearms - Option FA: Yes
FA limit: 2,500 included
Back-Up of Sewer or Drain: Yes
Limit: Back-Up Sewer/Drain - Dwelling/Contents, 10% of Dwelling
In the past five years, has the applicant had any losses, insured or not, caused by water back-up from sewer, drains, or sump pumps at the same dwelling the applicant is purchasing insurance for: No
Fire Department Service Charge Increased Limits: Yes
Limit: 500 included
Home Systems Protection: Yes
Service Line Coverage: Yes

Quote Results:

CRI:	5613
Quote description:	100% Replacement Cost
Annual premium:	1,813.00
Monthly premium:	151.08
Estimated replacement cost:	295,000
Rate IV:	100%
Construction:	Masonry veneer
Territory zone:	10
Subzone:	99
LRF:	L

	Limit	Premium
Coverages		
Dwelling (Coverage A)	295,000	3,151.00
Increased Dwelling - Option ID	59,000	
Dwelling Extension	29,500	
Personal Property (Coverage B)	221,250	
Personal Liability (Coverage L) each occurrence	300,000	8.00
Medical Payments (Coverage M) each occurrence	3,000	5.00
Credit Card / Bank Card and Forgery	1,000	
Damage to Property of Others (Each Occurrence)	1,000	
Loss of Use	88,500	
Loss Settlement Provision		
Loss Settlement Option - Dwelling	A1 - Replacement Cost - Similar Construction	
Loss Settlement Option - Personal Property	B1 - Limited Replacement Cost	
Deductibles		
Policy deductible	1% 2,950	
Charges / Credits		
Claim Record		(252.00)
Home / Auto discount		(873.00)
Loyal customer discount		(406.00)
Policy Options and Endorsements		
Jewelry and Furs	1,500 / 2,500 Option JF included	
Silver/Goldware Theft - Option SG	2,500 included	
Business Property - Option BP	1,500 included	

SF.HURSH_000782

Building Ordinance or Law - Option OL (% of Coverage A)	10% 29,500	
Firearms - Option FA	2,500 included	
Back-Up Sewer/Drain - Dwelling/Contents, 10% of Dwelling	10% 29,500	15.00
Fire Department Service Charge Increased Limits	500 included	
Home Systems Protection	50,000	99.00
Service Line Coverage	10,000	66.00

Additional Interests:

Type: Mortgagee
Name: ASSOCIATED MORTGAGE CORPORATION ISAOA ATIMA
Street: 7211 S YALE AVE
City: TULSA
State / Prov: OK
ZIP / Postal: 74136-6320

Loan number: [redacted]

Documents / Photos

Bind:

Market Assistance Program App: No
Bind application: Yes
Desired coverage effective date: 06-26-2020
Application taken date: 05-28-2020
Application taken time: 04:40 PM

Billing / Payment:

Minimum amount due: 302.16
Annual premium: 1,813.00
Payment Options:
Put application on SFPP: No
Annual premium: 1,813.00
Amount paid: 0.00
Premium transfer from other policy: 0.00
Balance due: 1,813.00
Billing Information:
Should named insured be billed for first year's premium: No
Should named insured be billed for renewals: No
If no, renewals will be billed to the name below:
Name: ASSOCIATED MORTGAGE CORPORATION ISAOA ATIMA
Should named insured be billed for endorsements: No
If no, endorsements will be billed to the name below:
Name: ASSOCIATED MORTGAGE CORPORATION ISAOA ATIMA

EXHIBIT 2

State Farm Fire and Casualty Company
A Stock Company With Home Offices in Bloomington, Illinois

PO Box 2356
Bloomington IL 61702-2356

StateFarm

H-26-2BEF-FA43 F H W
3200
HURSH, BJ & LACY M
1901 S DOGWOOD PL
BROKEN ARROW OK 74012-6345

RENEWAL DECLARATIONS

AMOUNT DUE: **None**
Payment is due by TO BE PAID BY MORTGAGEE

Policy Number: 36-CL-H107-4

ST-0204-0000

Policy Period: 12 Months
Effective Dates: JUN 26 2023 to JUN 26 2024
The policy period begins and ends at 12:01 am standard time at the residence premises.

Homeowners Policy

Location of Residence Premises
1901 S DOGWOOD PL
BROKEN ARROW OK 74012-6345

Your State Farm Agent
MARK D WELTY INS AGENCY INC
5520 S MEMORIAL DR
TULSA OK 74145-9018

Phone: (918) 627-1833 or (918) 627-1003

Construction: Masonry Veneer
Year Built: 1995

Roof Material: Composition Shingle
Roof Installation Year: 2010

Automatic Renewal
If the **POLICY PERIOD** is shown as **12 MONTHS**, this policy will be renewed automatically subject to the premiums, rules, and forms in effect for each succeeding policy period. If this policy is terminated, we will give you and the Mortgagee/Lienholder written notice in compliance with the policy provisions or as required by law.

IMPORTANT MESSAGES

Coverage A has increased $2,600.00 over last year.
Please help us update the data used to determine your premium. Contact your agent with the year each of your home's utilities (heating/cooling, plumbing, or electrical) and roof were last updated.

PREMIUM

Annual Premium	$2,250.00
Your premium has already been adjusted by the following:	
Home/Auto Discount	Claim Record Discount
Loyal Customer	
Total Premium	**$2,250.00**

Prepared MAY 08 2023
HO-2000
008447 420 I
N GA,GB,R3,EH

Thanks for letting us serve you...

(01F10808) 04-04-2018

SF.HURSH_000004

EXHIBIT 2

StateFarm

NAMED INSURED	MORTGAGEE AND ADDITIONAL INTERESTS
HURSH, BJ & LACY M	

Mortgagee
PHH MORTGAGE SERVICES
ITS SUCC AND/OR ASSIGNS
PO BOX 5954
SPRINGFIELD OH 45501-5954

Loan Number:

SECTION I - PROPERTY COVERAGES AND LIMITS

Coverage	Limit of Liability
A Dwelling	$ 363,700
Other Structures	$ 36,370
B Personal Property	$ 272,775
C Loss of Use	$ 109,110
Additional Coverages	
Arson Reward	$1,000
Credit Card, Bank Fund Transfer Card, Forgery, and Counterfeit Money	$1,000
Debris Removal	Additional 5% available/$1,000 tree debris
Fire Department Service Charge	$500 per occurrence
Fuel Oil Release	$10,000
Locks and Remote Devices	$1,000
Trees, Shrubs, and Landscaping	5% of Coverage A amount/$750 per item

SECTION II - LIABILITY COVERAGES AND LIMITS

Coverage	Limit of Liability
L Personal Liability (Each Occurrence)	$ 300,000
Damage to the Property of Others	$ 1,000
M Medical Payments to Others (Each Person)	$ 3,000

INFLATION

Inflation Coverage Index: 312.5

DEDUCTIBLES

Section I Deductible	Deductible Amount
All Losses 1%	$ 3,637

LOSS SETTLEMENT PROVISIONS

A1 Replacement Cost - Similar Construction
B1 Limited Replacement Cost - Coverage B

MAY 08 2023

SF.HURSH_000005

State Farm

FORMS, OPTIONS, AND ENDORSEMENTS

HW-2136	Homeowners Policy
Option ID	Increase Dwlg up to $72,740
Option OL	Ordinance/Law 10%/ $36,370
Option JF	Jewelry and Furs $1,500 Each Article/$2,500 Aggregate
HO-2310.1	Amendatory Endorsement
HO-2441.2	Home Systems Protection
HO-2442.2	Service Line Coverage
HO-2444.2	Back-Up Of Sewer Or Drain - 10% of Coverage A/$ 36,370

ST-0304-0000

ADDITIONAL MESSAGES

State Farm® works hard to offer you the best combination of price, service, and protection. The amount you pay for homeowners insurance is determined by many factors such as the coverages you have, the type of construction, the likelihood of future claims, and information from consumers reports.

Other limits and exclusions may apply - refer to your policy

Your policy consists of these Declarations, the Homeowners Policy shown above, and any other forms and endorsements that apply, including those shown above as well as those issued subsequent to the issuance of this policy.

This policy is issued by the State Farm Fire and Casualty Company.

Participating Policy

You are entitled to participate in a distribution of the earnings of the company as determined by our Board of Directors in accordance with the Company's Articles of Incorporation, as amended.

In Witness Whereof, the State Farm Fire and Casualty Company has caused this policy to be signed by its President and Secretary at Bloomington, Illinois.

Lynne M. Youell
Secretary

President

SF.HURSH_000006

Your coverage amount....
It is up to you to choose the coverages and limits that meet your needs. We recommend that you purchase a coverage limit at least equal to the estimated replacement cost of your home. Replacement cost estimates are available from building contractors and replacement cost appraisers, or, your agent can provide an Xactware estimate using information you provide about your home. We can accept the type of estimate you choose as long as it provides a reasonable level of detail about your home. State Farm® does not guarantee that any estimate will be the actual future cost to rebuild your home. Higher limits are available at higher premiums. Lower limits are also available, which if selected may make certain coverages unavailable to you. We encourage you to periodically review your coverages and limits with your agent and to notify us of any changes or additions to your home.

MAY 08 2023

oIF-1061A

553-2634.1

PREMIUM DISCOUNT AVAILABLE FOR USE OF IMPACT-RESISTIVE ROOFING PRODUCTS

State Farm® offers a premium discount for homes that have qualified impact-resistive roofing materials.

Underwriters Laboratories (UL) and Factory Mutual (FM) are nationally recognized testing laboratories that develop safety standards and test products to verify they meet specific performance standards. Both UL and FM have developed testing standards that measure the impact resistance of various roofing materials. The roofing products tested by UL and FM are rated from Class 1 to Class 4, with Class 4 providing the greatest roofing protection.

ST-0404-0000

State Farm offers a premium discount when qualified UL certified or FM approved Class 3 or Class 4 roofing materials have been installed on your home. The discount applies to both new and replacement roofs installed since May 1996 with UL certified products, and since July 2005 with FM approved products.

Discounts are not available for wood roofs, or roofs (other than qualifying metal roofs) that have been overlaid on to existing roofing. Discounts are also subject to limitations and may not be available on all UL or FM Class 3 and 4 impact-resistant roofing products.

Manufacturers continue to bring UL certified and FM approved roofing products to the consumer marketplace. You can visit our web site at http://www.statefarm.com/insurance/other/roofinfo.asp for a list of qualifying products in your state.

If you have any questions about the discounts available for installing an impact-resistive roof or to see if your roof qualifies, please contact your State Farm agent.

This discount program does not constitute an endorsement or any warranty of performance on the part of State Farm for any particular roofing product. Please research and determine what roofing material is best suited for your home, location and environmental conditions.

553-2634.1 (C) (12/09)

553-4157

NOTICE TO POLICYHOLDER

For a comprehensive description of coverages and forms, please refer to your policy.

Policy changes that you requested before the "Date Prepared" on your Renewal Declarations are effective on the renewal date of this policy unless indicated otherwise by a separate endorsement, binder or Amended Declarations Page. Any coverage forms or endorsements included with your Renewal Declarations are effective on the renewal date of this policy.

Policy changes that you requested after the "Date Prepared" on your Renewal Declarations will be sent to you as an Amended Declarations Page or as an endorsement to your policy. You will be billed for any resulting premium increase later.

If you have acquired any valuable property items, made any improvements to your home, or have questions about your insurance coverage, please contact your State Farm® agent.

553-4157 (C)

(CONTINUED)

EXHIBIT 3



This policy is one of the broadest forms available today, and provides you with outstanding value for your insurance dollars. However, we want to point out that every policy contains limitations and exclusions. Please read your policy carefully, especially "Losses Not Insured" and all exclusions.

State Farm® **Homeowners Policy**

Oklahoma
HW-2136

EXHIBIT
3

HOMEOWNERS POLICY
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HOMEOWNERS POLICY

AGREEMENT

We agree to provide the insurance described in this policy:

1. based on ***your*** payment of premium, in a form acceptable to ***us***, for the coverages ***you*** chose;
2. based on ***your*** compliance with all applicable provisions of this policy; and
3. based on the information ***you*** have given ***us*** and ***your*** statements in this agreement.

You agree, by acceptance of this policy, that:

1. ***you*** will pay premiums when due and comply with the provisions of this policy;
2. the statements in this agreement are ***your*** statements and are true;
3. ***we*** insure ***you*** on the basis ***your*** statements are true; and
4. this policy contains all of the agreements between ***you*** and ***us*** and any of ***our*** agents.

Unless otherwise indicated in the application, ***you*** state that during the five years preceding the time of ***your*** application for this insurance ***you*** have not had any losses, insured or not.

When ***you*** request changes to this policy, or the information or factors used to calculate the premium for this policy changes during the policy period, ***we*** may adjust the premium in accordance with the change during the policy period and ***you*** must pay any additional premium due within the time ***we*** specify.

DEFINITIONS

We define the following words and phrases for use throughout this policy. These definitions apply to the singular, plural, and possessive forms of these words and phrases. Defined words and phrases are printed in bold italics.

1. ***"actual cash value"*** means the value of the damaged part of the property at the time of loss, calculated as the estimated cost to repair or replace such property, less a deduction to account for pre-loss depreciation. For this calculation, all components of this estimated cost including, but not limited to:
   a. materials, including any tax;
   b. labor, including any tax; and
   c. overhead and profit;

   are subject to depreciation.

   The depreciation deduction may include such considerations as:
   a. age;
   b. condition;
   c. reduction in useful life;
   d. obsolescence; and
   e. any pre-loss damage including wear, tear, or deterioration;

   of the damaged part of the property.
2. ***"bodily injury"*** means physical injury, sickness, or disease to a person. This includes required care, loss of services, and death resulting therefrom.

   Bodily injury does not include:
   a. any of the following which are communicable: disease, bacteria, parasite, virus, or other organism, any of which are transmitted by any ***insured*** to any other person;
   b. the actual or alleged exposure to any such disease, bacteria, parasite, virus, or other organism by any ***insured*** to any other person; or
   c. emotional distress, mental anguish, humiliation, mental distress, mental injury, or any similar injury unless it arises out of actual physical injury to some person.
3. ***"building structure"*** means a structure fully enclosed with permanent walls and a roof. A permanent wall or roof does not include any kind of temporary materials including but not limited to tarps, plastic sheeting, or other similar material. A structure that is otherwise fully enclosed with permanent walls and a roof, that is undergoing repairs due to a recent ***loss insured***, using materials such as tarps, plastic sheeting, or other similar material, is still considered a ***building structure***.

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A ***building structure*** includes:

a. the foundation supporting the structure, including:

(1) slabs;

(2) basement walls;

(3) crawl space walls;

(4) footings; and

(5) gravel, stone, or sand, used as fill material and located not more than 12 inches directly below a slab described in item a.(1), including water supply lines, domestic water pipes, and sewer pipes located within this fill material; and

b. wall-to-wall carpeting attached to the structure.

4. ***"business"*** means any full-time or part-time activity, trade, profession, employment, or occupation or a commercial, mercantile, or industrial undertaking of an economic nature. It does not matter whether it is continuous or regular, is a secondary or supplemental source of income, or is an ***insured's*** principal means of livelihood. Profit and profit motive are irrelevant.

Business does not include:

a. volunteer activities for a not-for-profit or non-profit organization or public agency for which no money is received other than payment of expenses;

b. incidental and infrequent personal economic activity such as a hobby, garage or yard sale, or traditional farm activities when the farm products are intended only for the personal use of the ***insured***;

c. any occasional or part-time self-employed activity by a person under 19 years of age that involves no employees or subcontracted independent contractors and is a type of activity normally performed by persons under 19 years of age, including but not limited to, child care, lawn mowing, or paper delivery;

d. the ownership, maintenance, or use of systems and equipment used to generate electrical power up to but not exceeding 125 percent of the actual electrical power usage by the ***residence premises*** in the 12-month period prior to the date of the loss; or

e. ownership of the ***residence premises*** by the person or organization shown in the ***Declarations*** as Additional Insured.

5. ***"Declarations"*** means the policy ***Declarations***, any amended ***Declarations***, the most recent renewal ***Declarations***, an Evidence of Insurance form, or any endorsement changing any of these.

6. ***"diminution in value"*** means any reduction in the value of any covered property prior to or following repair or replacement as compared to the value of that property immediately before the loss.

7. ***"dwelling"*** means the ***building structure*** on the ***residence premises*** used as the primary private residence and includes structures attached to the ***dwelling***.

8. ***"fungus"*** means any type or form of ***fungus***, including mold, mildew, mycotoxins, spores, scents, or byproducts produced or released by fungi.

9. ***"insured"*** means:

a. ***you***;

b. ***your relatives***; and

c. any other person under the age of 21 in the care of a person described above.

Under Section II, ***insured*** also means:

d. the person or organization legally responsible for animals or watercraft to which this policy applies. However, the animal or watercraft must be owned by ***you*** or a person included in 9.b. or 9.c. above. A person or organization using or having custody of these animals or watercraft in the course of a ***business***, or without permission of the owner, is not an ***insured***; and

e. with respect to any vehicle to which this policy applies, any person while engaged in ***your*** employment or the employment of a person included in 9.b. or 9.c. above.

10. ***"insured location"*** means:

a. the ***residence premises***;

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b. the part of any other premises, other structures, and grounds used by ***you*** as a residence. This includes premises, structures, and grounds ***you*** acquire while this policy is in effect for ***your*** use as a residence;

c. any premises used by ***you*** in connection with the premises included in 10.a. or 10.b. above;

d. any part of a premises not owned by an ***insured*** but where an ***insured*** is temporarily residing;

e. land owned by or rented to an ***insured*** on which a one or two family dwelling is being constructed as a residence for an ***insured***;

f. individual or family cemetery plots or burial vaults owned by an ***insured***;

g. any part of a premises occasionally rented to an ***insured*** for purposes other than ***business***;

h. vacant land owned by or rented to an ***insured***. For the purposes of this definition, vacant land does not include:

(1) farm land;

(2) land containing a residence; or

(3) land containing fences, corrals, boat docks, tool sheds, barns, grain bins, and similar structures, unless they are used solely for the personal use of the ***insured***; or

i. farm land (without buildings), rented or held for rental to others, but not to exceed a total of 500 acres, regardless of the number of locations.

11. ***"loss insured"*** means a loss as described under **SECTION I – LOSSES INSURED, COVERAGE A – DWELLING** and **SECTION I – LOSSES INSURED, COVERAGE B – PERSONAL PROPERTY.**

12. ***"motor vehicle"***, when used in Section II of this policy, means:

a. a land ***motor vehicle*** designed for travel on public roads or subject to motor vehicle registration;

b. a trailer or semi-trailer designed for travel on public roads and subject to motor vehicle registration;

c. a "recreational or utility vehicle" while off an ***insured location***. "Recreational or utility vehicle" means a motorized vehicle designed for recreation or utility purposes, used principally off public roads, and that is owned or leased by an ***insured***. This includes, but is not limited to, a motorized all-terrain vehicle, side-by-side vehicle, utility work vehicle, amphibious vehicle, dune buggy, go-cart, golf cart, snowmobile, trailbike, minibike, and personal assistive mobility device. "Leased" does not include temporary rental;

d. a "locomotive" while off an ***insured location***. "Locomotive" means a self-propelled vehicle for pulling or pushing freight or passenger cars on tracks that is large enough to carry a person and is owned or leased by an ***insured***. "Leased" does not include temporary rental;

e. a bulldozer, track loader, backhoe, high-hoe, trencher, grader, crane, self-propelled scraper, excavator, pipe-layer, cherry picker, telehandler, logging vehicle, mining vehicle, or road building vehicle that is owned or leased by an ***insured*** while off an ***insured location***. "Leased" does not include temporary rental; and

f. any vehicle while being towed or pushed by or carried on a vehicle included in 12.a. through 12.e. above.

The following are not ***motor vehicles***:

a. a boat, camper, home, or utility trailer not being towed or pushed by or carried on a vehicle included in 12.a. through 12.e. above;

b. a motorized land vehicle in storage on an ***insured location*** not intended to be operated for an extended period of time and rendered inoperable by placing the vehicle on blocks or removing parts essential for its operation;

c. a motorized golf cart while used for golfing purposes;

d. a motorized vehicle or trailer designed to assist persons with disabilities that is not designed for travel on public roads or subject to motor vehicle registration; or

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e. a commercially manufactured two, three, or four wheeled personal conveyance powered only by or assisted by an unmodified motor or engine with a manufacturer's power rating of no more than 1 horsepower and capable of a top speed of no more than 20 miles per hour.

13. ***"occurrence"***, when used in Section II of this policy, means an accident, including accidental exposure to conditions, which first results in:

    a. ***bodily injury***; or

    b. ***property damage***;

    during the policy period. All ***bodily injury*** and ***property damage*** resulting from one accident, series of related accidents, or from continuous and repeated exposure to the same general conditions is considered to be one ***occurrence***.

14. ***"property damage"*** means physical damage to or destruction of tangible property, including loss of use of this property. Theft or conversion of property by any ***insured*** is not ***property damage***.

15. ***"relative"*** means any person related to ***you*** by:

    a. blood;

    b. adoption;

    c. marriage; or

    d. civil union, domestic partnership, or other substantially similar legal relationship that is recognized and valid in the state where, and at the time when, the legal relationship was established;

    and who resides primarily with ***you***.

16. ***"residence 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, who performs duties, including household or domestic services, in connection with the maintenance or use of the ***residence premises***. This includes employees who perform similar duties elsewhere for ***you***. This does not include employees while performing duties in connection with the ***business*** of an ***insured***.

17. ***"residence premises"*** means:

    a. the one, two, three, or four family dwelling, other structures and grounds; or

    b. that part of any other ***building structure***;

    where ***you*** reside and which is shown in the ***Declarations***.

18. ***"State Farm Companies"*** means one or more of the following:

    a. State Farm Mutual Automobile Insurance Company;

    b. State Farm Fire and Casualty Company; and

    c. subsidiaries or affiliates of either 18.a. or 18.b. above.

19. ***"vacant dwelling"*** means:

    a. a dwelling:

        (1) that has not been occupied as a residence for more than 30 consecutive days immediately before the loss; and

        (2) where a predominant amount of personal property has been removed or is absent such that the dwelling is not functional as a habitual place of residence.

        A dwelling will be considered occupied only if it is being used as a habitual place of residence with ***your*** knowledge and approval.

    b. A dwelling that is under active construction will not be considered a ***vacant dwelling***. A dwelling is under active construction when it is:

        (1) being built as a new structure;

        (2) being repaired due to damage otherwise covered by this policy; or

        (3) undergoing substantial improvements, renovations, remodeling, or modifications;

        and the construction results in substantial continuing activities by persons associated with the construction project at the premises during the relevant time periods.

20. ***"we"***, ***"us"***, and ***"our"*** mean the Company shown in the ***Declarations***.

21. ***"you"*** and ***"your"*** mean the person or persons shown as "Named Insured" in the ***Declarations***. If a "Named Insured" shown in the ***Declarations*** is a human being, then ***you*** and ***your*** include:

    a. a spouse of a "Named Insured";

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b. a party to a civil union with a "Named Insured";

c. a domestic partner of a "Named Insured"; or

d. a person in a substantially similar legal relationship with a "Named Insured";

if such relationship is recognized and valid in the state where, and at the time when, the legal relationship was established, so long as the person in the above relationship resides primarily with that "Named Insured".

DEDUCTIBLE

In case of loss under this policy, ***we*** will pay, subject to specified policy limits, only that part of the amount of the loss that exceeds the deductible amount shown in the ***Declarations***. Deductibles will be applied per occurrence. Deductibles apply to specific losses as described in this policy.

SECTION I – PROPERTY COVERAGES

COVERAGE A – DWELLING

1. **Dwelling.** ***We*** cover the ***dwelling*** and materials and supplies located on or adjacent to the ***residence premises*** for use in the construction, alteration, or repair of the ***dwelling*** or other structures on the ***residence premises***.

2. **Other Structures.** ***We*** cover other structures on the ***residence premises***, separated from the ***dwelling*** by clear space. Structures connected to the ***dwelling*** by only a fence, utility line, or similar connection are considered to be other structures.

   We do not cover other structures:

   a. not permanently attached to or otherwise forming a part of the realty;

   b. used either completely or in part for ***business*** purposes unless such use consists solely of office space for paperwork, computer work, or use of a telephone, and consists solely of activities that are:

      (1) duties of the ***insured's*** employment by another; and

      (2) performed solely by the ***insured***; or

   c. rented or held for rental unless:

      (1) rented to a person who is a tenant of the ***dwelling;***

      (2) rented for use solely as a private garage; or

      (3) rented either completely or in part, for exclusive use as a residence, for no more than 30 nights in the 12-month period prior to the date of the loss.

3. **Property Not Covered.** ***We*** do not cover:

   a. land, including the land necessary to support any Coverage A property. ***We*** also do not cover:

      (1) any costs required to replace, rebuild, stabilize, or otherwise restore the land; or

      (2) the costs of repair techniques designed to compensate for or prevent land instability to any property, whether or not insured under Coverage A;

   b. trees, shrubs, live or artificial plants, lawns, or artificial grass, except as provided in **SECTION I – ADDITIONAL COVERAGES, Trees, Shrubs, and Landscaping**; or

   c. systems and equipment used to generate electrical power exceeding 125 percent of the actual electrical power usage by the ***residence premises*** in the 12-month period prior to the date of the loss.

COVERAGE B – PERSONAL PROPERTY

1. **Property Covered.**

   a. ***We*** cover personal property owned or used by an ***insured*** while it is anywhere in the world. This includes structures not permanently attached to or otherwise forming a part of the realty. At ***your*** request, ***we*** will cover personal property:

      (1) owned by others while the property is on the part of the ***residence premises*** occupied exclusively by an ***insured***;

      (2) owned by a guest or a ***residence employee***, while the property is in any other residence occupied by an ***insured***; and

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(3) owned by roomers, boarders, tenants, and other residents, any of whom are related to ***you***.

b. ***We*** cover personal property usually located at an ***insured's*** residence, other than the ***residence premises***, for up to $1,000 or 10% of the Coverage B limit, whichever is greater. This limitation does not apply to personal property:

(1) in a newly acquired principal residence for the first 30 days after ***you*** start moving the property there. If the ***residence premises*** is a newly acquired principal residence, personal property in ***your*** immediate past principal residence is not subject to this limitation for the first 30 days after the inception of this policy; and

(2) of a student who is an ***insured*** while located at a residence away from the ***residence premises***.

Special Limits of Liability. These limits do not increase the Coverage B limit. The special limit for each of the following categories is the total limit for each loss for all property in that category:

a. $200 on money, coins, and medals, including any of these that are a part of a collection, bank notes, bullion, gold other than goldware, silver other than silverware, and platinum;

b. $1,500 on property used or intended for use in a ***business***, including merchandise held as samples or for sale or for delivery after sale, while on the ***residence premises***. This coverage is limited to $750 on such property away from the ***residence premises***.

Electronic data processing system equipment or the recording or storage media used with that equipment is not included under this coverage, and is addressed in item c. below;

c. $10,000 on electronic data processing system equipment used or intended for use in a ***business***, including but not limited to computers, tablets, mobile personal communication equipment, global positioning systems, mobile personal electronic devices used for the reproduction of sound, and standard media or non-media equipment for use with the above devices;

d. $1,500 on securities, checks, cashiers checks, travelers checks, money orders, gift certificates, gift cards, rechargeable debit cards, phone cards, and other negotiable instruments, accounts, deeds, evidences of debt, letters of credit, notes other than bank notes, manuscripts, passports, and tickets;

e. $1,500 on watercraft of all types and outboard motors, including their trailers, furnishings, and equipment;

f. $1,500 on trailers not used with watercraft;

g. $2,500 on stamps, trading cards, and comic books, including any of these that are a part of a collection;

h. $2,500 for loss by theft of firearms;

i. $2,500 for loss by theft of silverware and goldware;

j. $5,000 on any one article and $10,000 in the aggregate for loss by theft of any rug, carpet (except wall-to-wall carpet), tapestry, wall-hanging, or other similar article;

k. $1,000 on commercially manufactured two, three, or four wheeled personal conveyances powered only by or assisted by an unmodified motor or engine with a manufacturer's power rating of no more than 1 horsepower and capable of a top speed of no more than 20 miles per hour. This does not include such conveyances that are:

(1) designed for assisting persons with disabilities;

(2) not designed for travel on public roads; and

(3) not subject to motor vehicle registration; and

l. $1,000 for loss by theft of jewelry, watches, fur garments and garments trimmed with fur, and precious and semi-precious stones.

2. **Property Not Covered.** ***We*** do not cover:

a. articles separately described and specifically insured in this or any other insurance;

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b. animals, birds, or fish;

c. any engine-propelled or motor-propelled vehicle or machine, including parts, designed for movement on land, except as provided in **Special Limits of Liability**, item k. However, ***we*** do cover those vehicles or machines:

(1) that are:

(a) not designed for travel on public roads; and

(b) not subject to motor vehicle registration;

(2) and that are:

(a) used primarily to service the ***insured location***; or

(b) designed for assisting persons with disabilities;

d. any electronic equipment, devices, or accessories designed for the recording, reproduction, or storage of audio, video, photos, or other data that is permanently installed in or permanently fastened to an engine-propelled or motor-propelled vehicle or hard-wired directly to the vehicle's electrical system. ***We*** also do not cover removable products that may be used with the equipment or devices described above, including but not limited to tapes, discs, videos, or memory cards while in an engine-propelled or motor-propelled vehicle;

e. aircraft and parts. This does not apply to unmanned aircraft systems used as model aircraft and operated solely for recreational or hobby purposes;

f. property of roomers, boarders, tenants, and other residents not related to ***you***;

g. property regularly rented or held for rental to others by an ***insured***. This does not apply to property of an ***insured***:

(1) in a sleeping room when the ***dwelling*** is rented in part, for use as a permanent residence, by either one or two full-time roomers or boarders; or

(2) on the ***residence premises*** if it is rented, either completely or in part, for exclusive use as a residence, for no more than 30 nights in the 12-month period prior to the date of the loss;

h. property rented or held for rental to others away from the ***residence premises***;

i. any radio devices or transmitters, global positioning systems, radar or laser detectors, antennas, and all other similar equipment that is permanently installed in or permanently fastened to an engine-propelled or motor-propelled vehicle or that is hard-wired directly to the vehicle's electrical system;

j. books or records of accounts receivable, abstracts or other journals, architectural or technical drawings, card index systems, or other records. This does not apply to any recording or storage media for electronic data processing. ***We*** will cover the cost of blank books, cards, or other blank material plus the cost of labor ***you*** incur for transcribing or copying such records;

k. recording or storage media for electronic data processing that cannot be replaced with property of like kind and quality on the current retail market;

l. purchased or created audio, video, photos, or other data that cannot be replaced with like kind and quality on the current retail market and that is transferred or downloaded onto mobile communication equipment, global positioning systems, or electronic devices designed for the recording, reproduction, or storage of audio, video, photos, or other data;

m. contraband, or any property used in the course of illegal consumption, possession, import, export, or trade;

n. outdoor hardscape property used for aesthetic purposes except as provided in **SECTION I – ADDITIONAL COVERAGES, Trees, Shrubs, and Landscaping**; or

o. electronic currency, digital currency, virtual currency, crypto-currency, and other similar mediums of exchange.

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COVERAGE C – LOSS OF USE

The most ***we*** will pay for the sum of all losses combined under **Additional Living Expense**, **Fair Rental Value**, and **Prohibited Use** is the limit of liability shown in the ***Declarations*** for **Coverage C – Loss of Use.**

1. **Additional Living Expense.** When a ***loss insured*** causes the ***residence premises*** to become uninhabitable, ***we*** will pay the reasonable and necessary increase in cost incurred by an ***insured*** to maintain their normal standard of living for up to 24 months. ***Our*** payment is limited to incurred costs for the shortest of:

   a. the time required to repair or replace the premises;

   b. the time required for ***your*** household to settle elsewhere; or

   c. 24 months.

   This period of time is not limited by the expiration of this policy.

   We will not pay more than the limit of liability shown in the ***Declarations*** for **Coverage C – Loss of Use.** Any normal expenses that are reduced or discontinued due to a ***loss insured*** will be subtracted from any amount owed.

2. **Fair Rental Value.** When a ***loss insured*** causes that part of the ***residence premises*** rented to others or held for rental by ***you*** to become uninhabitable, ***we*** will pay its fair rental value. Payment will be for the shortest time required to repair or replace the part of the premises rented or held for rental, but not to exceed 12 months. This period of time is not limited by the expiration of this policy. Fair rental value will not include any expense that does not continue while that part of the ***residence premises*** rented or held for rental is uninhabitable.

3. **Prohibited Use.** ***We*** will pay Additional Living Expense and Fair Rental Value, for a continuous period not to exceed two weeks, beginning when a civil authority issues an order of evacuation or prohibits ***your*** use of the ***residence premises***, provided that:

   a. direct physical damage occurs to any property, other than covered property located on the ***residence premises***, arising from a cause of loss that would be a ***loss insured*** under this policy if the damage had occurred to property on the ***residence premises***;

   b. the ***residence premises*** is within one mile of property damaged by a cause of loss identified in 3.a. above; and

   c. the action of the civil authority is taken in response to:

      (1) dangerous physical conditions resulting from the continuation of the cause of loss identified in 3.a. above;

      (2) dangerous physical conditions resulting from the damage caused by the cause of loss identified in 3.a. above; or

      (3) the need to gain free access to property damaged by the cause of loss identified in 3.a. above.

   We will not pay for loss or expense due to cancellation of a lease or agreement.

SECTION I – ADDITIONAL COVERAGES

The following Additional Coverages are subject to all the terms, provisions, exclusions, and conditions of this policy.

1. **Debris Removal.** ***We*** will pay the reasonable expenses ***you*** incur in the removal of debris of covered property damaged by a ***loss insured***. This expense is included in the limit applying to the damaged property. The following coverages and limits also apply:

   a. When the amount payable for the property damage plus the debris removal exceeds the limit for damaged property, an additional 5% of that limit is available for debris removal expense. This additional amount of insurance does not apply to **SECTION I – ADDITIONAL COVERAGES, Trees, Shrubs, and Landscaping.**

   b. ***We*** will also pay up to $1,000 total for each loss to cover the reasonable expenses ***you*** incur in the removal of tree debris and stumps from the ***residence premises***, unless otherwise excluded. This coverage applies when:

      (1) the tree has caused a ***loss insured*** to Coverage A property; or

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(2) the tree debris felled by windstorm, hail, or weight of snow or ice blocks:

(a) the driveway, on the ***residence premises***, and prevents land ***motor vehicle*** access to or from the ***dwelling***; or

(b) a ramp designed to assist persons with disabilities, on the ***residence premises***, and prevents access to or from a ***building structure***.

2. **Temporary Repairs.** If damage is caused by a ***loss insured***, ***we*** will pay the reasonable and necessary cost ***you*** incur for temporary repairs to covered property to protect the property from further immediate damage or loss. This coverage does not increase the limit applying to the property being repaired.

3. **Trees, Shrubs, and Landscaping.** ***We*** will pay for accidental direct physical loss to outdoor:

a. trees, shrubs, live or artificial plants, and lawns;

b. artificial grass; and

c. hardscape property used for aesthetic purposes not permanently affixed to realty;

on the ***residence premises***, caused by the following perils: **Fire or lightning**, **Explosion**, **Riot or civil commotion**, **Aircraft**, **Vehicles** (not owned or operated by a resident of the ***residence premises***), **Vandalism or malicious mischief**, or **Theft**.

The limit for this coverage, including the removal of debris, will not exceed 5% of the amount shown in the ***Declarations*** for **COVERAGE A – DWELLING**. ***We*** will not pay more than $750 for any one outdoor tree, shrub, plant, or hardscape item, including debris removal expense. This coverage may increase the limit otherwise applicable. ***We*** will not pay for any loss to property grown for ***business*** purposes.

4. **Fire Department Service Charge.** ***We*** will pay up to $500 per occurrence for fire department charges incurred when the fire department is called to save or protect Coverage A property from fire, lightning, or explosion. No deductible applies to this coverage. This coverage may increase the limit otherwise applicable.

5. **Property Removed.** ***We*** will pay for any accidental direct physical loss to covered property while being removed from a premises endangered by a ***loss insured***. This coverage also applies to the property for up to 30 days while removed. ***We*** will also pay for reasonable expenses incurred by ***you*** for the removal and return of the covered property. This coverage does not increase the limit applying to the property being removed.

6. **Credit Card, Bank Fund Transfer Card, Forgery, and Counterfeit Money.**

a. ***We*** will pay up to $1,000 for:

(1) the legal obligation of an ***insured*** to pay because of the theft or unauthorized use of credit cards and bank fund transfer cards issued to or registered in an ***insured's*** name. If an ***insured*** has not complied with all terms and conditions under which the cards are issued, ***we*** will not pay for use by an ***insured*** or anyone else;

(2) loss to an ***insured*** caused by forgery or alteration of any check or negotiable instrument; and

(3) loss to an ***insured*** through acceptance in good faith of counterfeit United States or Canadian paper currency.

No deductible applies to this coverage.

We will not pay more than the limit stated above for forgery or alteration committed by any one person. This limit applies when the forgery or alteration involves one or more instruments in the same loss.

b. ***We*** will not pay for loss arising out of ***business*** pursuits or dishonesty of an ***insured***.

c. Defense:

(1) ***We*** may make any investigation and settle any claim or suit that ***we*** decide is appropriate. ***Our*** obligation to defend claims or suits ends when the amount ***we*** pay for the loss equals ***our*** limit of liability.

(2) If claim is made or a suit is brought against an ***insured*** for liability under the Credit Card or Bank Fund Transfer Card coverage, ***we*** will provide a defense. This defense is 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

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against any suit for the enforcement of payment under the Forgery coverage.

7. **Power Interruption.** ***We*** will pay for accidental direct physical loss caused directly or indirectly by a change of temperature that results from power interruption that takes place on the ***residence premises***. The power interruption must be caused by a ***loss insured*** occurring on the ***residence premises***. The power lines off the ***residence premises*** must remain energized. This coverage does not increase the limit applying to the damaged property.
8. **Refrigerated Products.** Coverage B is extended to cover the contents of deep freeze or refrigerated units on the ***residence premises*** for loss due to power failure or mechanical failure. If mechanical failure or power failure is known to ***you***, all reasonable means must be used to protect the property insured from further damage or this coverage is void. Power failure or mechanical failure does not include:
   a. removal of a plug from an electrical outlet; or
   b. turning off an electrical switch unless caused by a ***loss insured***.

   This coverage does not increase the limit applying to the damaged property.
9. **Arson Reward.** ***We*** will pay $1,000 for information that leads to an arson conviction in connection with a fire loss to property covered by this policy. This coverage may increase the limit otherwise applicable. However, the $1,000 limit will not be increased regardless of the number of persons providing information.
10. **Volcanic Action.** ***We*** will pay for accidental direct physical loss to a covered ***building structure*** or covered property contained in a ***building structure*** resulting from the eruption of a volcano when the loss is directly and immediately caused by:
    a. airborne volcanic shock waves;
    b. ash, dust, or particulate matter; or
    c. lava flow.

    We will also pay for the removal of that ash, dust, or particulate matter that has caused accidental direct physical loss to a covered ***building structure*** or covered property contained in a ***building structure***.

    All volcanic eruptions that occur within any 168-hour period will be considered one volcanic eruption.

    This coverage does not increase the limit applying to the damaged property.
11. **Collapse.** ***We*** will pay for accidental direct physical loss to covered property involving the abrupt, entire collapse of a ***building structure*** or any part of a ***building structure***.
    a. Collapse means the abrupt and entire falling down, caving in, or falling into pieces of a ***building structure*** or any part of a ***building structure***. Collapse does not include any of the following:
       (1) settling, cracking, crumbling, deterioration, shrinking, bulging, expansion, sagging, bowing, leaning, or bending;
       (2) substantial structural impairment;
       (3) imminent or threatened collapse;
       (4) a ***building structure*** or any part of a ***building structure*** that is in danger of falling down or caving in; or
       (5) a part of a ***building structure*** that is standing even if:
          (a) it has separated from another part of the ***building structure***; or
          (b) it shows evidence of settling, cracking, crumbling, deterioration, shrinking, bulging, expansion, sagging, bowing, leaning, or bending.
    b. The collapse must be directly and immediately caused by one or more of the following:
       (1) perils described in **SECTION I – LOSSES INSURED, COVERAGE B – PERSONAL PROPERTY**. These perils apply to ***building structures*** covered under Coverage A or Coverage B for loss insured by this Additional Coverage;
       (2) decay or deterioration of, or damage from animals, birds, or insects to:
          (a) a connector; or
          (b) a structural member of a ***building structure***;

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The decay, deterioration, or damage must be hidden from view and unknown to all ***insureds*** prior to the collapse;

(3) weight of contents, equipment, animals, or people;

(4) weight of ice, snow, sleet, or rain that collects on a roof, porch, or deck; or

(5) use of defective material or methods in the construction (includes remodeling or renovation) of the ***building structure***, if the collapse occurs during the course of the construction of the ***building structure***.

Loss to awnings, fences, patios, pavement, swimming pools, underground pipes, flues, drains, cesspools, septic tanks, foundations (including slabs, basement walls, and crawl space walls), retaining walls, bulkheads, piers, wharfs, docks, trellises, or antennas and their supporting structures is not included under items (2), (3), and (4) immediately above unless the loss is the direct and immediate result of the collapse of a ***building structure*** or any part of a ***building structure***.

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

12. **Locks and Remote Devices.** ***We*** will pay up to $1,000 for each loss for the reasonable expenses ***you*** incur to rekey, replace, recode, program, or reprogram locks on exterior doors to the ***dwelling*** or other structures located on the ***residence premises*** when the keys or remote devices used with those doors are part of a covered theft loss. This coverage includes remote devices designed solely for locking, unlocking, opening, or closing doors, including garage doors and gates.

    No deductible applies to this coverage.

13. **Fuel Oil Release.** ***We*** will pay up to $10,000 for each loss for accidental direct physical loss to covered property caused by the abrupt and accidental escape of liquid fuel oil from a fixed household tank, apparatus, or pipes that are part of a heating unit for the ***dwelling***. This includes damage to covered property resulting from an accidental spill or overflow of fuel oil in the course of filling a fixed household tank.

    This coverage includes surface clean up only. ***We*** will not pay for:

    a. the cost to repair or replace the fuel oil tank, apparatus, and pipes; or

    b. the cost of testing, monitoring, removing, treating, or detoxifying of soil, air, or water.

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

14. **Tear Out.** If a ***loss insured*** to Coverage A property is caused by water, steam, or sewage escaping from a system or appliance, ***we*** will also pay the reasonable cost ***you*** incur to tear out and replace only that particular part of the ***building structure*** necessary to gain access to the specific point of that system or appliance from which the water, steam, or sewage escaped. ***We*** will not pay for the cost of repairing or replacing the system or appliance itself. This coverage does not increase the limit applying to Coverage A property.

15. **Home Certification.** If damage to covered property is caused by a ***loss insured***, ***we*** will pay the reasonable increase in cost to repair or replace only the damaged property to maintain the ***dwelling's*** FORTIFIED HOME or FORTIFIED FOR SAFER LIVING certification in place at the time of the loss. This coverage does not increase the limit applying to the damaged property.

    We will not pay:

    a. any increase in cost until the repair or replacement of the property is complete; or

    b. for increased costs resulting from enforcement of any ordinance or law regulating the construction or repair of the ***dwelling*** except as provided under **OPTIONAL POLICY PROVISIONS, Option OL – Building Ordinance or Law.**

    This coverage does not apply if Loss Settlement provision A2 – Replacement Cost Loss Settlement – Common Construction is shown in the ***Declarations***.

INFLATION COVERAGE

The limits of liability shown in the ***Declarations*** for Coverage A, Coverage B, and when applicable, Option ID will be increased at the same rate as the increase in the Inflation Coverage Index shown in the ***Declarations***.

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To find the limits on a given date:

1. divide the Index on that date by the Index as of the effective date of this Inflation Coverage provision; then
2. multiply the resulting factor by the limits of liability for Coverage A, Coverage B, and Option ID separately.

The limits of liability will not be reduced to less than the amounts shown in the ***Declarations***.

If during the term of this policy the Coverage A limit of liability is changed at ***your*** request, the effective date of this Inflation Coverage provision is changed to coincide with the effective date of such change.

SECTION I – LOSSES INSURED

COVERAGE A – DWELLING

We will pay for accidental direct physical loss to the property described in Coverage A, unless the loss is excluded or limited in **SECTION I – LOSSES NOT INSURED** or otherwise excluded or limited in this policy. However, loss does not include and ***we*** will not pay for, any ***diminution in value***.

COVERAGE B – PERSONAL PROPERTY

We will pay for accidental direct physical loss to the property described in Coverage B caused by the following perils, unless the loss is excluded or limited in **SECTION I – LOSSES NOT INSURED** or otherwise excluded or limited in this policy. However, loss does not include and ***we*** will not pay for, any ***diminution in value***.

1. **Fire or lightning.**
2. **Windstorm or hail.** This peril does not include loss to property contained in a structure caused by rain, snow, sleet, sand, or dust. This limitation does not apply when the direct force of wind or hail damages the structure causing an opening in a roof or wall and the rain, snow, sleet, sand, or dust enters through this opening.

   This peril includes loss to watercraft of all types and their trailers, furnishings, equipment, and outboard motors, only while inside a ***building structure***.
3. **Explosion.**
4. **Riot or civil commotion.**
5. **Aircraft**, including self-propelled missiles and spacecraft.
6. **Vehicles**, meaning accidental direct physical loss to covered property caused by the weight, force, power, or movement of a vehicle.
   a. This includes:
      (1) the impact of a vehicle;
      (2) an object propelled from the tire or body of a vehicle;
      (3) the upset or collision of a vehicle with a stationary object or other vehicle, including damage to personal property carried on the exterior of the vehicle; or
      (4) a vehicle door or trunk lid being closed on personal property.
   b. This peril does not include loss:
      (1) to personal property that falls off a vehicle and strikes the ground, any other surface, or any object;
      (2) caused by shifting of the load being carried in or on a vehicle; or
      (3) to the vehicle itself unless the vehicle is property covered under **COVERAGE B – PERSONAL PROPERTY** and the loss is caused by the weight, force, power, or movement of another vehicle.
7. **Smoke**, meaning abrupt and accidental damage from smoke.

   This peril does not include loss caused by smoke from agricultural smudging or industrial operations.
8. **Vandalism or malicious mischief**, meaning only willful and malicious damage to or destruction of property.
9. **Theft**, including attempted theft and loss of property from a known location when it is probable that the property has been stolen.

   This peril does not include:
   a. loss of a precious or semi-precious stone from its setting;
   b. loss caused by theft:

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(1) committed by an ***insured*** or by any other person regularly residing on the ***insured location***. Property of a student who is an ***insured*** is covered while located at a residence away from the ***residence premises***, if the theft is committed by a person who is not an ***insured***;

(2) in or to a dwelling under construction or of materials and supplies for use in the construction until the dwelling is completed and occupied; or

(3) from the part of a ***residence premises*** rented to others:

(a) caused by a tenant, members of the tenant's household, or the tenant's employees unless the ***residence premises*** is rented, either completely or in part, for exclusive use as a residence, for no more than 30 nights in the 12-month period prior to the date of the loss;

(b) of money, bank notes, bullion, gold, goldware, silver, silverware, pewterware, platinum, coins, and medals;

(c) of securities, checks, cashiers checks, travelers checks, money orders, gift certificates, gift cards, rechargeable debit cards, phone cards, and other negotiable instruments, accounts, deeds, evidences of debt, letters of credit, notes other than bank notes, manuscripts, passports, tickets, and stamps; or

(d) of jewelry, watches, fur garments and garments trimmed with fur, and precious and semi-precious stones; or

c. loss caused by theft that occurs away from the ***residence premises*** of:

(1) property while at any other residence owned, rented to, or occupied by an ***insured***, except while an ***insured*** is temporarily residing there. Property of a student who is an ***insured*** is covered while at a residence away from the ***residence premises***;

(2) watercraft of all types, including their furnishings, equipment, and outboard motors; or

(3) trailers and campers designed to be pulled by or carried on a vehicle.

If the ***residence premises*** is a newly acquired principal residence, property in the immediate past principal residence will not be considered property away from the ***residence premises*** for the first 30 days after the inception of this policy.

10. **Falling objects.** This peril does not include loss to property contained in a structure unless the roof or an exterior wall of the structure is first damaged by a falling object. Damage to the falling object itself is not included.

11. **Weight of ice, snow, or sleet** that causes damage to property contained in a structure.

12. **Abrupt and accidental discharge or overflow** of water, steam, or sewage from within a plumbing, heating, air conditioning, or automatic fire protective sprinkler system, or from within a household appliance.

This peril does not include loss:

a. to the system or appliance from which the water, steam, or sewage escaped;

b. caused by or resulting from:

(1) freezing;

(2) water or sewage from outside the ***residence premises*** plumbing system that enters through sewers or drains, or water that enters into and overflows from within a sump pump, sump pump well, or any other system designed to remove subsurface water that is drained from the foundation area; or

(3) the pressure from or presence of tree, shrub, or plant roots; or

c. that occurs or develops over a period of time and is caused by or resulting from:

(1) condensation or the presence of humidity, moisture, or vapor; or

(2) seepage or leakage of water, steam, or sewage that is:

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(a) continuous;
(b) repeating;
(c) gradual;
(d) intermittent;
(e) slow; or
(f) trickling.

13. **Abrupt and accidental tearing asunder, cracking, burning, or bulging** of a steam or hot water heating system, an air conditioning system, an automatic fire protective sprinkler system, or an appliance for heating water.

    This peril does not include loss:

    a. caused by or resulting from freezing; or

    b. that occurs or develops over a period of time and is caused by or resulting from:

        (1) condensation or the presence of humidity, moisture, or vapor; or

        (2) seepage or leakage of water or steam that is:

            (a) continuous;
            (b) repeating;
            (c) gradual;
            (d) intermittent;
            (e) slow; or
            (f) trickling.

14. **Freezing** of a plumbing, heating, air conditioning, or automatic fire protective sprinkler system, or of a household appliance.

    This peril does not include:

    a. loss to a portable hot tub or portable spa unless ***you*** have used reasonable care to prevent freezing; or

    b. loss on the ***residence premises*** unless ***you*** have used reasonable care to:

        (1) maintain heat in the ***building structure*** at 55 degrees Fahrenheit or higher; or

        (2) shut off the water supply and drain the system and appliances of water.

        However, if the ***building structure*** 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 structure*** at 55 degrees Fahrenheit or higher for coverage to apply.

15. **Abrupt and accidental damage** to electrical appliances, devices, fixtures, and wiring from an increase or decrease of artificially generated electrical current. ***We*** will pay up to $3,000 under this peril for each damaged item described above.

16. **Breakage of glass**, meaning damage to personal property caused by breakage of glass that is a part of a structure on the ***residence premises***. ***We*** will not pay for loss or damage to the glass.

17. **Wild bears or deer**, meaning damage caused by wild bears or deer to property located in a ***building structure***.

SECTION I – LOSSES NOT INSURED

1. ***We*** will not pay for any loss to the property described in Coverage A that consists of, or is directly and immediately caused by, one or more of the perils listed in items a. through m. below, regardless of whether the loss occurs abruptly or gradually, involves isolated or widespread damage, arises from natural or external forces, or occurs as a result of any combination of these:

    a. collapse, except as specifically provided in **SECTION I – ADDITIONAL COVERAGES, Collapse**;

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

        (1) maintain heat in the ***building structure*** at 55 degrees Fahrenheit or higher; or

        (2) shut off the water supply and drain the system and appliances of water.

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

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building structure at 55 degrees Fahrenheit or higher for coverage to apply;

c. freezing, thawing, pressure, or weight of water, ice, snow, or sleet, whether driven by wind or not, to:

(1) a swimming pool, hot tub, or spa, including their covers, filtration, and circulation systems; or

(2) an awning, fence, pavement, patio, foundation (including slabs, basement walls, crawl space walls, and footings), retaining wall, bulkhead, pier, wharf, or dock;

d. theft in or to a dwelling under construction, or of materials and supplies for use in the construction, until the dwelling is completed and occupied;

e. theft, vandalism, malicious mischief, or breakage of glass and safety glazing materials if the dwelling is a ***vacant dwelling***;

f. seepage or leakage of water, steam, or sewage that occurs or develops over a period of time:

(1) and is:

(a) continuous;

(b) repeating;

(c) gradual;

(d) intermittent;

(e) slow; or

(f) trickling; and

(2) from a:

(a) heating, air conditioning, or automatic fire protective sprinkler system;

(b) household appliance; or

(c) plumbing system, including from, within or around any shower stall, shower bath, tub installation, or other plumbing fixture, including their walls, ceilings, or floors.

We also will not pay for losses arising from condensation or the presence of humidity, moisture, or vapor that occurs or develops over a period of time;

g. wear, tear, decay, marring, scratching, deterioration, inherent vice, latent defect, or mechanical breakdown;

h. corrosion, electrolysis, or rust;

i. wet or dry rot;

j. contamination or pollution, meaning the presence, discharge, dispersal, seepage, migration, release, or escape of contaminants or pollutants at or from any source. This does not apply if the presence, discharge, dispersal, seepage, migration, release, or escape is itself caused by a peril described in **SECTION I – LOSSES INSURED, COVERAGE B – PERSONAL PROPERTY.**

(1) Contaminants and pollutants include but are not limited to any:

(a) solid, liquid, gaseous, or thermal irritant, including smoke from agricultural smudging or industrial operations, smog, soot, vapor, fumes, acids, alkalis, chemicals, pathogens, noxious substances, asbestos, or lead;

(b) contaminants or pollutants resulting from any natural resource extraction activities; or

(c) fuel oil except as specifically provided in **SECTION I – ADDITIONAL COVERAGES, Fuel Oil Release.**

(2) ***We*** also will not pay for:

(a) losses arising from contamination or pollution caused by or resulting from defective building materials, nuclear substances, and waste. Waste includes materials to be recycled, reconditioned, or reclaimed;

(b) the cost to extract contaminants or pollutants from land, water, or air, or the cost to remove, restore, or replace contaminated or polluted land, water, or air; or

(c) the cost of testing, monitoring, cleaning, removing, containing, treating, detoxifying, neutralizing, remediating, disposing of, or assessing the effects of contaminants or pollutants;

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k. settling, cracking, shrinking, bulging, or expansion of pavements, patios, foundations (including slabs, basement walls, crawl space walls, and footings), walls, floors, roofs, or ceilings;

l. all animals, birds, or insects.

(1) This includes:

(a) nesting, infestation, gnawing, feeding, breeding, or discharge or release of waste products or secretions by animals, birds, or insects;

(b) costs to remove animals, birds, or insects from the covered property; and

(c) costs to prevent the animals, birds, or insects from returning to the property;

(2) However, ***we*** will pay for:

(a) losses caused by wild bears or deer; and

(b) the breakage of glass or safety glazing material that is a part of a ***building structure***, when caused by animals, birds, or insects; or

m. pressure from or presence of tree, shrub, or plant roots.

However, ***we*** will pay for any resulting loss from items a. through l. unless the resulting loss is itself a Loss Not Insured as described in this Section.

2. ***We*** will not pay for, under any part of this policy, any loss that would not have occurred in the absence of one or more of the following excluded events. ***We*** will not pay for such loss regardless of: (a) the cause of the excluded event; or (b) other causes of the loss; or (c) whether other causes acted concurrently or in any sequence with the excluded event to produce the loss; or (d) whether the event occurs abruptly or gradually, involves isolated or widespread damage, occurs on or off the ***residence premises***, arises from any natural or external forces, or occurs as a result of any combination of these:

a. **Ordinance or Law**, meaning enforcement of any ordinance or law regulating the construction, repair, or demolition of a ***building structure*** or other structure.

b. **Earth Movement**, meaning the sinking, rising, shifting, expanding, or contracting of earth, all regardless of whether combined with water, sewage, or any material carried by, or otherwise moved by the earth. Earth movement includes but is not limited to:

(1) earthquake;

(2) landslide, mudslide, or mudflow;

(3) sinkhole or subsidence;

(4) movement resulting from:

(a) improper compaction;

(b) site selection;

(c) natural resource extraction activities; or

(d) excavation;

(5) erosion;

(6) pressure by surface or subsurface earth or fill; or

(7) any volcanic activity, except as specifically provided in **SECTION I – ADDITIONAL COVERAGES, Volcanic Action**.

However, ***we*** will pay for any accidental direct physical loss by fire resulting from earth movement, provided the resulting fire loss is itself a ***loss insured***.

c. **Water**, meaning:

(1) flood;

(2) surface water. This does not include water solely caused by the release of water from a swimming pool, spigot, sprinkler system, hose, or hydrant;

(3) waves (including tidal wave, tsunami, and seiche);

(4) tides or tidal water;

(5) overflow of any body of water (including any release, escape, or rising of any body of water, or any water held, contained, controlled, or diverted by a dam, levee, dike, or any type of water containment, diversion, or flood control device);

(6) spray or surge from any of the items c.(1) through c.(5) described above, all whether driven by wind or not;

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(7) water or sewage from outside the ***residence premises*** plumbing system that enters through sewers or drains, or water or sewage that enters into and overflows from within a sump pump, sump pump well, or any other system designed to remove subsurface water that is drained from the foundation area;

(8) water or sewage below the surface of the ground, including water or sewage that exerts pressure on, or seeps or leaks through a ***building structure***, sidewalk, driveway, swimming pool, or other structure; or

(9) material carried or otherwise moved by any of the water or sewage, as described in items c.(1) through c.(8) above.

However, ***we*** will pay for any accidental direct physical loss by fire, explosion, or theft resulting from water, provided the resulting loss is itself a ***loss insured***.

d. **Neglect**, meaning neglect of the ***insured*** to use all reasonable means to save and preserve property at and after the time of a loss, or when property is endangered.

e. **War**, including any undeclared war, civil war, insurrection, rebellion, revolution, warlike act by a military force or military personnel, destruction or seizure or use for a military purpose, and including any consequence of any of these. Discharge of a nuclear weapon will be considered a warlike act even if accidental.

f. **Nuclear Hazard**, meaning any nuclear reaction, radiation, or radioactive contamination, all whether controlled or uncontrolled or however caused, or any consequence of any of these. Loss caused by the nuclear hazard will not be considered loss caused by fire, explosion, or smoke.

However, ***we*** will pay for any accidental direct physical loss by fire resulting from the nuclear hazard, provided the resulting fire loss is itself a ***loss insured***.

g. ***Fungus***, including:

(1) any loss of use or delay in rebuilding, repairing, or replacing covered property, including any associated cost or expense, due to interference at the ***residence premises*** or location of the rebuilding, repair, or replacement, by ***fungus***;

(2) any remediation of ***fungus***, including the cost to:

(a) remove the ***fungus*** from covered property or to repair, restore, or replace that property; or

(b) tear out and replace any part of the ***building structure*** or other property as needed to gain access to the ***fungus***; or

(3) the cost of any testing or monitoring of air or property to confirm the type, absence, presence, or level of ***fungus***, whether performed prior to, during, or after removal, repair, restoration, or replacement of covered property.

h. **Intentional Losses.** If any ***insured*** intentionally causes or procures a loss to property covered under this policy, ***we*** will not pay any ***insured*** for this loss. This applies regardless of whether the ***insured*** is charged with or convicted of a crime.

This does not apply to an ***insured*** who did not participate in, cooperate in, or contribute to causing or procuring the loss.

3. ***We*** will not pay for, under any part of this policy, any loss consisting of one or more of the items below. Further, ***we*** will not pay for any loss described in paragraphs 1. and 2. immediately above regardless of whether one or more of the following: (a) directly or indirectly cause, contribute to, or aggravate the loss; or (b) occur before, at the same time, or after the loss or any other cause of the loss:

a. conduct, act, failure to act, or decision of any person, group, organization, or governmental body whether intentional, wrongful, negligent, or without fault;

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b. defect, weakness, inadequacy, fault, or unsoundness in:

(1) planning, zoning, development, surveying, or siting;

(2) design, specifications, workmanship, repair, construction, renovation, remodeling, grading, or compaction;

(3) materials used in repair, construction, renovation, remodeling, grading, or compaction; or

(4) maintenance;

of any property (including land, structures, or improvements of any kind) whether on or off the ***residence premises***; or

c. weather conditions.

However, ***we*** will pay for any resulting loss from items 3.a., 3.b., and 3.c. unless the resulting loss is itself a Loss Not Insured as described in this Section.

SECTION I – LOSS SETTLEMENT

Only the **Loss Settlement Provisions** shown in the ***Declarations*** apply. ***We*** will settle covered property losses according to the following. However, the valuation of any covered property losses does not include, and ***we*** will not pay, any amount for ***diminution in value***.

COVERAGE A – DWELLING

1. **A1 – Replacement Cost Loss Settlement – Similar Construction.**

   a. ***We*** will pay the cost to repair or replace with similar construction and for the same use on the premises shown in the ***Declarations***, the damaged part of the property covered under **SECTION I – PROPERTY COVERAGES, COVERAGE A – DWELLING**, except for wood fences, subject to the following:

      (1) until actual repair or replacement is completed, ***we*** will pay only the ***actual cash value*** of the damaged part of the property, up to the applicable limit of liability shown in the ***Declarations***, not to exceed the cost to repair or replace the damaged part of the property;

      (2) when the repair or replacement is actually completed, ***we*** will pay the covered additional amount ***you*** actually and necessarily spend to repair or replace the damaged part of the property, or an amount up to the applicable limit of liability shown in the ***Declarations***, whichever is less;

      (3) to receive any additional payments on a replacement cost basis, ***you*** must complete the actual repair or replacement of the damaged part of the property within two years after the date of loss, and notify ***us*** within 30 days after the work has been completed; and

      (4) ***we*** will not pay for increased costs resulting from enforcement of any ordinance or law regulating the construction, repair, or demolition of a ***building structure*** or other structure, except as provided under **OPTIONAL POLICY PROVISIONS, Option OL – Building Ordinance or Law.**

   b. Wood Fences: ***We*** will pay the ***actual cash value*** for loss or damage to wood fences, not to exceed the limit of liability shown in the ***Declarations*** for **COVERAGE A – Other Structures.**

2. **A2 – Replacement Cost Loss Settlement – Common Construction.**

   a. ***We*** will pay the cost to repair or replace with common construction and for the same use on the premises shown in the ***Declarations***, the damaged part of the property covered under **SECTION I – PROPERTY COVERAGES, COVERAGE A – DWELLING**, except for wood fences, subject to the following:

      (1) ***we*** will pay only for repair or replacement of the damaged part of the property with common construction techniques and materials commonly used by the building trades in standard new construction. ***We*** will not pay the cost to repair or replace obsolete, antique, or custom construction with like kind and quality;

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(2) until actual repair or replacement is completed, ***we*** will pay only the ***actual cash value*** of the damaged part of the property, up to the applicable limit of liability shown in the ***Declarations***, not to exceed the cost to repair or replace the damaged part of the property as described in a.(1) above;

(3) when the repair or replacement is actually completed as described in a.(1) above, ***we*** will pay the covered additional amount ***you*** actually and necessarily spend to repair or replace the damaged part of the property, or an amount up to the applicable limit of liability shown in the ***Declarations***, whichever is less;

(4) to receive any additional payments on a replacement cost basis, ***you*** must complete the actual repair or replacement of the damaged part of the property within two years after the date of loss, and notify ***us*** within 30 days after the work has been completed; and

(5) ***we*** will not pay for increased costs resulting from enforcement of any ordinance or law regulating the construction, repair, or demolition of a ***building structure*** or other structure, except as provided under **OPTIONAL POLICY PROVISIONS, Option OL – Building Ordinance or Law.**

b. Wood Fences: ***We*** will pay the ***actual cash value*** for loss or damage to wood fences, not to exceed the limit of liability shown in the ***Declarations*** for **COVERAGE A – Other Structures.**

COVERAGE B – PERSONAL PROPERTY

1. **B1 – Limited Replacement Cost Loss Settlement.**

a. ***We*** will pay the cost to repair or replace property covered under **SECTION I – PROPERTY COVERAGES, COVERAGE B – PERSONAL PROPERTY**, except for property listed in item b. below, subject to the following:

(1) until repair or replacement is completed, ***we*** will pay only the ***actual cash value*** of the damaged property;

(2) after repair or replacement is completed, ***we*** will pay the difference between the ***actual cash value*** and the cost ***you*** have actually and necessarily spent to repair or replace the property; and

(3) if property is not repaired or replaced within two years after the date of loss, ***we*** will pay only the ***actual cash value***.

b. ***We*** will pay market value at the time of loss for:

(1) antiques, fine arts, paintings, statuary, and similar articles which by their inherent nature cannot be replaced with new articles;

(2) articles whose age or history contribute substantially to their value including, but not limited to, memorabilia, souvenirs, and collectors items; and

(3) property not useful for its intended purpose.

However, ***we*** will not pay an amount exceeding the smallest of the following for items a. and b. above:

(1) ***our*** cost to replace at the time of loss;

(2) the full cost of repair;

(3) any special limit of liability described in this policy; or

(4) any applicable Coverage B limit of liability.

2. **B2 – Depreciated Loss Settlement.**

a. ***We*** will pay the ***actual cash value*** for property covered under **SECTION I – PROPERTY COVERAGES, COVERAGE B – PERSONAL PROPERTY**, except for property listed in item b. below.

b. ***We*** will pay market value at the time of loss for:

(1) antiques, fine arts, paintings, statuary, and similar articles which by their inherent nature cannot be replaced with new articles;

(2) articles whose age or history contribute substantially to their value including, but not limited to, memorabilia, souvenirs, and collectors items; and

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(3) property not useful for its intended purpose.

However, ***we*** will not pay an amount exceeding the smallest of the following for items a. and b. above:

(1) ***our*** cost to replace at the time of loss;

(2) the full cost of repair;

(3) any special limit of liability described in this policy; or

(4) any applicable Coverage B limit of liability.

SECTION I – CONDITIONS

1. **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:
   a. to the ***insured*** for an amount greater than the ***insured's*** interest; or
   b. for more than the applicable limit of liability.
2. **Your Duties After Loss.** After a loss to which this insurance may apply, ***you*** must cooperate with ***us*** in the investigation of the claim and also see that the following duties are performed:
   a. give immediate notice to ***us*** or ***our*** agent and also notify:
      (1) the police if the loss is caused by theft, vandalism, or any other criminal act; and
      (2) the credit card company or bank if the loss involves a credit card or bank fund transfer card;
   b. protect the property from further damage or loss and also:
      (1) make reasonable and necessary temporary repairs required to protect the property; and
      (2) keep an accurate record of repair expenses;
   c. prepare an inventory of damaged or stolen personal property:
      (1) showing in detail the quantity, description, age, replacement cost, and amount of loss; and
      (2) attaching all bills, receipts, and related documents that substantiate the figures in the inventory;
   d. as often as ***we*** reasonably require:
      (1) exhibit the damaged property;
      (2) provide ***us*** with any requested records and documents and allow ***us*** to make copies;
      (3) while not in the presence of any other ***insured***:
         (a) give statements; and
         (b) submit to examinations under oath; and
      (4) produce employees, members of the ***insured's*** household, or others for examination under oath to the extent it is within the ***insured's*** power to do so; and
   e. submit to ***us***, within 60 days after the loss, ***your*** signed, sworn proof of loss that sets forth, to the best of ***your*** knowledge and belief:
      (1) the time and cause of loss;
      (2) interest of the ***insured*** and all others in the property involved and all encumbrances on the property;
      (3) other insurance that may cover the loss;
      (4) changes in title or occupancy of the property during the term of this policy;
      (5) specifications of any damaged structure and detailed estimates for repair of the damage;
      (6) an inventory of damaged or stolen personal property described in 2.c.;
      (7) receipts for additional living expenses incurred and records supporting the fair rental value loss; and
      (8) evidence or affidavit supporting a claim under **SECTION I – ADDITIONAL COVERAGES, Credit Card, Bank Fund Transfer Card, Forgery, and Counterfeit Money** coverage, stating the amount and cause of loss.
3. **Loss to a Pair or Set.** In case of loss to a pair or set, ***we*** may choose to:
   a. repair or replace any part to restore the pair or set to its value before the loss; or

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b. pay the difference between the depreciated value of the property before the loss and the depreciated value of the property after the loss.

4. **Appraisal.** If ***you*** and ***we*** fail to agree on the amount of loss, either party can demand that the amount of the loss be set by appraisal. Only ***you*** or ***we*** may demand appraisal. A demand for appraisal must be in writing. ***You*** must comply with **SECTION I – CONDITIONS, Your Duties After Loss** before making a demand for appraisal. At least 10 days before demanding appraisal, the party seeking appraisal must provide the other party with written, itemized documentation of a specific dispute as to the amount of the loss, identifying separately each item being disputed.

   a. Each party will select a competent, disinterested appraiser and notify the other party of the appraiser's identity within 20 days of receipt of the written demand for appraisal.

   b. The appraisers will then attempt to set the amount of the loss of each item in dispute as specified by each party, and jointly submit to each party a written report of agreement signed by them. In all instances the written report of agreement will be itemized and state separately the ***actual cash value,*** replacement cost, and if applicable, the market value of each item in dispute.

      The written report of agreement will set the amount of the loss of each item in dispute.

   c. If the two appraisers fail to agree upon the amount of the loss within 30 days, unless the period of time is extended by mutual agreement, they will select a competent, disinterested umpire and will submit their differences to the umpire. If the appraisers are unable to agree upon an umpire within 15 days:

      (1) ***you*** or ***we*** may make a written application for a judge of a court of record in the same state and county (or city if the city is not within a county) where the ***residence premises*** is located to select an umpire;

      (2) the party requesting the selection described in item c.(1) must provide the other party:

         (a) written notice of the intent to file, identifying the specific location and identity of the court at least 10 days prior to submission of the written application; and

         (b) a copy of the written application; and

      (3) a written report of agreement, as required in item b., signed by any two (appraisers or appraiser and umpire) will set the amount of the loss of each item in dispute. In all instances the written report of agreement will be itemized and state separately the ***actual cash value***, replacement cost, and if applicable, the market value of each item in dispute.

   d. To qualify as an appraiser or umpire for a loss to property described in **COVERAGE A – DWELLING**, a person must be one of the following and be licensed or certified as required by the applicable jurisdiction:

      (1) an engineer or architect with experience and training in building construction, repair, estimating, or investigation of the type of property damage in dispute;

      (2) an adjuster or public adjuster with experience and training in estimating the type of property damage in dispute; or

      (3) a contractor with experience and training in the construction, repair, and estimating of the type of property damage in dispute.

   e. A person may not serve as an appraiser or umpire if that person, any employee of that person, that person's employer, or any employee of their employer:

      (1) has performed services for either party with respect to the claim at issue in the appraisal; or

      (2) has a financial interest in the outcome of the claim at issue in the appraisal.

   f. Each party will be responsible for the compensation of their selected appraiser. Reasonable expenses of the appraisal and the reasonable

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compensation of the umpire will be paid equally by ***you*** and ***us***.

g. ***You*** and ***we*** do not waive any rights by demanding or submitting to an appraisal, and retain all contractual rights to determine if coverage applies to each item in dispute.

h. Appraisal is only available to determine the amount of the loss of each item in dispute. The appraisers and the umpire have no authority to decide:

(1) any other questions of fact;

(2) questions of law;

(3) questions of coverage;

(4) other contractual issues; or

(5) to conduct appraisal on a class-wide basis.

i. Appraisal is a non-judicial proceeding and does not provide for or require arbitration. Neither party will be awarded attorney fees. The appraisal award may not be entered as a judgment in a court.

j. A party may not demand appraisal after that party brings suit or action against the other party relating to the amount of loss.

5. **Other Insurance.** If a loss covered by this policy is also covered by other insurance, ***we*** will pay only ***our*** share of the loss. ***Our*** share is the proportion of the loss that the applicable limit under this policy bears to the total amount of insurance covering the loss.

6. **Suit Against Us.** No action will be brought against ***us*** unless there has been full compliance with all of the policy provisions. Any action by any party must be started within one year after the date of loss or damage. However, if the cause of loss or damage is burglary, theft, larceny, robbery, forgery, fraud, vandalism, malicious mischief, confiscation, wrongful conversion, disposal or concealment, the action must be started within two years from the time the cause of action accrues.

7. **Our Option.** ***We*** may repair or replace any part of the property damaged or stolen with similar property. Any property ***we*** pay for or replace becomes ***our*** property.

8. **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:

a. 60 days after ***we*** receive ***your*** proof of loss and:

(1) reach agreement with ***you***; or

(2) there is a filing of an appraisal award with ***us***; or

b. 30 days after ***we*** receive ***your*** proof of loss and there is an entry of a final judgment.

9. **Abandonment of Property.** ***We*** need not accept any property abandoned by an ***insured***.

10. **Mortgagee Clause.** The word "mortgagee" includes trustee.

a. If a mortgagee is named in this policy, any loss payable under Coverage A 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.

b. If ***we*** deny ***your*** claim, that denial will not apply to a valid claim of the mortgagee, if the mortgagee:

(1) notifies ***us*** of any change in ownership, occupancy, or substantial change in risk of which the mortgagee is aware;

(2) pays on demand any premium due under this policy, if ***you*** have not paid the premium; and

(3) submits a signed, sworn statement of loss within 60 days after receiving notice from ***us*** of ***your*** failure to do so. Policy conditions relating to **Appraisal**, **Suit Against Us**, and **Loss Payment** apply to the mortgagee.

c. If ***we*** cancel this policy, the mortgagee will be notified at least 10 days before the date cancellation takes effect. Proof of mailing will be proof of notice.

d. If ***we*** pay the mortgagee for any loss and deny payment to ***you***:

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(1) ***we*** are subrogated to all the rights of the mortgagee granted under the mortgage on the property; or

(2) 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.

e. Subrogation does not impair the right of the mortgagee to recover the full amount of the mortgagee's claim.

11. **No Benefit to Bailee.** ***We*** will not recognize an assignment or grant coverage for the benefit of a person or organization holding, storing, or transporting property for a fee. This applies regardless of any other provision of this policy.

12. **Recovered Property.** If either ***you*** or ***we*** recover any property after loss settlement, that party must give the other prompt notice. At ***your*** option, ***you*** may keep the property or ***we*** will return it to ***you***. Otherwise, it will become ***our*** property. If ***you*** choose to keep the property, the loss payment will be adjusted based on the amount ***you*** received for the recovered property.

13. **Assignment of Claim.** Assignment to another party of any of ***your*** rights or duties under this policy regarding any claim, or any part of any claim, will be void and ***we*** will not recognize any such assignment, unless ***we*** give ***our*** written consent. However, once ***you*** have complied with all policy provisions, ***you*** may assign to another party, in writing, payment of claim proceeds otherwise payable to ***you***.

SECTION II – LIABILITY COVERAGES

COVERAGE L – PERSONAL LIABILITY

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

1. pay up to ***our*** limit of liability for the damages for which the ***insured*** is legally liable. ***We*** will not pay for criminal restitution; and

2. provide a defense at ***our*** expense by counsel of ***our*** choice. ***We*** may make any investigation and settle any claim or suit that ***we*** decide is appropriate. ***Our*** obligation to defend any suit ends when the amount ***we*** pay for damages, to effect settlement or satisfy a judgment resulting from the ***occurrence***, equals ***our*** limit of liability. ***We*** will not provide a defense to any ***insured*** for criminal prosecution or proceedings.

COVERAGE M – MEDICAL PAYMENTS TO OTHERS

We will pay the necessary medical expenses 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, rehabilitation, pharmaceuticals, orthopedic devices, prosthetic devices, and funeral services. This coverage applies only:

1. to a person on the ***insured location*** with the permission of an ***insured***;

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***; or

3. to a ***residence employee*** if the ***occurrence*** causing ***bodily injury*** occurs off the ***insured location*** and arises out of or in the course of the ***residence employee's*** employment by an ***insured***.

SECTION II – ADDITIONAL COVERAGES

The following Additional Coverages are subject to all the terms, provisions, exclusions, and conditions of this policy.

We will pay for the following in addition to the limits of liability:

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1. **Claim Expenses.** ***We*** will pay:
   a. expenses ***we*** incur and costs taxed against an ***insured*** in suits ***we*** defend. Taxed costs do not include attorney fees;
   b. premiums on bonds required in suits ***we*** defend, but not for bond amounts greater than the Coverage L limit. ***We*** are not obligated to apply for or furnish any bond;
   c. reasonable expenses an ***insured*** incurs at ***our*** request. This includes actual loss of earnings (but not loss of other income) up to $250 per day for aiding ***us*** in the investigation or defense of claims or suits;
   d. interest the ***insured*** is legally liable to pay on damages payable under Coverage L above before a judgment, but only the interest on the lesser of:
      (1) that part of the damages ***we*** pay; or
      (2) the Coverage L limit; and
   e. interest on the entire judgment that accrues after entry of the judgment and before ***we*** pay or tender, or deposit in court that part of the judgment that does not exceed the limit of liability that applies.
2. **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 ***you*** or any other ***insured***.
3. **Damage to Property of Others.**
   a. ***We*** will pay for ***property damage*** to property of others caused by the activities of an ***insured***.
   b. ***We*** will not pay more than the smallest of the following amounts:
      (1) replacement cost at the time of loss;
      (2) full cost of repair; or
      (3) the limit of liability shown in the ***Declarations*** for **Damage to Property of Others** for any one ***occurrence***.
   c. ***We*** will not pay for ***property damage***:
      (1) for a loss that is recoverable under Section I of this policy. ***We*** also will not pay for any applicable deductible regardless of whether the amount of the loss exceeds the deductible;
      (2) caused intentionally by an ***insured*** 13 years of age or older;
      (3) to property, other than a rented golf cart, owned by, or rented to an ***insured***, a tenant of an ***insured***, or a resident in ***your*** household;
      (4) arising out of:
         (a) ***business*** pursuits;
         (b) any act or omission in connection with a premises an ***insured*** owns, rents, or controls, other than the ***insured location***;
         (c) a condition on the ***insured location*** or the ways immediately adjoining; or
         (d) the ownership, maintenance, or use of a ***motor vehicle***, aircraft, or watercraft, including airboat, air cushion, personal watercraft, sail board, or similar type watercraft; or
      (5) if a payment is made under **COVERAGE L – PERSONAL LIABILITY** for the same ***property damage***.

SECTION II – EXCLUSIONS

1. Coverage L and Coverage M do not apply to:
   a. ***bodily injury*** or ***property damage*** that:
      (1) was a result of a:
         (a) willful and malicious; or
         (b) criminal;
      act or omission of the ***insured***;
      (2) was intended by the ***insured***; or
      (3) would have been expected by the ***insured*** based on a reasonable person standard.

   However, exclusions a.(2) and a.(3) above do not apply to ***bodily injury*** or ***property damage*** resulting from the use of reasonable force to protect persons or property.

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Exclusions a.(1), a.(2), and a.(3) above apply to all ***bodily injury*** or ***property damage*** even if the:

(1) ***bodily injury*** or ***property damage*** was sustained by a different person, entity, or property than was expected or intended;

(2) ***bodily injury*** or ***property damage*** was of a different kind, quality, or degree than was expected or intended;

(3) ***insured*** lacked the mental capacity to control his or her conduct;

(4) ***insured*** was not charged with or convicted of a criminal act or omission; or

(5) ***insured*** was impaired by drugs or alcohol;

b. ***bodily injury*** or ***property damage*** arising out of ***business*** pursuits of any ***insured***, except as provided in item c. below. This exclusion does not apply to activities that are ordinarily incident to non-***business*** pursuits;

c. ***bodily injury*** or ***property damage*** arising out of the rental of any part of any premises by any ***insured***. This exclusion does not apply:

(1) to the rental of the ***residence premises***:

(a) either completely or in part, for exclusive use as a residence, for up to 30 nights in the 12-month period prior to the date of the loss;

(b) in part, for use as a permanent residence, by either one or two full-time roomers or boarders; or

(c) in part, as an office, school, studio, or private garage;

(2) when the ***dwelling*** on the ***residence premises*** is a two, three, or four family ***dwelling*** and ***you*** occupy one part and rent the other part to others;

(3) to farm land (without buildings), rented to others, but not to exceed a total of 500 acres, regardless of the number of locations; or

(4) to activities that are ordinarily incident to non-***business*** pursuits;

d. ***bodily injury*** or ***property damage*** arising out of the rendering or failing to render professional services;

e. ***bodily injury*** or ***property damage*** arising out of any premises currently owned or rented to any ***insured*** which is not an ***insured location***. This exclusion does 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. ***bodily injury*** or ***property damage*** arising out of the ownership, maintenance, use, loading, or unloading of:

(1) an aircraft. This exclusion does not apply to the ownership, maintenance, use, loading, or unloading of unmanned aircraft systems used as model aircraft:

(a) solely for recreational or hobby purposes;

(b) designed to be operated within the visual line of sight of the operator and operated within the visual line of sight of the operator; and

(c) weighing not more than 55 pounds at the time of operation;

unless the ownership, maintenance, use, loading, or unloading of such aircraft results in:

(a) ***property damage*** to any aircraft; or

(b) ***bodily injury*** or ***property damage*** resulting from interference with an aircraft carrying people regardless of whether the ***bodily injury*** or ***property damage*** is sustained by people or property on the aircraft or not;

(2) a ***motor vehicle*** owned or operated by or rented or loaned to any ***insured***; or

(3) a watercraft:

(a) owned by or rented to any ***insured*** if it has inboard or inboard-outdrive motor power of more than 50 horsepower;

(b) owned by or rented to any ***insured*** if it is a sailing vessel, with or without

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auxiliary power, 26 feet or more in overall length;

(c) powered by one or more outboard motors with more than 25 total horsepower owned by any ***insured***;

(d) designated as an airboat, air cushion, or similar type of craft; or

(e) owned by any ***insured*** if it is a personal watercraft using a water jet pump powered by an internal combustion engine as the primary source of propulsion.

This exclusion does 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***. Exclusion f.(3) does not apply while the watercraft is on the ***residence premises***;

g. ***bodily injury*** or ***property damage*** arising out of:

(1) the entrustment by any ***insured*** to any person;

(2) the supervision by any ***insured*** of any person;

(3) any liability statutorily imposed on any ***insured***; or

(4) any liability assumed through an unwritten or written agreement by any ***insured***;

with regard to the ownership, maintenance, or use of any aircraft, watercraft, or ***motor vehicle*** not covered under Section II of this policy;

h. ***bodily injury*** or ***property damage*** caused directly or indirectly by war, including undeclared war, or any warlike act including destruction, seizure, or use for a military purpose, or any consequence of these. Discharge of a nuclear weapon will be considered a warlike act even if accidental;

i. ***bodily injury*** to any ***insured*** within the meaning of part 9.a., 9.b., or 9.c. of the definition of ***insured***.

This exclusion also applies to any claim made or suit brought against any ***insured*** within the meaning of part 9.a., 9.b., or 9.c. of the definition of ***insured*** to share damages with or repay someone else who may be obligated to pay damages because of the ***bodily injury*** sustained by any ***insured*** within the meaning of part 9.a., 9.b., or 9.c. of the definition of ***insured***;

j. any claim made or suit brought against any ***insured*** by:

(1) any person in the care of any ***insured*** because of child care services provided by or at the direction of:

(a) any ***insured***;

(b) any employee of any ***insured***; or

(c) any other person actually or apparently acting on behalf of any ***insured***; or

(2) any person who makes a claim because of ***bodily injury*** to any person in the care of any ***insured*** because of child care services provided by or at the direction of:

(a) any ***insured***;

(b) any employee of any ***insured***; or

(c) any other person actually or apparently acting on behalf of any ***insured***.

This exclusion does not apply to the occasional child care services provided by any ***insured***, or to the part-time child care services provided by any ***insured*** under 19 years of age;

k. ***bodily injury*** or ***property damage*** arising out of an ***insured's*** participation in, or preparation or practice for, any prearranged or organized race, speed or demolition contest, or similar competition involving a motorized land vehicle or motorized watercraft. This exclusion does not apply to a sailing vessel less than 26 feet in overall length with or without auxiliary power;

l. ***bodily injury*** or ***property damage*** arising out of the use, sale, manufacture, distribution, delivery, transfer, or possession, by any ***insured***, of any substance that is illegal or is a controlled substance under either federal or state law.

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This exclusion does not apply to the legitimate use of legally prescribed drugs, under either federal or state law, by a person following orders of a licensed health care professional;

m. ***bodily injury*** or ***property damage*** arising out of the actual, alleged, or threatened presence, discharge, dispersal, seepage, migration, release, escape of, or exposure to contaminants or pollutants at or from any source or location.

Contaminants and pollutants include but are not limited to any solid, liquid, gaseous, or thermal irritant, including smoke from agricultural smudging or industrial operations, smog, soot, vapor, fumes, acids, alkalis, chemicals, pathogens, noxious substances, fuel oil, asbestos, or lead.

This exclusion does not apply to ***bodily injury*** or ***property damage*** arising out of smoke or fumes caused by fire or explosion.

We also do not cover:

(1) any loss, cost, or expense arising out of any request, demand, order, or statutory or regulatory requirement that any ***insured*** or others test for, monitor, clean up, remove, contain, treat, detoxify, neutralize, remediate, dispose of, or in any way respond to or assess the effects of contaminants or pollutants;

(2) 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, neutralizing, remediating, disposing of, or in any way responding to or assessing the effects of contaminants or pollutants; or

(3) contamination or pollution arising out of actually or allegedly defective building materials, nuclear substances, or waste. Waste includes materials to be recycled, reconditioned, or reclaimed;

n. ***bodily injury*** or ***property damage*** arising out of any actual, alleged, or threatened:

(1) sexual harassment, sexual molestation, or sexual misconduct;

(2) physical or mental abuse; or

(3) corporal punishment;

by the ***insured***;

o. ***bodily injury*** or ***property damage*** arising out of the actual, alleged, or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of any ***fungus*** at or from any source or location.

We also do not cover any loss, cost, or expense arising out of any:

(1) request, demand, order, or statutory or regulatory requirement that any ***insured*** or others test for, monitor, clean up, remove, contain, treat, detoxify, neutralize, remediate, dispose of, or in any way respond to or assess the effects of ***fungus***; or

(2) claim or suit for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating, disposing of, or in any way responding to or assessing the effects of ***fungus***; or

p. ***bodily injury*** or ***property damage*** arising out of the ownership, maintenance, or use of systems and equipment used to generate electrical power exceeding 125 percent of the actual electrical power usage by the ***residence premises*** in the 12-month period prior to the date of the loss.

2. Coverage L does not apply to:

a. liability:

(1) for ***your*** share of any loss assessment charged against all members of any type of association of property owners; or

(2) imposed on or assumed by any ***insured*** through any unwritten or written contract or agreement. This exclusion does not apply to liability for damages that the ***insured*** would have in absence of the contract or agreement;

b. ***property damage*** to property owned by any ***insured*** at the time of the ***occurrence***;

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c. ***property damage*** to property rented to, used or occupied by, or in the care, custody, or control of any ***insured*** at the time of the ***occurrence***. This exclusion does not apply to ***property damage*** caused by fire, smoke, explosion, or abrupt and accidental damage from water;

d. ***bodily injury*** to a person eligible to receive any benefits required to be provided or voluntarily provided by an ***insured*** under a workers' compensation, non-occupational disability, or occupational disease law;

e. ***bodily injury*** or ***property damage*** for which an ***insured*** under this policy is also an insured under a nuclear energy liability policy or would be an insured but for its termination upon exhaustion of its limit of liability. A nuclear energy liability policy is a policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, Nuclear Insurance Association of Canada, or any of their successors;

f. ***bodily injury*** or ***property damage*** arising out of any real property any ***insured*** has sold or transferred. This includes but is not limited to ***bodily injury*** or ***property damage*** arising out of known, unknown, hidden, or alleged property conditions, problems, or defects.

This exclusion also applies to any ***property damage*** to the sold or transferred real property itself.

However, this exclusion does not apply to:

(1) ***bodily injury*** arising out of fire, smoke, explosion, electrocution, or carbon monoxide poisoning; or

(2) ***property damage*** arising out of fire, smoke, or explosion.

3. Coverage M does not apply to ***bodily injury***:

a. to a ***residence employee*** if it occurs off the ***insured location*** and does not arise out of or in the course of the ***residence employee's*** employment by an ***insured***;

b. to a person eligible to receive any benefits required to be provided or voluntarily provided under any workers' compensation, non-occupational disability, or occupational disease law;

c. to a person other than a ***residence employee*** of an ***insured***, regularly residing on any part of the ***insured location***; or

d. from nuclear reaction, radiation, or radioactive contamination, all whether controlled or uncontrolled or however caused, or any consequence of any of these.

SECTION II – CONDITIONS

1. **Limit of Liability.** The Coverage L limit is shown in the ***Declarations***. This is the limit for all damages from each ***occurrence*** for the policy period in which the ***bodily injury*** or ***property damage*** first occurs, regardless of the number of ***insureds***, claims made, or persons injured. No additional limits or coverage will be available for the ***occurrence*** under any additional policy periods while this policy remains in force.

   The Coverage M limit is shown in the ***Declarations***. This is ***our*** limit for all medical expenses for ***bodily injury*** to one person as the result of one accident.

2. **Severability of Insurance.** This insurance applies separately to each ***insured***. This condition does not increase ***our*** limit of liability for any one ***occurrence***.

3. **Duties After Loss.** In case of an accident or ***occurrence***, the ***insured*** must cooperate with ***us*** in the investigation, settlement, or defense of any claim or suit and also perform the following duties that apply. ***You*** must cooperate with ***us*** in seeing that these duties are performed:

   a. give written notice to ***us*** or ***our*** agent as soon as possible, which sets forth:

      (1) the identity of this policy and the ***insured***;

      (2) reasonably available information on the time, place, and circumstances of the accident or ***occurrence***; and

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(3) names and addresses of any claimants and available witnesses;

b. immediately forward to ***us*** every notice, demand, summons, or other process relating to the accident or ***occurrence***;

c. at ***our*** request, assist in:

(1) making settlement;

(2) the enforcement of any right of contribution or indemnity against a person or organization who may be liable to an ***insured***;

(3) the conduct of suits and attend hearings and trials; and

(4) securing and giving evidence and obtaining the attendance of witnesses;

d. under **SECTION II – ADDITIONAL COVERAGES, Damage to Property of Others**, exhibit the damaged property if within the ***insured's*** control; and

e. the ***insured*** must not, except at the ***insured's*** own cost, voluntarily make payments, assume obligations, or incur expenses. This does not apply to expense for first aid to others at the time of the ***bodily injury***.

4. **Coverage M Requirements.** ***We*** may require the following in regard to any Coverage M claim:

a. written proof of claim, under oath if required, as soon as possible from the injured person, or when appropriate, someone acting on behalf of that person;

b. the injured person's submission to physical examinations by a physician selected by ***us*** when and as often as ***we*** reasonably require; and

c. any authorizations from the injured person as ***we*** may require.

5. **Payment of Claim – Coverage M or Damage to Property of Others.** Payment under either of these is not an admission of liability by an ***insured*** or ***us***.

6. **Suit Against Us.** No action will be brought against ***us*** unless there has been compliance with the policy provisions.

No one will have the right to join ***us*** as a party to an action against an ***insured***. Further, no action with respect to Coverage L will be brought against ***us*** until the obligation of the ***insured*** has been determined by final judgment on the merits, after an actual trial or by an agreement signed by ***us***; but ***we*** will not be liable for damages that are not payable under the terms of this policy or that are in excess of the applicable Limit of Liability.

7. **Bankruptcy of an Insured.** Bankruptcy or insolvency of an ***insured*** will not relieve ***us*** of ***our*** obligation under this policy.

8. **Other Insurance – Coverage L.** This insurance is excess over any other valid and collectible insurance except insurance written specifically to cover as excess over the limits of liability that apply in this policy.

SECTION I AND SECTION II – CONDITIONS

1. **Policy Period.** This policy applies only to loss under Section I or ***bodily injury*** or ***property damage*** under Section II that occurs during the period this policy is in effect.

2. **Concealment or Fraud.** This policy is void as to ***you*** and any other ***insured*** if ***you*** or any other ***insured*** under this policy has intentionally concealed or misrepresented any material fact or circumstance relating to this insurance, whether before or after a loss.

3. **Liberalization Clause.** If ***we*** adopt any revision that would broaden coverage under this policy without additional premium, within 60 days prior to or during the period this policy is in effect, the broadened coverage will immediately apply to this policy.

4. **Waiver or Change of Policy Provisions.** A waiver or change of any provision of this policy must be in writing by ***us*** to be valid. ***Our*** request for an appraisal or examination does not waive any of ***our*** rights.

5. **Cancellation.**

a. ***You*** may cancel this policy at any time by giving ***us*** advance written notice of the date cancellation is to take effect. ***We*** may waive the requirement

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that the notice be in writing by confirming the date and time of cancellation to ***you*** in writing.

b. ***We*** may cancel this policy only for the reasons stated in this condition. ***We*** will notify ***you*** 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:

(1) When ***you*** have not paid the premium, ***we*** may cancel at any time by notifying ***you*** at least 10 days before the date cancellation takes effect. This condition applies whether the premium is payable to ***us*** or ***our*** agent or under any finance or credit plan.

(2) When this policy has been in effect for less than 45 business days and is not a renewal with ***us***, ***we*** may cancel for any reason. ***We*** may cancel by notifying ***you*** at least 10 days before the date cancellation takes effect.

(3) When this policy has been in effect for 45 business days or more, or at any time if it is a renewal with ***us***, ***we*** may cancel for the following reasons:

(a) discovery of fraud or material misrepresentation in the procurement of the insurance or with respect to any claims submitted thereunder;

(b) discovery of willful or reckless acts or omissions on the part of the named insured which increase any hazard insured against;

(c) a change in the risk which substantially increases any hazard insured against after insurance coverage has been issued or renewed;

(d) violation of any local fire, health, safety, building, or construction regulation or ordinance with respect to any insured property or the occupancy thereof which substantially increases any hazard insured against;

(e) a determination by the Insurance Commissioner that the continuation of the policy would place the insurer in violation of the insurance laws of this state; or

(f) conviction of the named insured of a crime having as one of its necessary elements an act increasing any hazard insured against.

We may cancel this policy by notifying ***you*** at least 30 days before the date cancellation takes effect.

(4) When this policy is written for a period longer than one year, ***we*** may cancel for any reason at anniversary. ***We*** may cancel by notifying ***you*** at least 30 days before the date cancellation takes effect.

c. When this policy is cancelled, the premium for the period from the date of cancellation to the expiration date will be refunded. The return premium will be pro rata.

d. The return premium may not be refunded with the notice of cancellation or when this policy is returned to ***us***. In such cases, ***we*** will refund it within a reasonable time after the date cancellation takes effect.

6. **Nonrenewal.** ***We*** may elect not to renew this policy. If ***we*** elect not to renew, a written notice will be delivered to ***you***, or mailed to ***you*** at ***your*** mailing address shown in the ***Declarations***. The notice will be mailed or delivered at least 30 days before the expiration date of this policy. Proof of mailing will be sufficient proof of notice.

7. **Assignment of Policy.** Assignment of this policy will be void and ***we*** will not recognize any such assignment, unless ***we*** give ***our*** written consent.

8. **Subrogation and Reimbursement.**

a. **Subrogation.**

(1) Applicable to SECTION I:

If any ***insured*** to or for whom ***we*** make payment under this policy has rights to recover damages from another, those rights are transferred to ***us*** to the extent of ***our*** payment. That ***insured*** must do everything necessary to secure ***our*** rights and must do nothing after loss to impair them.

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However before a loss, an ***insured*** may waive in writing all rights of recovery against any person.

(2) Applicable to SECTION II:

If any ***insured*** has rights to recover all or part of any payment ***we*** have made under this policy, those rights are transferred to ***us***. An ***insured*** must do nothing after loss to impair them. At ***our*** request, an ***insured*** will bring suit or transfer those rights to ***us*** and help ***us*** enforce them.

Subrogation does not apply under Section II to **Medical Payments to Others** or **Damage to Property of Others**.

b. **Reimbursement.**

If ***we*** make payment under this policy and any ***insured*** to or for whom ***we*** make payment recovers or has recovered from another person or organization, then the ***insured*** to or for whom ***we*** make payment must:

(1) hold in trust for ***us*** the proceeds of any recovery; and

(2) reimburse ***us*** to the extent of ***our*** payment.

9. **Death.** If ***you*** die:

a. ***we*** insure the legal representative of the deceased. This condition applies only with respect to the premises and property of the deceased covered under this policy at the time of death;

b. ***insured*** includes:

(1) any member of ***your*** household who is an ***insured*** at the time of ***your*** death, but only while a resident of the ***residence premises***; and

(2) with respect to ***your*** property, the person having proper temporary custody of the property until appointment and qualification of a legal representative.

10. **Conformity to State Law.** When a policy provision is in conflict with the applicable law of the state in which this policy is issued, the law of the state will apply.

11. **Premium.**

a. Unless as otherwise provided by an alternative payment plan in effect with the ***State Farm Companies*** with respect to the premium for this policy, the premium is due and payable in full on or before the first day of the policy period shown in the most recently issued ***Declarations***.

b. The renewal premium for this policy will be based upon the rates in effect, the coverages carried, the applicable limits, deductibles, and other elements that affect the premium applicable at the time of renewal.

c. The premium for this policy may vary based upon:

(1) the purchase of other products or services from the ***State Farm Companies***;

(2) the purchase of products or services from an organization that has entered into an agreement or contract with the ***State Farm Companies***. The ***State Farm Companies*** do not warrant the merchantability, fitness, or quality of any product or service offered or provided by that organization; or

(3) an agreement, concerning the insurance provided by this policy, that the ***State Farm Companies*** has with an organization of which ***you*** are a member, employee, subscriber, licensee, or franchisee.

d. ***Your*** purchase of this policy may allow:

(1) ***you*** to purchase or obtain certain coverages, coverage options, coverage deductibles, coverage limits, or coverage terms on other products from the ***State Farm Companies***, subject to their applicable eligibility rules; or

(2) the premium or price for other products or services purchased by ***you***, including non-insurance products or services, to vary. Such other products or services must be provided by the ***State Farm Companies*** or by an organization that has entered into an agreement or contract with the ***State***

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Farm Companies. The ***State Farm Companies*** do not warrant the merchantability, fitness, or quality of any product or service offered or provided by that organization.

12. **Right to Inspect.**

    a. ***We*** have the right but are not obligated to perform the following:

        (1) make inspections and surveys of the ***insured location*** at any time;

        (2) provide ***you*** with reports on conditions ***we*** find; or

        (3) recommend changes.

        Any inspections, surveys, reports, or recommendations relate only to insurability and the premiums to be charged.

    b. ***We*** do not:

        (1) make safety inspections;

        (2) undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public;

        (3) warrant that conditions are safe or healthful; or

        (4) warrant that conditions comply with laws, regulations, codes, or standards.

    This condition applies to ***us*** and to any rating, advisory, rate service, or similar organization that makes insurance inspections, surveys, reports, or recommendations on ***our*** behalf.

13. **Joint and Individual Interests.** When there are two or more Named Insureds, each acts for all to cancel or change this policy.

14. **Change of Policy Address.** ***We*** may change the Named Insured's policy address as shown in the ***Declarations*** and in ***our*** records to the most recent address provided to ***us*** by:

    a. ***you***; or

    b. the United States Postal Service.

15. **Electronic Delivery.** With ***your*** consent, ***we*** may electronically deliver any document or notice, including a notice to renew, nonrenew, or cancel, instead of mailing it or delivering it by other means. Proof of transmission will be sufficient proof of notice.

16. **Our Rights Regarding Claim Information.**

    a. ***We*** will collect, receive, obtain, use, and retain all the items described in item b.(1) below and use and retain the information described in item b.(3)(b) below, in accordance with applicable federal and state laws and regulations and consistent with the performance of ***our*** business functions.

    b. Subject to 16.a. above, ***we*** will not be restricted in or prohibited from:

        (1) collecting, receiving, or obtaining records, receipts, invoices, medical bills, medical records, wage information, salary information, employment information, data, and any other information;

        (2) using any of the items described in item b.(1) above; or

        (3) retaining:

            (a) any of the items in item b.(1) above; or

            (b) any other information ***we*** have in ***our*** possession as a result of ***our*** processing, handling, or otherwise resolving claims submitted under this policy.

    c. ***We*** may disclose any of the items in b.(1) above and any of the information described in item b.(3)(b) above:

        (1) to enable performance of ***our*** business functions;

        (2) to meet ***our*** reporting obligations to insurance regulators;

        (3) to meet ***our*** reporting obligations to insurance data consolidators;

        (4) to meet other obligations required by law; and

        (5) as otherwise permitted by law.

    d. ***Our*** rights under 16.a., 16.b., and 16.c. above will not be impaired by any:

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(1) authorization related to any claim submitted under this policy; or

(2) act or omission of an ***insured*** or a legal representative acting on an ***insured's*** behalf.

17. **Duties Regarding Claim Information.** An ***insured*** or a legal representative acting on an ***insured's*** behalf must provide ***us*** with any requested authorizations related to the claim. ***Our*** rights as set forth under **Our Rights Regarding Claim Information** of this policy will not be impaired by any:

    a. authorization related to the claim; or

    b. act or omission of an ***insured*** or a legal representative acting on an ***insured's*** behalf.

OPTIONAL POLICY PROVISIONS

Each Optional Policy Provision applies only as shown in the ***Declarations*** and is subject to all the terms, provisions, exclusions, and conditions of this policy.

Option AI – Additional Insured. The definition of ***insured*** is extended to include the person or organization shown in the ***Declarations*** as an Additional Insured or whose name is on file with ***us***. Coverage is with respect to:

1. **SECTION I – Coverage A**, **Coverage B**, or **Coverage C**; or
2. **SECTION II – Coverage L** and **Coverage M** but only with respect to the ***residence premises***. This coverage does not apply to ***bodily injury*** to an employee arising out of or in the course of the employee's employment by the person or organization.

This option applies only with respect to the location shown in the ***Declarations***.

Option BP – Business Property. The **COVERAGE B – PERSONAL PROPERTY**, **Special Limits of Liability**, item b., for property used or intended for use in a ***business***, including merchandise held as samples or for sale or for delivery after sale, is changed as follows:

The $1,500 limit is replaced with the amount shown in the ***Declarations*** for this option.

Option BU – Business Pursuits. SECTION II – EXCLUSIONS, item 1.b. is modified as follows:

1. Section II coverage applies to the ***business*** pursuits of an ***insured*** who is a:
    a. clerical office employee, salesperson, collector, messenger; or
    b. teacher (except college, university, and professional athletic coaches), school principal, or school administrator;

    while acting within the scope of the above listed occupations.
2. However, no coverage is provided:
    a. for ***bodily injury*** or ***property damage*** arising out of a ***business*** owned or financially controlled by the ***insured*** or by a partnership of which the ***insured*** is a partner or member;
    b. for ***bodily injury*** or ***property damage*** arising out of the rendering of or failure to render professional services of any nature (other than teaching or school administration). This exclusion includes but is not limited to:
        (1) computer programming, architectural, engineering, or industrial design services;
        (2) medical, surgical, dental, or other services or treatment conducive to the health of persons or animals; and
        (3) beauty or barber services or treatment;
    c. for ***bodily injury*** to a fellow employee of the ***insured*** injured in the course of employment; or
    d. when the ***insured*** is a member of the faculty or teaching staff of a school or college:
        (1) for ***bodily injury*** or ***property damage*** arising out of the maintenance, use, loading, or unloading of:
            (a) draft or saddle animals, including vehicles for use with them; or
            (b) aircraft, ***motor vehicles***, recreational ***motor vehicles*** or watercraft, airboats, air cushions, or personal watercraft which use a water jet pump powered by an internal combustion

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engine as the primary source of propulsion;

owned, operated, or hired by or for the ***insured*** or employer of the ***insured*** or used by the ***insured*** for the purpose of instruction in the use thereof; or

(2) under **Coverage M** for ***bodily injury*** to a student arising out of corporal punishment administered by or at the direction of the ***insured***.

Option FA – Firearms. Firearms are covered for accidental direct physical loss or damage.

The limits for this option are shown in the ***Declarations***. The first amount is the limit for any one article; the second amount is the aggregate limit for each loss.

The following additional provisions apply:

1. ***We*** will not pay for any loss to the property described in this option either consisting of, or directly and immediately caused by, one or more of the following:
   a. mechanical breakdown, wear and tear, or gradual deterioration;
   b. all animals, birds, or insects, including nesting, infestation, gnawing, feeding, breeding, or discharge or release of waste products or secretions by animals, birds, or insects. However, ***we*** will pay for losses caused by wild bears or deer;
   c. any process of refinishing, renovating, or repairing;
   d. dampness of atmosphere or extremes of temperatures;
   e. inherent defect or faulty manufacture;
   f. rust, fouling, or explosion of firearms;
   g. breakage, marring, scratching, tearing, or denting unless caused by fire, thieves, or accidents to conveyances; or
   h. infidelity of an ***insured's*** employees or persons to whom the insured property may be entrusted or rented;
2. ***Our*** limit for loss by any Coverage B peril except theft is the limit shown in the ***Declarations*** for Coverage B, plus the aggregate limit;
3. ***Our*** limits for loss by theft are those shown in the ***Declarations*** for this option. These limits apply in lieu of the Coverage B theft limit; and
4. ***Our*** limits for loss by any covered peril except those in items 2. and 3. above are those shown in the ***Declarations*** for this option.

Option ID – Increased Dwelling Limit. ***We*** will settle losses to damaged ***building structures*** covered under **COVERAGE A – DWELLING** according to the **Loss Settlement Provision** shown in the ***Declarations***.

If the amount ***you*** actually and necessarily spend to repair or replace damaged ***building structures*** exceeds the applicable limit of liability shown in the ***Declarations***, ***we*** will pay the additional amounts not to exceed:

1. the Option ID limit of liability shown in the ***Declarations*** to repair or replace the ***dwelling***; or
2. 10% of the Option ID limit of liability to repair or replace ***building structures*** covered under **COVERAGE A – DWELLING, Other Structures.**

Report Increased Values. ***You*** must notify ***us*** within 90 days of the start of construction on any new ***building structure*** costing $5,000 or more; or any additions to or remodeling of ***building structures*** that increase their values by $5,000 or more. ***You*** must pay any additional premium due for the increased value. ***We*** will not pay more than the applicable limit of liability shown in the ***Declarations*** if ***you*** fail to notify ***us*** of the increased value within 90 days.

Option IO – Incidental Business. The coverage provided by this option applies only to that incidental ***business*** occupancy on file with ***us***.

1. **COVERAGE A – DWELLING, Other Structures,** item 2.b. is deleted.
2. **COVERAGE B – PERSONAL PROPERTY** is extended to include equipment, supplies, and furnishings usual and incidental to this ***business*** occupancy. This Optional Policy Provision does not include electronic data processing system equipment or the recording or storage media used with that equipment or merchandise held as samples or for sale or for delivery after sale.

   The Option IO limits are shown in the ***Declarations***. The first limit applies to property on the ***residence premises***. The second limit applies to property

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while off the ***residence premises***. These limits are in addition to the **COVERAGE B – PERSONAL PROPERTY, Special Limits of Liability** on property used or intended for use in a ***business***.

3. Under Section II, the ***residence premises*** is not considered ***business*** property because an ***insured*** occupies a part of it as an incidental ***business***.

4. **SECTION II – EXCLUSIONS**, item 1.b. is replaced with the following:

   b. ***bodily injury*** or ***property damage*** arising out of ***business*** pursuits of any ***insured***, except as provided in item c. below. This exclusion does not apply to activities that are ordinarily incident to non-***business*** pursuits or to ***business*** pursuits of an ***insured*** that are necessary or incidental to the use of the ***residence premises*** as an incidental ***business***;

5. This insurance does not apply to:

   a. ***bodily injury*** to an employee of an ***insured*** arising out of the ***residence premises*** as an incidental ***business*** other than to a ***residence employee*** while engaged in the employee's employment by an ***insured***;

   b. ***bodily injury*** to a student arising out of corporal punishment administered by or at the direction of the ***insured***;

   c. liability arising out of any acts, errors, or omissions of an ***insured***, or any other person for whose acts an ***insured*** is liable, resulting from the preparation or approval of data, plans, designs, opinions, reports, programs, specifications, supervisory inspections, or engineering services in the conduct of an ***insured's*** incidental ***business*** involving data processing, computer consulting, or computer programming; or

   d. any claim made or suit brought against any ***insured*** by:

      (1) any person in the care of any ***insured*** because of child care services provided by or at the direction of:

         (a) any ***insured***;

         (b) any employee of any ***insured***; or

         (c) any other person actually or apparently acting on behalf of any ***insured***; or

      (2) any person who makes a claim because of ***bodily injury*** to any person in the care of any ***insured*** because of child care services provided by or at the direction of:

         (a) any ***insured***;

         (b) any employee of any ***insured***; or

         (c) any other person actually or apparently acting on behalf of any ***insured***.

      Coverage M does not apply to any person indicated in d.(1) and d.(2) above.

      This exclusion does not apply to the occasional child care services provided by any ***insured***, or to the part-time child care services provided by any ***insured*** under 19 years of age.

Option JF – Jewelry and Furs. Jewelry, watches, fur garments and garments trimmed with fur, precious and semi-precious stones, gold other than goldware, silver other than silverware, and platinum are covered for accidental direct physical loss or damage.

The limits for this option are shown in the ***Declarations***. The first amount is the limit for any one article; the second amount is the aggregate limit for each loss. All provisions and exclusions of **SECTION I – LOSSES INSURED, COVERAGE B – PERSONAL PROPERTY, Theft** apply to Option JF.

The following additional provisions apply:

1. ***We*** will not pay for any loss to the property described in this option either consisting of, or directly and immediately caused by, one or more of the following:

   a. mechanical breakdown, wear and tear, or gradual deterioration;

   b. all animals, birds or insects, including nesting, infestation, gnawing, feeding, breeding, or discharge or release of waste products or secretions by animals, birds, or insects. However, ***we*** will pay for losses caused by wild bears or deer;

   c. inherent vice; or

   d. seizure or destruction under quarantine or customs regulations;

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2. ***Our*** limit for loss by any Coverage B peril except theft is the limit shown in the ***Declarations*** for Coverage B, plus the aggregate limit;

3. ***Our*** limits for loss by theft are those shown in the ***Declarations*** for this option. These limits apply in lieu of the Coverage B theft limit; and

4. ***Our*** limits for loss by any covered peril except those in items 2. and 3. above are those shown in the ***Declarations*** for this option.

Option OL – Building Ordinance or Law.

1. **Coverage Provided.** The total limit of insurance provided by this option will not exceed an amount equal to the Option OL percentage shown in the ***Declarations*** of the Coverage A limit shown in the ***Declarations*** at the time of the loss, as adjusted by the Inflation Coverage provisions of this policy. This is an additional amount of insurance and applies to ***building structures*** on the ***residence premises***.

2. **Damaged Portions of *Building Structure*.** When a ***building structure*** covered under **COVERAGE A – DWELLING** is damaged by a ***loss insured***, ***we*** will pay for the increased cost to repair or rebuild the physically damaged portion of the ***building structure*** caused by the enforcement of a building, zoning, or land use ordinance or law if the enforcement is directly caused by the same ***loss insured*** and the requirement is in effect at the time the ***loss insured*** occurs.

3. **Undamaged Portions of Damaged *Building Structure*.** When a ***building structure*** covered under **COVERAGE A – DWELLING** is damaged by a ***loss insured***, ***we*** will also pay for:

   a. the cost to demolish and clear the site of the undamaged portions of the ***building structure*** caused by the enforcement of a building, zoning, or land use ordinance or law if the enforcement is directly caused by the same ***loss insured*** and the requirement is in effect at the time the ***loss insured*** occurs; and

   b. loss to the undamaged portion of the ***building structure*** caused by enforcement of any ordinance or law if:

      (1) the enforcement is directly caused by the same ***loss insured***;

      (2) the enforcement requires the demolition of portions of the same ***building structure*** not damaged by the same ***loss insured***;

      (3) the ordinance or law regulates the construction or repair of the ***building structure***, or establishes zoning or land use requirements at the described premises; and

      (4) the ordinance or law is in force at the time of the occurrence of the same ***loss insured***; or

   c. legally required changes to the undamaged portion of the ***building structure*** caused by the enforcement of a building, zoning, or land use ordinance or law, if:

      (1) the enforcement is directly caused by the same ***loss insured***;

      (2) the requirement is in effect at the time the ***loss insured*** occurs; and

      (3) the legally required changes are made to the undamaged portions of specific ***building structure*** features, systems, or components that have been physically damaged by the ***loss insured***.

   We will not pay for legally required changes to specific ***building structure*** features, systems, or components that have not been physically damaged by the ***loss insured***.

4. **Building Ordinance or Law Coverage Limitations.**

   a. ***We*** will not pay for any increased cost of construction:

      (1) until the ***building structure*** is actually repaired or replaced at the same or another premises in the same general vicinity;

      (2) unless the repairs or replacement are made as soon as reasonably possible after the loss, not to exceed two years; and

      (3) due to any original or subsequent construction, addition, modification, renovation, remodel, or repair to a ***building structure*** that did not comply with a building, zoning, or land use ordinance or law in effect when the construction, addition, modification, renovation, remodel, or repair was performed.

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b. ***We*** will not pay more under this coverage than the amount ***you*** actually spend:

(1) for the increased cost to repair or rebuild the ***building structure*** at the same or another premises in the same general vicinity if relocation is required by ordinance or law; and

(2) to demolish and clear the site of the undamaged portions of the ***building structure*** caused by enforcement of building, zoning, or land use ordinance or law.

We will not pay for more than a ***building structure*** of the same height, floor area, and style on the same or similar premises as the ***building structure***, subject to the limit provided in paragraph 1. **Coverage Provided** of this option.

Option SG – Silverware and Goldware Theft. The **COVERAGE B – PERSONAL PROPERTY, Special Limits of Liability**, item i., for theft of silverware and goldware is increased to be the amount shown in the ***Declarations*** for this option.

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HOMEOWNERS AMENDATORY ENDORSEMENT (Oklahoma)

This endorsement modifies insurance provided under the following: HOMEOWNERS POLICY

DEFINITIONS

Under the definition of ***"business"***, item d. is replaced by the following:

Business does not include:

d. the ownership, maintenance, or use of systems and equipment used to generate electrical power, if:

(1) the power generated is intended primarily for consumption on the ***residence premises***; and

(2) any resulting income is incidental, including but not limited to:

(a) utility bill credits; or

(b) incidental income;

derived from sending excess power back to the electricity grid; or

The definition of ***"occurrence"*** is replaced by the following:

"occurrence", when used in Section II of this policy, means an accident, including accidental exposure to conditions, which first results in:

a. ***bodily injury***; or

b. ***property damage***;

during the policy period. All ***bodily injury*** and ***property damage*** resulting from one accident, series of related accidents, or from continuous or repeated exposure to the same general conditions is considered to be one ***occurrence***.

SECTION I – PROPERTY COVERAGES

COVERAGE A – DWELLING

Item 3.c. is replaced by the following:

c. systems and equipment used to generate electrical power, unless:

(1) the power generated is intended primarily for consumption on the ***residence premises***; and

(2) any resulting income is incidental, including but not limited to:

(a) utility bill credits; or

(b) incidental income;

derived from sending excess power back to the electricity grid.

SECTION I – ADDITIONAL COVERAGES

The following is added to **Volcanic Action**:

When applicable, the following coverages apply to a loss covered by **Volcanic Action**:

a. **COVERAGE C – LOSS OF USE**;

b. **SECTION I – ADDITIONAL COVERAGES**; and

c. **Option OL – Building Ordinance or Law**, only if this option is shown in the **Declarations**.

The following is added to **Collapse**:

When applicable, the following coverages apply to a loss covered by **Collapse**:

a. **COVERAGE C – LOSS OF USE**;

b. **SECTION I – ADDITIONAL COVERAGES**; and

c. **Option OL – Building Ordinance or Law**, only if this option is shown in the **Declarations**.

The following is added to **Fuel Oil Release**:

When applicable, the following coverages apply to a loss covered by **Fuel Oil Release**:

a. **COVERAGE C – LOSS OF USE**;

b. **SECTION I – ADDITIONAL COVERAGES**; and

c. **Option OL – Building Ordinance or Law**, only if this option is shown in the **Declarations**.

Any payments made for these coverages are included in, and not in addition to, the $10,000 limit of insurance for **Fuel Oil Release**.

SECTION I – CONDITIONS

Under **Mortgagee Clause**, paragraph 10.c. is replaced by the following:

c. If **we** cancel this policy, the mortgagee will be notified at least 10 days before the date cancellation takes effect.

SECTION II – LIABILITY COVERAGES

SECTION II – ADDITIONAL COVERAGES

The following is added to **Damage to Property of Others**:

d. Under **SECTION II – EXCLUSIONS**, exclusion 2.c. does not apply to the coverage provided by **Damage to Property of Others**.

SECTION II – EXCLUSIONS

Under **SECTION II – EXCLUSIONS**, 1.p. is replaced by the following:

1. Coverage L and Coverage M do not apply to:

p. ***bodily injury*** or ***property damage*** arising out of the ownership, maintenance, or use of systems and equipment used to generate electrical power, unless:

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(1) the power generated is intended primarily for consumption on the ***residence premises***; and

(2) any resulting income is incidental, including but not limited to:

(a) utility bill credits; or

(b) incidental income;

derived from sending excess power back to the electricity grid.

Under **SECTION II – EXCLUSIONS**, 2.a. and 2.c. are replaced by the following:

2. Coverage L does not apply to:

a. liability:

(1) for ***your*** share of any loss assessment charged against all members of any type of association of property owners; or

(2) imposed on or assumed by any ***insured*** through any unwritten or written contract or agreement. This exclusion does not apply to:

(a) liability for damages that the ***insured*** would have in absence of the contract or agreement; or

(b) written contracts:

(i) that directly relate to the ownership, maintenance, or use of any ***insured location***; or

(ii) when the liability of others is assumed by ***you*** prior to the ***occurrence***;

unless excluded elsewhere in the policy;

c. ***property damage*** to property rented to, used or occupied by, or in the care, custody, or control of any ***insured*** at the time of the ***occurrence***. This exclusion does not apply to ***property damage*** caused by:

(1) fire;

(2) smoke;

(3) explosion;

(4) abrupt and accidental damage from water; or

(5) household pets, up to $500 in excess of ***your*** security deposit;

SECTION I AND SECTION II – CONDITIONS

Under **Cancellation**, 5.b. is replaced by the following:

b. ***We*** may cancel this policy by providing notice to a named insured shown on the ***Declarations***. The notice will provide the date cancellation is effective.

(1) When ***you*** have not paid the premium, ***we*** may cancel at any time by providing notice at least 10 days before the date cancellation takes effect. This condition applies whether the premium is payable to ***us*** or ***our*** agent or under any finance or credit plan.

(2) When this policy has been in effect for less than 45 business days and is not a renewal with ***us***, ***we*** may cancel for any reason. ***We*** may cancel by providing notice at least 10 days before the date cancellation takes effect.

(3) When this policy has been in effect for 45 business days or more, or at any time if it is a renewal with ***us***, ***we*** may cancel for the following reasons:

(a) discovery of fraud or material misrepresentation in the procurement of the insurance or with respect to any claims submitted thereunder;

(b) discovery of willful or reckless acts or omissions on the part of the named insured which increase any hazard insured against;

(c) a change in the risk which substantially increases any hazard insured against after insurance coverage has been issued or renewed;

(d) violation of any local fire, health, safety, building, or construction regulation or ordinance with respect to any insured property or the occupancy thereof which substantially increases any hazard insured against;

(e) a determination by the Insurance Commissioner that the continuation of the policy would place the insurer in violation of the insurance laws of this state; or

(f) conviction of the named insured of a crime having as one of its necessary elements an act increasing any hazard insured against.

We may cancel this policy by providing notice at least 30 days before the date cancellation takes effect.

(4) When this policy is written for a period longer than one year, ***we*** may cancel for any reason at anniversary. ***We*** may cancel by providing notice at least 30 days before the date cancellation takes effect.

Nonrenewal is replaced by the following:

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Nonrenewal. If ***we*** decide not to renew this policy, then, at least 30 days before the end of the current policy period, ***we*** will provide a nonrenewal notice to a named insured shown on the ***Declarations***.

Joint and Individual Interests is replaced by the following:

Joint and Individual Interests. If ***you*** consists of more than one person or entity, then each acts for all to change or cancel this policy.

Electronic Delivery is deleted.

OPTIONAL POLICY PROVISIONS

Option ID is replaced by the following:

Option ID – Increased Dwelling Limit. ***We*** will settle losses to damaged ***building structures*** covered under **COVERAGE A – DWELLING** according to the **Loss Settlement Provision** shown in the ***Declarations***.

1. If the amount ***you*** actually and necessarily spend to repair or replace the damaged ***dwelling*** exceeds the limit of liability shown in the ***Declarations*** for Coverage A – Dwelling, ***we*** will pay the additional amounts not to exceed the Option ID limit shown in the ***Declarations***.
2. If the amount ***you*** actually and necessarily spend to repair or replace damaged ***building structures*** covered under **COVERAGE A – DWELLING**, **Other Structures** exceeds the limit of liability shown in the ***Declarations*** for Other Structures, ***we*** will pay the additional amounts not to exceed 10% of the Option ID limit shown in the ***Declarations***.

Report Increased Values. ***You*** must notify ***us*** within 90 days of the start of construction on any new ***building structure*** costing $5,000 or more; or any additions to or remodeling of ***building structures*** that increase their values by $5,000 or more. ***You*** must pay any additional premium due for the increased value. ***We*** will not pay more than the applicable limit of liability shown in the ***Declarations*** if ***you*** fail to notify ***us*** of the increased value within 90 days.

All other policy provisions apply.

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HO-2441.2 HOME SYSTEMS PROTECTION

This endorsement modifies insurance provided under the following: HOMEOWNERS POLICY, CONDOMINIUM UNITOWNERS POLICY

AGREEMENT

We agree to provide the insurance described in this endorsement in compliance with all applicable provisions (including but not limited to **DEFINITIONS**, **LOSSES NOT INSURED**, and **CONDITIONS**) of this policy. Coverage provided under this endorsement does not increase any limit of liability under **SECTION I**.

DEFINITIONS

For the purposes of this endorsement, the following definitions are added:

1. ***"computer equipment"*** means electronic data processing hardware and related peripheral equipment. This includes, but is not limited to, monitors and display screens, ***media***, keyboards, printers, modems, and permanently installed wiring associated with such equipment.
2. **Covered Home Equipment**
   a. ***"covered home equipment"*** means property covered under **COVERAGE A – DWELLING** that:
      (1) generates, transmits, or utilizes energy; or
      (2) during normal usage, operates under vacuum or pressure, other than the weight of its contents.

      Covered home equipment may utilize conventional design and technology or new or newly commercialized design and technology.
   b. None of the following is ***covered home equipment***:
      (1) supporting structure, cabinet, or compartment;
      (2) insulating material associated with ***covered home equipment***;
      (3) water piping other than boiler feedwater piping, boiler condensate return piping, or water piping connected to a heating or air conditioning system;
      (4) wastewater piping or piping forming a part of a fire protective sprinkler or irrigation system;
      (5) buried or encased piping or buried vessels; however, interior buried or encased piping connected to a heating or air conditioning system is ***covered home equipment***;
      (6) software or electronic data;
      (7) kitchen or laundry appliances, other than those permanently installed, including but not limited to, refrigerator, dishwasher, oven, stove, clothes washer, or clothes dryer;
      (8) ***computer equipment*** or any electronic component used with such ***computer equipment***, unless it is permanently installed as part of the ***dwelling***; or
      (9) electronic entertainment equipment, including but not limited to, television or stereo equipment, or any electronic component used with such electronic entertainment equipment.
3. ***"cyber event"*** means cyber activity including but not limited to:
   a. The introduction of malicious code including viruses, worms, Trojans, spyware and keyloggers within ***covered home equipment***; or
   b. Unauthorized electronic access to ***covered home equipment*** or to electronic data or software within or used with ***covered home equipment***.
4. ***"electronic circuitry"*** means microelectronic components, including but not limited to, circuit boards, integrated circuits, computer chips, and disk drives.
5. ***"electronic circuitry impairment"*** means an accidental event involving ***electronic circuitry*** within ***covered home equipment*** that causes ***covered home equipment*** to suddenly lose its ability to function as it had been functioning immediately before such event. An ***electronic circuitry impairment*** must also meet each of the following conditions:
   a. ***We*** determine that the reasonable and appropriate remedy to restore such ***covered home equipment's*** ability to function is the replacement of one or more ***electronic circuitry*** components of the ***covered home equipment***.
   b. The ***covered home equipment*** must be owned or used by an ***insured***.
   c. None of the following is an ***electronic circuitry impairment***:
      (1) Any condition that can be reasonably remedied by:
         (a) Normal maintenance, including but not limited to replacing expendable parts, recharging batteries, or cleaning;
         (b) Rebooting, reloading, or updating software or firmware; or
         (c) Providing necessary power or supply.
      (2) Any condition caused by or relating to:

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(a) Incompatibility of the ***covered home equipment*** with any software or equipment installed, introduced, or networked within the prior 30 days; or

(b) Insufficient size, capability, or capacity of the ***covered home equipment.***

(3) Exposure to adverse environmental conditions, including but not limited to, change in temperature or humidity, unless such conditions result in an observable loss of functionality. Loss of warranty shall not be considered an observable loss of functionality.

6. **Equipment Breakdown**

a. ***"equipment breakdown"*** means an abrupt and accidental:

(1) mechanical breakdown;

(2) electrical breakdown; or

(3) bursting, cracking, or splitting;

of ***covered home equipment*** that results in direct physical damage and requires repair or replacement of all or part of the damaged ***covered home equipment.***

b. None of the following is an ***equipment breakdown***:

(1) rust, corrosion, (including pinhole leaks), erosion, deterioration, or gradual loss of efficiency or functionality of ***covered home equipment***;

(2) leakage or seepage at or from any connection, valve, fitting, shaft, or seal;

(3) complete or partial interruption of electrical power, fuel, or water supply, whether deliberate or accidental;

(4) any condition which can be corrected by resetting, recalibrating, or by the performance of maintenance; or

(5) cosmetic or other damage that does not impair functionality.

7. **Home System Breakdown**

a. ***"home system breakdown"*** means an ***equipment breakdown*** or ***electronic circuitry impairment.***

b. None of the following is a ***home system breakdown***:

(1) any programming error, programming limitation, loss of data, loss of access, loss of use, loss of functionality or other condition within or involving data or ***media*** of any kind; or

(2) a ***cyber event.***

However, an ensuing ***equipment breakdown*** or ***electronic circuitry impairment*** will be considered a ***home system breakdown.***

8. ***"media"*** means material on which data is recorded. This includes, but is not limited to, magnetic tapes, hard drives, optical storage drives, or CD/DVD drives.

9. ***"one home system breakdown"*** means: If an initial ***home system breakdown*** causes other ***home system breakdowns***, all will be considered ***one home system breakdown***. All ***home system breakdowns*** that are the result of the same event will be considered ***one home system breakdown***.

SECTION I – LOSSES INSURED

For the purposes of this endorsement, the following is added, subject to the limit provided under the **CONDITIONS** section of this endorsement unless otherwise specified below. These coverages do not increase the limit of liability under Home Systems Protection.

1. **Loss to Covered Home Equipment**

We will pay for direct physical loss or damage to ***covered home equipment*** caused by a ***home system breakdown*** and that occurs on the ***residence premises***. ***We*** will consider ***electronic circuitry impairment*** to be physical damage to ***covered home equipment.***

We will not pay for any property that is not ***covered home equipment*** except for refrigerated property to the extent it is covered under **Spoilage**.

2. **Spoilage**

With respect to ***your*** refrigerated products, ***we*** will pay:

a. for physical damage due to spoilage caused by a ***home system breakdown***;

b. any necessary expenses ***you*** incur to reduce the amount of loss under this coverage to the extent that they do not exceed the amount of loss that otherwise would have been payable under this coverage.

We will pay up to $500 for **Spoilage**. Any loss payable under both this endorsement and **SECTION I – ADDITIONAL COVERAGES, Refrigerated Products** under ***your*** policy, will be paid first in accordance with **SECTION I – ADDITIONAL COVERAGES, Refrigerated Products**. Any payment under this endorsement will be excess over such coverage but no payments will be duplicated.

3. **Loss of Use**

Coverage for **Additional Living Expense** and **Fair Rental Value**, as defined under **COVERAGE C – LOSS OF USE**, is extended to the coverage provided by this endorsement.

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4. **Expediting Expenses**

With respect to ***your covered home equipment*** that is damaged as the result of a ***home system breakdown***, ***we*** will pay the reasonable extra cost to:

a. make temporary repairs; and

b. expedite permanent repairs or permanent replacement.

SECTION I – LOSSES NOT INSURED

For the purposes of this endorsement, **SECTION I – LOSSES NOT INSURED**, the following is added:

4. ***We*** will not pay for loss, under any part of this coverage, that consists of, or is directly and immediately caused by, one or more of the perils listed in items a. through g. below, regardless of whether the loss occurs abruptly or gradually, involves isolated or widespread damage, arises from natural or external forces, occurs on or off the ***residence premises***, or occurs as a result of any combination of these:

a. electrical power surge or brown out, whether or not caused by lightning;

b. fire (including fire resulting from a ***home system breakdown***) or water or other means used to extinguish a fire;

c. explosion;

d. lightning; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; breakage of glass; falling objects; weight of snow, ice, or sleet; freezing (caused by cold weather); collapse;

e. vandalism, meaning a malicious act that causes damage or destruction. However, this exclusion does not apply to a ***cyber event***.

f. theft; or

g. water or sewage resulting from a ***home system breakdown***.

For purposes of this endorsement, **SECTION I – LOSSES NOT INSURED**, items 2.b., 2.c., and 2.f. are replaced with the following:

b. **Earth Movement**, meaning the sinking, rising, shifting, expanding, or contracting of earth, all regardless of whether combined with water, sewage, or any material carried by, or otherwise moved by the earth. Earth movement includes but is not limited to:

(1) earthquake;

(2) landslide, mudslide, or mudflow;

(3) sinkhole or subsidence;

(4) movement resulting from:

(a) improper compaction;

(b) site selection;

(c) natural resource extraction activities; or

(d) excavation

(5) erosion;

(6) pressure by surface or subsurface earth or fill; or

(7) any volcanic activity, except as specifically provided in **SECTION I – ADDITIONAL COVERAGES, Volcanic Action.**

c. **Water**, meaning:

(1) flood;

(2) surface water. However, surface water does not include water solely caused by the release of water from a swimming pool, spigot, sprinkler system, hose, or hydrant;

(3) waves (including tidal wave, tsunami, and seiche);

(4) tides or tidal water;

(5) overflow of any body of water (including any release, escape, or rising of any body of water, or any water held, contained, controlled, or diverted by a dam, levee, dike, or any type of water containment, diversion, or flood control device);

(6) spray or surge from any of the items c.(1) through c.(5) described above, all whether driven by wind or not;

(7) water or sewage from outside the ***residence premises*** plumbing system that enters through sewers or drains, or water or sewage that enters into and overflows from within a sump pump, sump pump well, or any other system designed to remove subsurface water that is drained from the foundation area;

(8) water or sewage below the surface of the ground, including water or sewage that exerts pressure on, or seeps or leaks through a ***building structure***, sidewalk, driveway, swimming pool, or other structure; or

(9) material carried or otherwise moved by any of the water or sewage, as described in paragraphs c.(1) through c.(8) above.

f. **Nuclear Hazard**, meaning any nuclear reaction, radiation, or radioactive contamination, all whether controlled or uncontrolled or however caused, or any consequence of any of these. Loss caused by the nuclear hazard will not be considered loss caused by fire, explosion, or smoke.

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SECTION I – DEDUCTIBLE

Subject to the limit provided under the **CONDITIONS** section of this endorsement, ***we*** will pay only that part of the loss that exceeds $500. No other deductible applies to this coverage.

SECTION I – LOSS SETTLEMENT

For the purposes of this endorsement, **SECTION I – LOSS SETTLEMENT** is replaced by:

1. ***Our*** payment for damaged covered property will be the smallest of:
   a. the applicable limit of liability;
   b. the cost to repair the damaged property;
   c. the cost to replace the damaged property with like kind, quality, and capacity on the same ***residence premises***; or
   d. the necessary amount actually spent to repair or replace the damaged property.
2. Except as described in **Environmental, Safety and Efficiency Improvements** below, ***you*** are responsible for the extra cost of replacing damaged property with property of a better kind or quality or of a different size or capacity.
3. If ***you*** do not repair or replace the damaged property within 24 months after the date of the ***home system breakdown***, then ***we*** will pay only the smaller of:
   a. the cost it would have taken to repair or replace at the time of the ***home system breakdown***; or
   b. the ***actual cash value*** at the time of the ***home system breakdown***.

SECTION I – CONDITIONS

For the purposes of this endorsement, the following conditions are added:

Limit of Liability

The limit of liability under this endorsement is dependent upon the age of ***your covered home equipment***. The most ***we*** will pay for loss, damage and expense arising from any ***one home system breakdown*** to ***covered home equipment***:

a. manufactured less than 15 years prior to the ***home system breakdown*** is $50,000; or
b. manufactured 15 years or more prior to the ***home system breakdown*** is $2,000. However, if the damaged ***covered home equipment*** was installed as new, unused equipment within 15 years prior to the ***home systems breakdown***, the limit shown in a. above will apply.

Environmental, Safety and Efficiency Improvements

If ***covered home equipment*** requires replacement due to a ***home system breakdown***, ***we*** will pay ***your*** additional cost to replace with equipment that is better for the environment, safer for people, or more energy or water efficient than the equipment being replaced.

However, ***we*** will not pay to increase the size or capacity of the equipment and ***we*** will not pay more than 150% of what the cost would have been to replace with like kind and quality. This condition does not apply to the replacement of component parts or to any property to which ***actual cash value*** applies and does not increase any of the applicable limits.

Application of Coverage

Any loss payable under both this endorsement and under ***your*** policy without considering the terms of this endorsement, will be paid first in accordance with the terms of ***your*** policy without consideration of the terms of this endorsement. Any payment under this endorsement will then be excess but no payments will be duplicated.

All other policy provisions apply.

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HO-2442.2 SERVICE LINE COVERAGE

This endorsement modifies insurance provided under the following: HOMEOWNERS POLICY

AGREEMENT

We agree to provide the insurance described in this endorsement in compliance with all applicable provisions (including but not limited to **DEFINITIONS**, **LOSSES NOT INSURED**, and **CONDITIONS**) of this policy. Coverage under this endorsement does not increase any limit of liability under **SECTION I**.

DEFINITIONS

For the purposes of this endorsement, the following definitions are added:

1. **Covered service line**
   a. ***"covered service line"*** means exterior underground piping and wiring, including permanent connections, valves, or attached devices providing one of the following services to ***your residence premises***:
      (1) communications, including cable transmission, data transmission, internet access, and telecommunications;
      (2) compressed air;
      (3) drainage;
      (4) electrical power;
      (5) heating, including geothermal, natural gas, propane, and steam;
      (6) waste disposal; or
      (7) water.
   b. A ***covered service line*** must be owned by ***you*** or ***you*** must be responsible for its repair or replacement as required by law, regulation, or service agreement. Should repair or replacement be ***your*** responsibility, a ***covered service line*** ends at the precise location where ***your*** responsibility for such repair or replacement ends. However, in no event will a ***covered service line*** extend beyond the point of connection to the main service or utility line.
   c. ***Covered service line*** does not include:
      (1) that part of piping or wiring that runs through or under a body of water, including but not limited to, a swimming pool, pond, or lake;
      (2) that part of piping or wiring that runs through or under the dwelling or other structure. However, this clause c.(2) shall not apply to piping or wiring that runs under:
         (a) a driveway or walkway; or
         (b) a structure not immediately above a foundation and raised sufficiently from the ground that such piping or wiring can be accessed without damaging or dismantling any structure;
      (3) piping or wiring that is not connected and ready for use;
      (4) septic systems, including leach fields, septic tanks, pumps, motors, or piping that runs from the septic tank to the leach fields, other than covered waste disposal piping running from ***your dwelling*** or other structure to a septic tank;
      (5) water wells, including well pumps or motors;
      (6) heating and cooling systems, including heat pumps; or
      (7) sprinkler system pumps, motors, or heads.
2. ***"one service line failure"*** means: If an initial ***service line failure*** causes other ***service line failures***, all will be considered ***one service line failure***. All ***service line failures*** that are the result of the same event will be considered ***one service line failure***.
3. ***"service line failure"*** means a leak, break, tear, rupture, collapse, or electrical arcing of a ***covered service line*** not otherwise excluded. A ***service line failure*** may be caused by, but is not limited to, the following perils:
   a. wear and tear, marring, deterioration, or hidden decay;
   b. rust or other corrosion;
   c. mechanical breakdown, latent defect, or inherent vice;
   d. weight of vehicles, equipment, animals, or people;
   e. vermin, insects, rodents, or other animals;
   f. artificially generated electrical current;
   g. freezing or frost heave;
   h. external force from a shovel, backhoe, or other form of excavation; or
   i. tree or other root invasion.

   Service line failure does not include blockage or low pressure of a ***covered service line*** when there is no physical damage to the ***covered service line***.

SECTION I – LOSSES INSURED

For the purposes of this endorsement, the following is added, subject to the limit provided under the **CONDITIONS** section of this endorsement:

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1. **Damages to Covered Service Line**

   We will pay for physical loss or damage to ***your covered service line*** that is the direct result of a ***service line failure.***

   We will not pay:

   a. additional costs incurred for loss or increased usage of water, natural gas, propane, or any other service caused by or resulting from a ***service line failure***;

   b. for loss or damage to a ***covered service line*** that is damaged while it is being installed, dismantled, or repaired. However, this shall not apply if a covered ***service line failure*** necessitated such installation, dismantling, or repair; or

   c. to clean up or remove contaminants or pollutants, hazardous waste, or sewage.

2. **Excavation Costs**

   With respect to ***your covered service line*** that is damaged as the result of a ***service line failure***, ***we*** will pay the necessary and reasonable excavation costs that are required to repair or replace the damaged ***covered service line.***

3. **Expediting Expenses**

   With respect to ***your covered service line*** that is damaged as the result of a ***service line failure***, ***we*** will pay the reasonable extra cost to:

   a. make temporary repairs; and

   b. expedite permanent repairs or permanent replacement.

4. **Loss of Use**

   Coverage for **Additional Living Expense** and **Fair Rental Value**, as described under **COVERAGE C – LOSS OF USE**, is extended to the coverage provided by this endorsement.

5. **Outdoor Property**

   We will pay for ***your*** outdoor property, including but not limited to, trees, shrubs, plants, lawns, walkways, and driveways, that is damaged as a result of a ***service line failure*** or that is damaged during the excavation of ***your covered service line*** following a ***service line failure.***

SECTION I – LOSSES NOT INSURED

For purposes of this endorsement, **SECTION I – LOSSES NOT INSURED**, the following is added:

4. ***We*** will not pay for loss, under any part of this coverage, that consists of, or is directly and immediately caused by, one or more of the perils listed in items a. through c. below, regardless of whether the loss occurs abruptly or gradually, involves isolated or widespread damage, arises from natural or external forces, or occurs as a result of any combination of these:

   a. fire; or water or other means used to extinguish a fire;

   b. explosion;

   c. lightning; windstorm or hail; smoke; aircraft; riot or civil commotion; theft; breakage of glass;

For purposes of this endorsement, **SECTION I – LOSSES NOT INSURED**, items 2.b. and 2.c. are replaced with the following:

b. **Earth Movement**, meaning the sinking, rising, shifting, expanding, or contracting of earth, all regardless of whether combined with water, sewage, or any material carried by, or otherwise moved by the earth. Earth movement includes but is not limited to:

   (1) earthquake;

   (2) landslide, mudslide, or mudflow;

   (3) sinkhole or subsidence;

   (4) movement resulting from:

      (a) improper compaction;

      (b) site selection;

      (c) natural resource extraction activities; or

      (d) excavation;

   (5) erosion;

   (6) pressure by surface or subsurface earth or fill; or

   (7) any volcanic activity, except as specifically provided in **SECTION I – ADDITIONAL COVERAGES, Volcanic Action.**

   However, Earth Movement does not include frost heave.

c. **Water**, meaning:

   (1) flood;

   (2) surface water. However, surface water does not include water solely caused by the release of water from a swimming pool, spigot, sprinkler system, hose, or hydrant;

   (3) waves (including tidal wave, tsunami, and seiche);

   (4) tides or tidal water;

   (5) overflow of any body of water (including any release, escape, or rising of any body of water, or any water held, contained, controlled, or diverted by a dam, levee, dike, or any type of water containment, diversion, or flood control device);

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(6) spray or surge from any of the items c.(1) through c.(5) described above, all whether driven by wind or not;

(7) water or sewage from outside the ***residence premises*** plumbing system that enters through sewers or drains, or water or sewage that enters into and overflows from within a sump pump, sump pump well, or any other system designed to remove subsurface water that is drained from the foundation area;

(8) water or sewage below the surface of the ground, including water or sewage that exerts pressure on, or seeps or leaks through a ***building structure***, sidewalk, driveway, swimming pool, or other structure; or

(9) material carried or otherwise moved by any of the water or sewage, as described in paragraphs c.(1) through c.(8) above.

SECTION I – DEDUCTIBLE

Subject to the limit provided under the **CONDITIONS** section of this endorsement, ***we*** will pay only that part of the loss that exceeds $500. No other deductible applies to this coverage.

SECTION I – LOSS SETTLEMENT

For the purposes of this endorsement, **SECTION I – LOSS SETTLEMENT** is replaced by:

1. ***Our*** payment for damaged covered property will be the smallest of:
   a. the limit of liability that applies to this endorsement;
   b. the cost to repair the damaged property;
   c. the cost to replace the damaged property on the same premises; or
   d. the necessary amount actually spent to repair or replace the damaged property.
2. Except as described in **Environmental, Safety and Efficiency Improvements** below, ***you*** are responsible for the extra cost of replacing damaged property with property of a better kind or quality or of a different size or capacity.
3. ***You*** are responsible for the extra cost to alter or relocate ***covered service lines***, unless such alteration or relocation is required by law or ordinance.

SECTION I – CONDITIONS

For the purposes of this endorsement, the following conditions are added:

The Limit of Liability

The limit of liability under this endorsement is dependent upon the age of ***your covered service line***.

The most ***we*** will pay for loss, damage and expense arising from any ***one service line failure*** to a ***covered service line***:

a. less than 50 years old is $10,000; or

b. 50 years old or older is $2,500.

The age of the ***covered service line*** will be determined by documentation ***you*** can provide that indicates when the ***covered service line*** was newly installed or replaced in its entirety. If that is not available then the age of the ***covered service line*** will be the age of ***your dwelling*** on ***your residence premises*** shown in the Declarations.

Environmental, Safety and Efficiency Improvements

If a ***covered service line*** requires replacement due to a ***service line failure***, ***we*** will pay ***your*** additional cost to replace with materials that are better for the environment, safer for people, or more energy or water efficient than the materials being replaced.

However, ***we*** will not pay to increase the size or capacity of the materials and ***we*** will not pay more than 150% of what the cost would have been to replace with like kind and quality. This condition does not increase the limit that applies to this endorsement.

Application of Coverage

Any loss payable under both this endorsement and under ***your*** policy without considering the terms of this endorsement, will be paid first in accordance with the terms of ***your*** policy without consideration of the terms of this endorsement. Any payment under this endorsement will then be excess but no payments will be duplicated.

All other policy provisions apply.

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BACK-UP OF SEWER OR DRAIN ENDORSEMENT (Homeowners)

This endorsement modifies insurance provided under the following: HOMEOWNERS POLICY

The following is added to **SECTION I – ADDITIONAL COVERAGES**:

Back-up of Sewer or Drain. ***We*** will pay for accidental direct physical loss to the ***dwelling*** and covered personal property located within the ***dwelling***, caused by back-up of water or sewage, subject to the following:

a. The back-up must be directly and immediately caused solely by water or sewage:

(1) from outside the ***residence premises*** plumbing system that enters through a sewer or drain located inside the interior of the ***dwelling***; or

(2) that enters into and overflows from within a sump pump, sump pump well, or any other system located inside the interior of the ***dwelling*** designed to remove subsurface water drained from the foundation area.

b. Coverage does not apply to:

(1) losses resulting from ***your*** failure to:

(a) keep a sump pump or its related equipment in proper working condition; or

(b) perform the routine maintenance or repair necessary to keep a sewer or drain free from obstructions; or

(2) losses that occur or are in progress within the first 5 days of the inception of this endorsement. This limitation does not apply when:

(a) this endorsement is attached to a newly issued policy; or

(b) this endorsement is attached to replace another Back-Up of Sewer or Drain Endorsement. However, if this endorsement's coverage limits are higher than those of the endorsement it replaces, then the limitation described in (2) above applies only to the increase in coverage limits.

c. If ***you*** request an increase to the coverage limit for this endorsement, the increased coverage limit does not apply to losses that occur or are in progress within the first 5 days of ***your*** request.

d. The total limit of insurance provided by this endorsement will not exceed the amount determined by applying the Back-Up Of Sewer Or Drain percentage (%) shown in the ***Declarations*** to the **COVERAGE A – DWELLING** limit shown in the ***Declarations***, as adjusted by the inflation coverage provisions of this policy. This is an additional amount of insurance.

e. The deductible for each loss under this coverage is the amount shown in the ***Declarations*** under **Section I Deductible** for "Other Losses" or "All Losses", whichever applies.

f. When applicable, the following coverages apply to a loss covered by this endorsement:

(1) **COVERAGE C – LOSS OF USE**;

(2) **SECTION I – ADDITIONAL COVERAGES**; and

(3) **Option OL – Building Ordinance or Law**, only if this option is shown in the ***Declarations***.

Any payments made for these coverages are included in, and not in addition to, the limit of insurance described in item d. above.

For purposes of this endorsement only:

a. **SECTION I – LOSSES INSURED**, item 12.b.(2) is deleted from the policy.

b. **SECTION I – LOSSES NOT INSURED**, **Water** is replaced by:

Water, meaning:

(1) flood;

(2) surface water. This does not include water solely caused by the release of water from a swimming pool, spigot, sprinkler system, hose, or hydrant;

(3) waves (including tidal wave, tsunami, and seiche);

(4) tides or tidal water;

(5) overflow of any body of water (including any release, escape, or rising of any body of water, or any water held, contained, controlled, or diverted by a dam, levee, dike, or any type of water containment, diversion, or flood control device);

(6) spray or surge from any of the items c.(1) through c.(5) described above, all whether driven by wind or not;

(7) water or sewage from outside the ***residence premises*** plumbing system that enters through sewers or drains, or water or sewage that enters into and overflows from within a sump pump, sump pump well, or any other system designed to remove subsurface water that is drained from the foundation area;

except as specifically provided in **SECTION I – ADDITIONAL COVERAGES**, **Back-Up of Sewer or Drain**.

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(8) water or sewage below the surface of the ground, including water or sewage that exerts pressure on, or seeps or leaks through a ***building structure***, sidewalk, driveway, swimming pool, or other structure; or

(9) material carried or otherwise moved by any of the water or sewage, as described in items c.(1) through c.(8) above.

However, ***we*** will pay for any accidental direct physical loss by fire, explosion, or theft resulting from water, provided the resulting loss is itself a ***loss insured***.

c. **SECTION I – CONDITIONS**, **Other Insurance** is replaced by:

Other Insurance. This coverage is excess over other valid and collectible insurance.

All other policy provisions apply.

HO-2444.2

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EXHIBIT 4

RBZ0001I5

State Farm Fire and Casualty Company

Fire Claim File Print

File History Information

Route To:

BASIC CLAIM INFORMATION

Claim Number: 36-64D8-27T
Date of Loss: 10-04-2023
Policy Number: 36-CL-H107-4
Named Insured: HURSH, BILLY

FILE HISTORY

File History - File Notes

04-29-2025 - 10:23 AM CDT **Performer:** Shed, Janice **Office:**PROX
File Note: Petition recvd
Participant: **COL / Line (Participant):** 35 / 001(Named Insured(s))
Category: Claim Note **Sub Category:**
Petition recvd. Reopened file. Added Whitten Burrage as Plaintiff Counsel. Set up matter. Set calendar to confirm DC is assigned. Email capture petition to file.

05-24-2024 - 1:20 PM CDT **Performer:** Phillips, JR **Office:**PROX
File Note: Contact - Insured
Participant: **COL / Line (Participant):**
Category: Contact - Outbound Call **Sub Category:**
Notified insured and agent that 2nd inspection was declined. Returned file to close.

05-24-2024 - 10:52 AM CDT **Performer:** Wood, Mark **Office:**PROX
File Note: OAR
Participant: **COL / Line (Participant):**
Category: Management **Sub Category:**
Reviewed

Photos do not indicate anything was missed during 1st inspection - appear to show w/t/d
If the insured is indicating new dmg (as two DOLs present since this DOL and inspection) they'll need to file a new claim.

Second inspection is not warranted at this time.

05-23-2024 - 8:52 AM CDT **Performer:** Phillips, JR **Office:**PROX
File Note: 2nd Inspection Request
Participant: **COL / Line (Participant):**
Category: Claim Note **Sub Category:**
File reoepend with numerous photos from roofer, requesting a 2nd inspection. Reviewed photos and none seem very compelling in regard to showing damaging hail that was not accounted for in original inspection. Sending message to TM to review and advise whether 2nd inspection is approved or not.

03-12-2024 - 8:38 AM CDT **Performer:** Phillips, JR **Office:**PROX
File Note: Wind/Hail Inspection
Participant: **COL / Line (Participant):** 35 / 001(Named Insured(s))
Category: Assignment Claim Handling **Sub Category:**

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EXHIBIT 4

Wind/Hail Inspection

INSPECTION RESULTS: No ADPL to roof surface
Met with (PH, Ctr name, if applicable): Seek Now inspected with roofer and insured present
Date/Time: 3/9 11am
Prior Related Losses/ISO Reviewed? (Y/N): Y
Coverage A - Narrative of damages if not documented in roof scope sheet and/or exterior scope sheet(s):
Class 4 Hail Resistive Class identified on Policy Screen: (Y/N): N
Roof material (provide type/color/exposure): 30 year lam, 5 5/8" exposure
Is the roof repairable: (Y/N) Y
If repairable, is the roof material available: (Y/N/Unknown) Y
Dwelling: Inspection revealed small impacts to 2 downspouts and rear and left gutters only. Areas marked on the roof by the roofer are not consistent with hail impacts. Small impacts documented to 2 turtle vents as well. No evidence of any ADPL to the remaining roof surface. No large dark circular fractures with crushed granules and impacted matting.
Other Structures: none
Interior: none
Labor minimums: reviewed
GCO&P: no complexity, none applied
Depreciation (Y/N)?: N
If yes, explain:
Replacement Cost paid (Y/N)?: N
Contract in File Documentation (Y/N)?:
Verbal confirmation of contract (Y/N)?:
Insured (e.g. Mr. NI, Mrs. NI, Name) affirming the information:
Name of contractor completing the repairs (if not listed in Participants):
Contractor's phone number (if not listed in Participants):
Date repair contract was entered into by the insured:
Amount of contract:
Contractor estimate/scope of repairs is the same as the State Farm estimate/scope of repairs:
Coverage B - Personal Property: N
Coverage C – Additional Living Expense (ALE): N
Sub/Salvage:N
TPPOC (TX only): N

Completed estimate and emailed with No ADPL/PD letter. Contacted insured and notified of inspection findings. Closed file CWP.

03-06-2024 - 10:29 AM CST **Performer:** Phillips, JR **Office:**PROX
File Note: Fire Property QFC - Hail
Participant: LACY M HURSH **COL / Line (Participant):**
Category: Quality First Contact **Sub Category:**

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Fire Property QFC - Hail

Policy Type: HO with RC on roof
Prior Related Losses/ISO Details: no related prior
Number of Stories: 2
Roofing/Siding Type: 30 year lam
Steep/Walkable: steep 8/12 and 12/12
Age of Roofing/Siding: 12-15
AccuWeather Report Details: hail size 1.25 to 2in
FOL as provided by contact: Insured noticed several roofs being replaced in the area, and had one of the roofing companies doing work there stop and look at their roof. They told her they had damage. No interior leaks. Advised with steepness of roof, I was utilizing REIAP for inspection. Assignment sent to Seek Now.
Narrative Description of Damages:
Exterior Damage: Roof, gutters, screens
Interior Damage: none
Mitigation Performed: none
Building Habitability: livable
Personal Property Damage: none
Coverage C - ALE Status, if uninhabitable: none
Power Outage: none
Subrogation: none
Mortgage Company, Dollar One (yes/no) PHH Mortgage
Ctr Name (if applicable): A+ Roofing
Ctr Added to Participants (yes/no): Yes
Inspection Options (FIOT): see prior log
REIAP utilized? (yes/no): yes - Seek Now
Explanation of claim handling process/next steps: Advised of REIAP handling and subsequent report to review and process

03-05-2024 - 3:38 PM CST **Performer:** Phillips, JR **Office:**PROX
File Note: FIOT Results:
Participant: **COL / Line (Participant):**
Category: Claim Note **Sub Category:**
FIOT Results:
1. Roof/Exterior Inspection Assist Program,
2. Proximity

File History - File Note System Generated

03-12-2024 - 3:00 PM CDT **Performer:** INTMSG_TEXT_PUSH **Office:** CORPSYS
System Generated File Note: TEXT-CLAIM_FIRE_EST_NI
Participant: BILLY HURSH **COL / Line (Participant):** BILLY HURSH
Category: Correspondence
Text message: "State Farm: Hi Billy. An estimate of the damage has been completed, you may view your estimate online here https://st8.farm/vOCVeyr6Lw or it can be viewed on our mobile app here: https://st8.farm/4d8SGn2fjs on claim 36-64D8-27T" was automatically sent to [redacted] 4620 on 3/12/2024.

03-12-2024 - 3:00 PM CDT **Performer:** INTMSG_TEXT_PUSH **Office:** CORPSYS
System Generated File Note: PUSH-CLAIM_FIRE_EST_NI
Participant: BILLY HURSH **COL / Line (Participant):** BILLY HURSH
Category: Correspondence
Push Notification: "State Farm: Your claim estimate has been received View the details here" was automatically sent to an iOS mobile device on 3/12/2024.

03-12-2024 - 9:56 AM CDT **Performer:** System **Office:** CORPSYS
System Generated File Note: EMAIL-FIRE ESTIMATE INITIAL
Participant: LACY M HURSH **COL / Line (Participant):** LACY M HURSH
Category: Correspondence

STATE FARM CONFIDENTIAL INFORMATION
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EMAIL-FIRE ESTIMATE INITIAL was automatically emailed to LACY.GOLD88@YAHOO.COM on 3/12/2024 at 02:56 PM (GMT).

03-12-2024 - 8:47 AM CDT **Performer:** Phillips, JR **Office:** SYSTEM
System Generated File Note: FC0017071 - HO DENIAL ROOF NO DAMAGE WIND/HAIL - N
Participant: **COL / Line (Participant):**
Category: Correspondence

HO DENIAL ROOF NO DAMAGE WIND/HAIL - NE NV NH NJ NM NY ND OH OK OR were e-mailed by JR Phillips on 03/12/2024

03-06-2024 - 11:36 AM CST **Performer:** Phillips, JR **Office:** SYSTEM
System Generated File Note: FC0016192
Participant: BILLY HURSH **COL / Line (Participant):** BILLY HURSH
Category: Correspondence

FC0016192 - HOMEOWNERS BUILDING SETTLEMENT INFOGRAPHIC - AUTOMATED was automatically created and Imaged through Forms & Correspondence

03-06-2024 - 10:36 AM CST **Performer:** Phillips, JR **Office:** SYSTEM
System Generated File Note: FC0016730
Participant: BILLY HURSH **COL / Line (Participant):** BILLY HURSH
Category: Correspondence

FC0016730 - ROOF AND EXTERIOR INSPECTION INFOGRAPHIC - AUTOMATED was automatically created and Imaged through Forms & Correspondence

03-06-2024 - 10:28 AM CST **Performer:** CCPCLM **Office:** CORPSYS
System Generated File Note: REIAP_NI_TEXT
Participant: BILLY HURSH **COL / Line (Participant):** BILLY HURSH
Category: Correspondence

Text message: "State Farm: Hi Billy. An inspection technician from Seek Now (866-801-1258) will contact you to schedule a time to inspect your property for claim 36-64D8-27T." was automatically sent to [redacted]-4620 on 03/06/2024.

03-05-2024 - 3:32 PM CST **Performer:** System **Office:** CORPSYS
System Generated File Note: PAPER-NEW CLAIM NOTIFICATION
Participant: BILLY HURSH **COL / Line (Participant):** BILLY HURSH
Category: Correspondence

PAPER-NEW CLAIM NOTIFICATION was automatically mailed to 1901 S Dogwood Pl,Broken Arrow OK 74012-6345,USA on 3/5/2024 at 09:32 PM (GMT).

03-05-2024 - 3:32 PM CST **Performer:** System **Office:** CORPSYS
System Generated File Note: EMAIL-NEW CLAIM NOTIFICATION PREF
Participant: LACY M HURSH **COL / Line (Participant):** LACY M HURSH
Category: Correspondence

EMAIL-NEW CLAIM NOTIFICATION PREF was automatically emailed to LACY.GOLD88@YAHOO.COM on 3/5/2024 at 09:32 PM (GMT).

03-05-2024 - 3:32 PM CST **Performer:** CCPCLM **Office:** CORPSYS
System Generated File Note: NCN_OPT_IN_TEXT
Participant: BILLY HURSH **COL / Line (Participant):** BILLY HURSH
Category: Correspondence

Text message: "State Farm: Hi Billy. We've received your claim 36-64D8-27T. Reply YES to receive updates by text. Visit https://st8.farm/6otTExHQDk to view & manage your claim." was automatically sent to [redacted] 4620 on 03/05/2024.

03-05-2024 - 3:22 PM CST **Performer:** System **Office:** CORPSYS
System Generated File Note: Assignment Notification
Participant: **COL / Line (Participant):**
Category: Claim Note

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Assignment Notification sent to Phillips, JR (Q07J) at j.r.phillips.q07j@statefarm.com
--- Message Details ---
Fire Claim Number = 36-64D8-27T
Insured Name = BILLY HURSH
Date Of Loss = 10-04-2023
Location of Loss Address = 1901 S DOGWOOD PL
BROKEN ARROW, Oklahoma 740126345
Insured Default Phone Number = [redacted]4620
Facts of Loss = Hail damage to roof, gutters, downspouts, window screens- no leaks
Agent Name =
Agent Phone =
Probable Cause = Hail

03-05-2024 - 3:22 PM CST **Performer:** System - Claim File **Office:** System
System Generated File Note: Weather Data
Participant: **COL / Line (Participant):**
Category: Claim Note
AccuWeather provides three years of hail history based on the Date Reported and Loss Location in the Facts of Loss tab.

Date of Hail	Hail Size (inches)
10/04/2023	1.5
09/23/2023	1.0
07/20/2023	1.0
06/17/2023	1.0
06/13/2023	1.0
06/03/2023	0.75
11/04/2022	0.75
07/28/2022	0.75
07/27/2022	0.75
06/08/2022	1.25
05/14/2022	0.75
05/12/2022	1.5
05/05/2022	0.75
05/02/2022	1.0
04/15/2022	0.75
12/05/2021	0.75
07/17/2021	1.0
07/10/2021	1.0

Hail data listed was derived through an API call/interface with the external vendor Accuweather.

03-05-2024 - 3:22 PM CST **Performer:** System - Claim File **Office:** System
System Generated File Note: A+ Roofing Solutions; SP; SP
Participant: **COL / Line (Participant):**
Category: New Claim
Name: A+ Roofing Solutions
Roles: SERVICE_PROVIDER
Email Address: null

03-05-2024 - 3:22 PM CST **Performer:** System - Claim File **Office:** System
System Generated File Note: LACY HURSH; NI
Participant: **COL / Line (Participant):**
Category: New Claim
Name: LACY HURSH

03-05-2024 - 3:22 PM CST **Performer:** System - Claim File **Office:** System
System Generated File Note: BILLY HURSH; PNI

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Participant: **COL / Line (Participant):**
Category: New Claim
Name: BILLY HURSH

03-05-2024 - 3:22 PM CST **Performer:** System - Claim File **Office:** System
System Generated File Note: Listed Property
Participant: **COL / Line (Participant):**
Category: New Claim
Identifying Description: Listed Property
Address: 1901 S DOGWOOD PL, BROKEN ARROW, OK, 740126345, USA
Description:
Indicate if the damage was caused by lightning: No
Is the damage to the building's exterior, interior, or both? Exterior
Indicate: Has the caller indicated the named insured's home is uninhabitable or involves a total loss to a detached structure(s), based on the facts of loss or information they provided? If uncertain, ask the caller: No
Indicate if Catastrophe Deductible Word Track was read: No
Indicate if Temporary Repairs - Fire word track was read: No
Indicate if applicable deductible(s) were read: No
(Water Shut Off) To protect your property from further damage, turn off the water at the shut-off valve nearest the source of the leak: No
(Carpet) We suggest that you or a contractor extract the water from the carpet and remove the water-damaged pad: No
(Appliances) If safe to do so, unplug and remove all appliances in affected rooms: No
(Protect Furniture) If possible, move furniture and other personal property out of the affected rooms or place aluminum foil under legs of furniture that cannot be removed to prevent stains on the flooring. Pull draperies up and away from wet areas: No
Indicate if Temporary Repairs - Water Removal & Restoration word track was read: No
Indicate if Temporary Repairs - Hail word track was read: Yes
Indicate if Temporary Repairs - Wind was read: No
Indicate if Temporary Repairs - Wind & Hail was read: No

03-05-2024 - 3:22 PM CST **Performer:** System - Claim File **Office:** System
System Generated File Note: Preliminary Information
Participant: **COL / Line (Participant):**
Category: New Claim
Indicate if damage to any houses, structures, or buildings: Yes
Were any of your personal or business items damaged? No
Was this incident reported to the police? No

03-05-2024 - 3:22 PM CST **Performer:** System - Claim File **Office:** System
System Generated File Note: Loss Details
Participant: **COL / Line (Participant):**
Category: New Claim
Reported by: Contractor
Person who reported the claim: A+ Roofing Solutions
Indicate if warm transferred from agent's office: No
Indicate the kind(s) of loss being reported: Hail
Indicate, Is this a first-party injury claim? (injury to insured) Is this a first-party property claim? (damage to the insured's owned and insured property) Is this a third-party injury claim? (alleged injury to another person) Is this a third-party property claim? (alleged damage to another person's property): First party property
Indicate if a Weather/Catastrophe loss? Yes
Indicate if the caller is filing this loss for record only: No
Indicate if caller is requesting a Record Only letter to provide to a government agency: No
Mark all applicable coverage(s) and deductible(s) read:
Loss Location Category: Listed Property

03-05-2024 - 3:22 PM CST **Performer:** System - Claim File **Office:** System
System Generated File Note: Policy Details
Participant: **COL / Line (Participant):**
Category: New Claim

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Policyholder Address: 1901 S DOGWOOD PL, BROKEN ARROW, OK, 740126345, UNITED STATES
Policyholder Type: Individual
Product Line: F
Policy Number: 36-CL-H107-4
Effective Date: 03/05/2024
Expiration Date: 06/26/2024
State and State Code: OK; 36
Indicate if Excess and Surplus: No
Excess and Surplus State:
Excess and Surplus Policy:

File History - Tasks

04-29-2025 - 1:58 PM CDT **Performer:** Richwine, Carmen **Office:** PROX
Task: EC Suit **Status:** Completed
Participant: **COL / Line (Participant):**
Category: Calendar **Sub Category:**

05-24-2024 - 1:20 PM CDT **Performer:** Wood, Mark **Office:** PROX
Task: MANAGEMENT CALENDAR **Status:** Cleared
Participant: **COL / Line (Participant):**
Category: Calendar **Sub Category:**
Task is set for a manager on the claim. Task is set to display every 180 days until the assignment is closed.

05-24-2024 - 1:20 PM CDT **Performer:** Phillips, JR **Office:** PROX
Task: REVIEW FILE NOTE - OAR **Status:** Completed
Participant: **COL / Line (Participant):**
Category: File Note **Sub Category:**
Review File Note - OAR

05-24-2024 - 10:52 AM CDT **Performer:** Wood, Mark **Office:** PROX
Task: REVIEW FILE NOTE - 2nd Inspection Request **Status:** Completed
Participant: **COL / Line (Participant):**
Category: File Note **Sub Category:**
Review File Note - 2nd Inspection Request

05-23-2024 - 8:50 AM CDT **Performer:** Phillips, JR **Office:** PROX
Task: NEW MAIL PACKAGE - File Documentation **Status:** Completed
Participant: **COL / Line (Participant):**
Category: New Mail **Sub Category:** File Documentation
Notifies claim handler that new mail has been received.

05-23-2024 - 8:50 AM CDT **Performer:** Phillips, JR **Office:** PROX
Task: NEW MAIL PACKAGE - File Documentation **Status:** Completed
Participant: **COL / Line (Participant):**
Category: New Mail **Sub Category:** File Documentation
Notifies claim handler that new mail has been received.

05-23-2024 - 8:50 AM CDT **Performer:** Phillips, JR **Office:** PROX
Task: NEW MAIL PACKAGE - File Documentation **Status:** Completed
Participant: **COL / Line (Participant):**
Category: New Mail **Sub Category:** File Documentation
Notifies claim handler that new mail has been received.

05-23-2024 - 8:49 AM CDT **Performer:** Phillips, JR **Office:** PROX

STATE FARM CONFIDENTIAL INFORMATION
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EXHIBIT 5

IN THE DISTRICT COURT OF OKLAHOMA COUNTY
STATE OF OKLAHOMA

BILL and LACY HURSH	)	
	)	
Plaintiffs	)	
	)	
-vs-	)	No. CJ-2025-2626
	)	
STATE FARM FIRE AND CASUALTY COMPANY; MARK D. WELTY; and MARK D. WELTY INSURANCE AGENCY, INC.,	)	
	)	
Defendants.	)	

DEPOSITION OF RANDY JAMES

TAKEN ON BEHALF OF THE DEFENDANTS

IN TULSA, OKLAHOMA

ON OCTOBER 6TH, 2026

REPORTED BY: LACY Ovel, CSR #1989

EXHIBIT 5

A P P E A R A N C E S

FOR THE PLAINTIFF:

JOHN S. SANDERS
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FOR THE DEFENDANTS:

SAM PARK
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and

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ALSO PRESENT:

BENEDICT OVEL - VIDEOGRAPHER

if the damage was caused by defects in the materials used in construction, correct?

A Correct. Yeah.

MR. SANDERS: Form.

Q (BY MR. PARK) And, conversely, you'd never characterize damage as wear, tear and deterioration if you actually saw storm or hail damage, correct?

A Correct.

Q And you would never characterize damage as damage due to workmanship or defect in materials if it was actually storm or hail damage, correct?

A Correct. Yeah.

Q Now do you know of roofers -- any roofers that characterize damage to a roof as storm or hail damage even though the damage was not actually caused by storm or hail?

MR. SANDERS: Form.

WITNESS: Unfortunately, yes.

Q (BY MR. PARK) There are roofers and your competitors that would do that?

A Oh. Yeah. Yeah.

Q And do you know why they would do that?

MR. SANDERS: Form.

WITNESS: I mean, obviously to make money, to sell a roof. But I always have said that I don't

want to have a homeowner file a claim and I go and meet the insurance adjuster out there and they go, Randy, why did you tell them to file a claim, this isn't hail, you know what hail is. So I take pride in that. Like, when I do meet an insurance adjuster, I'm like, hey, here's why I told them to file a claim, look at this. Like, look at all the hail on this roof. Compared to not. Because I have heard stories of just -- like I said -- you know -- they just hire sales guys and they go, go knock on a door and go file a claim. And they're just basically -- you know -- taking a -- you know -- rolling the dice, in my opinion, of it could stick, you never know. Because these guys are based -- you know -- paid on commission. So they're not making any money if they're out looking at a roof and nothing is wrong with it. So.

Q (BY MR. PARK) Right. Okay. Do you need a break or anything, Mr. James?

A Can I have one minute?

Q Yeah.

A I have people sending me stuff. I want to make sure --

Q Let's go off the record.

VIDEOGRAPHER: Off the record. 10:06.

Q How do you know Mark Welty?

A He's a State Farm insurance agent. I've known him for probably six or seven years. So when I started out with Blacksmith I actually met one of his sales guys in a networking group. And that's kind of how I got in with them, just to be in -- you know, when someone calls in they can say, yeah, hey, before -- you know -- let's -- if you -- let's say a homeowner goes do you have someone you can recommend or whatever, I think they have to give them so many people. And I take pride in being in that top three. So just to be the guy that says -- hey -- you know. Because most homeowners don't know what to do. If you have -- like I call them door knockers. If you have a door knocker knocking on your door saying, hey, you need to file a claim, they're going to go, well, hold on. Let me call my insurance agent. And the agent will say, hey, before you do that, let me recommend some guys. They can go out there and do that. So that's why I document everything. I take pictures. So I'm not just the guy showing up on a Segway -- you know -- saying, hey, file a claim. So.

Q In your experience, are the what you call door knockers more likely to conclude that a roof was damaged by hail or storm even if it wasn't actually

damaged by hail or storm?

A Yes.

MR. SANDERS: Object to form.

WITNESS: Unfortunately, yes.

MR. SANDERS: I'm not trying to get onto you, but I have to make an objection. So there's --

WITNESS: I was wondering what you were saying. Okay. Okay.

MR. SANDERS: Yeah. And I'm not trying to be fussy at all.

WITNESS: Yeah. Yeah.

MR. SANDERS: There's a little bit of an overlap whenever you're, you know, asking (sic) his question. And I know you're probably anticipating what he's going to ask. So if you don't mind just taking a brief pause, that way I can assert my objection.

WITNESS: Okay.

MR. SANDERS: It's nothing personal at all.

WITNESS: Yeah. Okay. Understandable.

MR. SANDERS: Thank you.

Q (BY MR. PARK) Now, Mr. Welty has referred customers to Roke in the past?

A Yes.

Q How often would you say Mr. Welty has

ever have any impact on your conclusions about what caused damage to a particular roof?

MR. SANDERS: Form.

WITNESS: No. No.

Q (BY MR. PARK) So let's go ahead and move to the Hursh property, or the insured property, the property at 1901 South Dogwood Place, Broken Arrow, Oklahoma. And I'll refer to it as Hursh property in my questioning if that's okay with you.

A Okay.

Q How did you first learn about the Hursh property?

A So because it happened so long ago, I had to go back in my notes. And my notes said that Mrs. Hursh reached out to my office line. So go -- so I'm assuming I was referred from Welty. I -- honestly, I didn't even know until all of this came about, like, that he was -- or she was his customer. So -- sorry. The question was how did I find out about the Hurshes?

Q Exactly.

A Okay. Yeah. So they -- so my notes say that she called in on our office line. Because I had to go back and see, like, where it came from. I try to keep track of, like, referrals, like who they came from, just for my own personal. But that's how I got

with them is that she called our office line.

Q And if you're able to provide those notes to us at some point, that would be great, just so that we can have them.

A Yeah. Yeah.

Q Do you recall what Mrs. Hursh said on that phonecall?

A Yeah. I mean, I remember -- I mean, maybe not the original phonecall. Because all it says was she called into the office line and then I went and looked at her roof. I mean, do you want to know, like, the process of me looking at her roof or just --

Q We'll get into that. But on that initial phonecall --

A Yes.

Q -- do you recall any --

A I don't.

Q -- discussion or conversation or --

A No.

Q -- message that she left?

A I mean, I do -- looking back at our, like, at our text messages, I remember her -- I remember the conversation just saying, hey, I need to know if I should file a claim or not. So.

Q Okay. And was it your understanding that

Q Did Lacy Hursh ever tell you anything about the Hurshes' first claim with State Farm for a roof replacement?

MR. SANDERS: Form.

WITNESS: No.

Q (BY MR. PARK) And other than telling you that they were thinking about filing a claim, did Lacy Hursh tell you anything about submitting a second claim with State Farm for a roof replacement?

A No.

Q And you had never met the Hurshes before Lacy Hursh contacted you, correct?

A Correct.

Q Now you inspected the Hurshes' roof on May 29th, 2024, correct?

A Correct.

(Defendant's Exhibit 3 was marked for identification)

Q (BY MR. PARK) Let's go ahead and mark as Exhibit 3. Now these, Mr. James, are a series of text messages that plaintiffs actually produced in this case. And you can take a minute to just look over those if you'd like. Okay. So marked as Exhibit 3 are a series of text messages from plaintiffs' document production. Bates number -- so the Bates

A No.

Q Did you physically get on the roof?

A Yes.

Q Did you take pictures of the Hurshes' property?

A Yes.

Q Did you take pictures of the Hurshes' roof?

A Yes.

Q What tool or equipment did you use during the inspection?

A I mean, just my ladder and my phone. I have a CRM system that I use. And it has a mobile app that I use so that I can pull up their file and start taking pictures and it downloads right to their file.

Q And did you use test squares of the roof for your inspection?

A If I did, I didn't chalk them. I think I just -- I mean, again, this was two years ago. So I think, from the pictures I looked at, I just walked around and didn't see any hail damage. So.

Q Okay. And do you recall how long the entire inspection took?

A I mean, on average, they usually take -- it depends on, you know, how big and steep the roof is. But I would say on average 30 minutes to an hour.

Q And how long did the inspection of the Hurshes' property take?

A Maybe 30 minutes. 30, 45 minutes.

Q Do you recall what the weather conditions were that day?

A Looking at pictures, it looked like it was nice outside. I don't ever get up on a roof if it's -- has just rained or early in the morning when there's dew on the roof. So.

Q Were there specific areas of the roof that you inspected or did you inspect the entire roof?

A The entire roof. Because, honestly, I'm not making any money if I'm not selling a roof. So.

Q What were your observations of the overall condition of the Hurshes' property when you inspected it on May 29th, 2024?

A I mean, looking at my pictures and my report, it looked like there was just kind of normal wear and tear to your roof. The shingles looked to be starting to show some age, deteriorating. A lot of wood rot. It looked like some squirrel damage on the siding. You could kind of see the scratch marks on it.

Q Did you see any damage to the roof caused by a tree or tree branch?

just -- you know -- heats up. And that's when you see a lot of granules coming off your shingles because your attic is -- you know -- 300 degrees.

Q Got it. And what did you observe about the granule loss with respect to the Hursh roof?

MR. SANDERS: Form.

WITNESS: Just, I mean, looking at the pictures, it just looks like it was kind of your the roof is showing its age. In my opinion, it's probably a builder's grade shingle. And if you get 10 to 15 years out of that, you've done pretty well. That -- to me, that's what it looked like it was just showing its age. And then it looks like maybe I recommended adding ventilation when they did do the roof, because I'm looking at -- again, this is two years ago. Looking at her message, I must have said something about ventilation because she said -- you know -- put that in your estimate, add ventilation to it. So I mean, I am guessing it was a phonecall I had with her just saying, hey, your roof is warn out but it needs some more ventilation and here's why.

Q (BY MR. PARK) And just so it's clear for the record, what were your conclusions about whether hail or storm caused damage to the Hurshes' roof?

MR. SANDERS: Form.

WITNESS: What are my conclusions? That it wasn't worth filing a claim on. That if you did, they wouldn't pay -- in my opinion, they would come out here -- again, you know, kind of goes back to the -- if I met the adjuster, the adjuster would say, like, why did you tell them to file a claim? There's no hail damage here. And that's kind of what I -- looking at our messages and do remembering our conversation, and it looks like she was trying to decide whether to file a claim or not. Because I think she, in my opinion, knew that the roof was kind of at the end of its life. They're not going to pay for it. So in my opinion, yeah, it was just -- it's one of those things that, unfortunately, you might have to pay for out of pocket. The roof and the siding and some rotten wood is -- to me, is kind of being a homeowner for the most part.

Q So you concluded that there was no hail or storm damage --

A Correct. Yeah.

Q -- to the Hursh roof?

A Yeah

MR. SANDERS: Form.

Q (BY MR. PARK) And you talked about the expected life of a roof. Do you recall how old the

A I didn't.

Q Okay. If you're able to do that --

A Yeah.

Q -- that would be helpful as well.

A If I did, I probably deleted it.

Q Okay.

A Because I get a lot of spam calls. I try to delete them when I can. So.

Q Yeah. I get that all the time, too.

A Yeah.

Q My phone says you don't have enough storage for all this stuff.

A Oh. Yeah.

Q But if you're able to just go ahead after this deposition and check to see if there's anything from Lacy Hursh, that would be very helpful.

A Okay.

Q Okay. Now let's go back to Exhibit 3 here. And it looks like Lacy Hursh responds to you. And it starts on Hursh_000078 and goes to Hursh_000079. And so I'll read it for you. Lacy Hursh writes in her text message, no problem. I was wanting to see if you'd be able to get me a quote if we opted to not file a claim but still wanted the roof replaced. If you could include adding extra vents as well that --

and I'm just moving to the next page -- that would be wonderful.

Do you see that?

A Uh-huh. Yes.

Q And you respond, yep, will do. And she responds, thank you. And you respond, okay, sent, let me know if you have any questions. And Lacy responds will do, thank you. And this all -- this exchange all took place on May 30th, 2024, and this is the day after you inspected the roof, correct?

A Yes.

Q And you understood that from these texts that Lacy was requesting a cash or retail quote and not an insurance estimate, correct?

MR. SANDERS: Object to the form.

WITNESS: Yes.

Q (BY MR. PARK) And it's fair to say that, at this point in time, Lacy Hursh knew about your conclusion that hail and storm did not cause damage to the roof, correct?

MR. SANDERS: Form.

WITNESS: Yes. Correct.

Q (BY MR. PARK) And it's fair to say that your impression of this text exchange, when you received it on May 30th, 2024, was that Lacy Hursh wanted to

replace her roof even if the Hurshes opted not to file an insurance claim, correct?

MR. SANDERS: Form.

WITNESS: Correct.

Q (BY MR. PARK) And Lacy Hursh -- well, strike that. You responded to this -- or you testified to this earlier. But just so it's clear for the record. Do you recall why Lacy Hursh asked you to include extra vents?

A I'm assuming because of our phone conversation and just letting her know, like, hey, this is why your roof is looking like this. You need more vents -- more ventilation to your roof.

Q And so with respect to the Hurshes' roof, what did the lack of ventilation ultimately do to the roof?

MR. SANDERS: Form.

WITNESS: I see it a lot of times to where the roof ages quicker than what it should. I mean, there's a lot of -- there's a lot of -- what's the word I'm looking for -- tests, I guess you could say, that say adequate ventilation prolongs the life of your roof. So you have your -- kind of your intake and you have your outtake. So I always try to add ventilation to your roof for that reason.

Q And how did you know that the Hurshes' roof had ventilation problems?

MR. SANDERS: Object to the form.

WITNESS: I mean, without looking at it right now, I would assume that, just looking at it and going, hey, this is a big roof, and you might have -- I don't know -- four or five vents on there, more than likely you probably need twice that. So.

Q Okay.

A And I think a lot of the shingle manufacturers' specifications tell you. Like there's kind of an equation to use per roof size. "X" equals this many vents to it for the shingle manufacturers.

Q So it's fair to say that the Hurshes' roof was damaged from these ventilation issues, correct?

MR. SANDERS: Object to the form.

WITNESS: I would -- yes -- say so, yes.

Q (BY MR. PARK) And did the Hurshes' ventilation issues stem from workmanship in the construction of the home?

A Well, I think -- I mean, in my opinion, it's -- it was just not enough. I mean, you know, it's like everything else. As things get better and there's a better way to do it, and I think they've, over the years, realized this is what helps prolong

the life of your roof is more ventilation. So.

Q That's helpful. So you'd agree with me, then, that the ventilation issues stem from the original construction of the home?

A Correct. Yeah.

MR. SANDERS: Form.

Q (BY MR. PARK) And did you ultimately send Lacy Hursh the quote for a new roof?

A Yes. Because it looks like -- like I seen a message that said sent somewhere in here.

Q I believe you said, okay, sent, correct?

A Yeah. I think so.

Q Now, you'd agree with me that just because a roofer sends an estimate for a roof replacement, that doesn't mean that the roofer believes that the roof actually needs to be replaced, correct?

MR. SANDERS: Form.

WITNESS: No. A lot of times I have homeowners just wanting to know, like, if this is a cash deal, like, what would it cost to replace my roof. So they have an idea. You know, a lot of people wanting to start saving money if it's not an insurance claim.

Q (BY MR. PARK) And that's what Lacy Hursh did, correct?

MR. SANDERS: Form.

WITNESS: Correct. Yes.

Q (BY MR. PARK) And you'd agree with me that just because a roofer sends an estimate for a roof replacement, that does not mean that the roofer believes that damage to the roof was caused by hail or storm, correct?

MR. SANDERS: Form.

WITNESS: Correct.

(Defendant's Exhibit 4 was marked for identification)

Q (BY MR. PARK) All right. Let's go ahead -- are you doing all right, Mr. James?

A Uh-huh. Yes

Q All right. So Exhibit 4. It's Roke Roofing and Construction, so actually from plaintiffs' production. It says Hursh roof estimate May 30, 2024, and it's Bates numbered Hursh_000034 through 35. And do you recognize this document, Mr. James?

A Yes.

Q Is this the quote you prepared for Lacy Hursh in response to her text?

A Yes.

Q And this quote was not prepared for an insurance claim, correct?

A No.

Q And if you just take a minute to look over this, it doesn't refer to any storm or hail damage anywhere on this document, correct?

A Correct.

Q Now, there are two sections. The roofing -- so the total amount of the estimate is 19,661.84. And it's got two sections. There's a roofing section that totals $17,725.53. And then there's also a gutter section of about -- well, it is 801.63. Do you see that?

A Yes.

Q And it says install gutter screens.

A Yes.

Q Do you know why gutter screens needed to be installed?

A I'm -- I mean, again, from two years ago, I would assume that I told her that it needs gutter screens on it probably. I'm assuming there was debris, leaves and things in the gutters.

Q And does a failure to -- or strike that. Can the failure to have gutter screens cause damage to a roof?

MR. SANDERS: Form.

WITNESS: It can. I don't know about the

Q As far as you recall?

A Yeah.

Q With respect to Lacy Hursh, did you have a phonecall with her after you sent this quote?

MR. SANDERS: Form.

WITNESS: I don't think so.

Q (BY MR. PARK) Now let's go back to Exhibit 3 and we'll go to the second page, it's Hursh_000079. And so you have the text exchange with Lacy Hursh on May 30th, 2024. Do you see that?

A Uh-huh. Yes.

Q And then the text message isn't until June 10th, 2024. Do you see that?

A Yes.

Q And you reached out to Lacy Hursh on June 10th, 2024, correct?

A Yes.

Q Do you recall why you reached out to Lacy Hursh?

A Oh. I try to once a week, or every two weeks, I try to go through all my leads and just do some followups.

Q And here on June 10th, 2024, at 3:38 p.m. you text Lacy Hursh and say, hi Lacy, just doing a few followups before I call it a day and wanted to make

sure you got my email last week, I think it was.

Do you recall sending that message?

A Yes.

Q And Lacy Hursh responded on the same day, I did receive it. We're still trying to decide on if we want to make a second claim with the May date or wait until the next hailstorm.

Do you see that response?

A Yes.

Q What was your impression of Lacy Hursh's text to you when you received it?

MR. SANDERS: Object to the form.

WITNESS: Well, honestly, up until now I didn't realize there was a second claim. I guess I didn't fully read the -- fully read the texts or I probably would have asked about the second -- or the first claim, I guess it would have been.

Q (BY MR. PARK) Okay. Do you know why the Hurshes were still trying to decide whether to make a second claim with the May date or wait until the next hail storm?

MR. SANDERS: Form.

WITNESS: I would assume it's because I didn't think there was enough damage to file a claim on there.

Q (BY MR. PARK) And was it your impression that Lacy Hursh believed they might need to wait until the next hailstorm because the prior storms had not caused damage to her roof?

A Yes.

Q Was it your impression that Lacy Hursh wanted the Hursh roof replaced?

MR. SANDERS: Form.

WITNESS: Yes.

Q (BY MR. PARK) And why do you say that?

A I would assume that's why they reached out to me, is -- I don't know. They just maybe looked from the ground and started seeing their roof is, you know, looking rough.

Q And was it your impression that Lacy Hursh wanted insurance to cover the cost of the roof replacement?

MR. SANDERS: Form.

WITNESS: I mean, I would assume so. I mean, everybody does. So.

Q (BY MR. PARK) Was it your impression that the Hurshes did not want to pay out of pocket for the roof replacement?

A I don't know that we ever talked about that.

Q Okay. Did Lacy Hursh's statement about the

next hailstorm suggest to you that she was hoping for a new hailstorm to roll in and cause damage and support insurance paying for a new roof?

MR. SANDERS: Form.

WITNESS: Yes. I'm assuming that's what I recommended was, you know, wait until the next hailstorm that we get and then have me look at it again and see if it's worth filing a claim on. That's usually what I tell homeowners when I don't see enough damage.

Q (BY MR. PARK) Okay. And then you replied, I don't blame you, there's zero rush. I don't think your roof was leaking if I remember correctly.

Did you I read that correctly?

A Yes.

Q When you said I don't blame you, there's zero rush, what did you mean by that?

A Just that -- I read that as I'm not a pushy salesperson. So, I mean, if a roof is not leaking, there's no damage, then --

Q There's no rush, correct?

A Yes. Yeah. I didn't see any immediate damage to say, hey, you need to jump on this right now.

Q And did you have any communications with

either Lacy Hursh or Billy Hursh after this June 10th, 2024, text?

A I have not. It looks like I went -- so in my system you can move it, like, but it looks like I went and marked it dead and I just put on there not ready yet.

Q Okay.

A So that was the last time until now.

Q And have you had any communications with a representative of Lacy Hursh or Billy Hursh, including their counsel?

A I mean, just recently. That's it.

Q Okay. And we'll get into that in a minute.

A Okay.

Q So now is a good breaking point if you want to take a break. Otherwise, it's up to you, Mr. James.

A I'm fine.

Q You're fine? Okay.

A Yeah.

Q Let's go ahead and mark the next document.

A I say that. I may have to up -- my Park Mobile just expired.

MR. PARK: Let's take a five minute break. Let's go off the record.

back to your file and review the original inspection material?

A Yes. Yes, I did.

Q Is there anything in this email that is inaccurate or that you would change today?

MR. SANDERS: Form.

WITNESS: No.

Q (BY MR. PARK) And you stand by every statement in this email, correct?

A Correct.

MR. SANDERS: Form.

Q (BY MR. PARK) And this email is consistent with what you had testified about earlier as to your conclusions about the Hursh roof, correct?

MR. SANDERS: Form.

WITNESS: Yes.

Q (BY MR. PARK) And, in your opinion, there was no evidence of storm, hail or wind damage to the Hursh roof, correct?

MR. SANDERS: Form.

WITNESS: Correct.

Q (BY MR. PARK) And the damage to the Hursh roof was caused by normal wear and tear, correct?

MR. SANDERS: Form.

WITNESS: Yes.

Q (BY MR. PARK) And the damage to the Hursh roof was specifically caused by significant wood rot and granular loss, correct?

MR. SANDERS: Form.

WITNESS: Yes.

Q (BY MR. PARK) And you recommended to the Hurshes not to file an insurance claim for their roof, correct?

MR. SANDERS: Form.

WITNESS: Yes.

Q (BY MR. PARK) And this is because it would certainly be denied, correct?

MR. SANDERS: Form.

WITNESS: Yes.

Q (BY MR. PARK) And these were your conclusions at the time that you inspected the roof on May 29th, 2024, correct?

A Correct.

Q And you had conveyed these conclusions to Lacy Hursh at the time you inspected the roof on May 29th, 2024, correct?

A Correct.

MR. SANDERS: Form.

Q (BY MR. PARK) All right. Let's go ahead and go back to the first sentence of the email in Exhibit

EXHIBIT 6

State Farm
P.O. Box 106169
Atlanta, GA 30348-6169
Fax: 1-844-236-3646
statefarmfireclaims@statefarm.com

Structural Damage Claim Policy

This estimate is priced based on estimated market pricing for the cost of materials, labor, and other factors at the time of the loss.

Adjustments in market pricing and timing of the repairs may impact the final cost of covered repairs. Should you or the contractor you select have questions concerning our estimate, please contact us. If your contractor's estimate is higher than ours, you should contact us prior to beginning repairs. State Farm will work with you and your contractor to determine the actual and necessary cost of covered repairs at the time repairs will be completed, subject to policy terms, conditions and limits.

- We want you to receive quality repair work to restore the damages to your property.
- We will provide you with a detailed estimate of the scope of the damage and costs of repairs. Should the contractor you select have questions concerning our estimate, they should contact your claim representative directly.
- Depending upon the complexity of your repair, our estimate may or may not include an allowance for general contractor's overhead and profit. If you have questions regarding general contractor's overhead and profit and whether general contractor services are appropriate for your loss, please contact your claim representative before proceeding with repairs.
- There may be building codes, ordinances, laws, or regulations that affect the repairs of your property. These items may or may not be covered by your policy. Please contact your claim representative if you have any questions regarding coverage which may be available under your policy.
- State Farm® cannot authorize any contractor to proceed with work on your property. Repairs should proceed only with your authorization.
- State Farm does not guarantee the quality of the workmanship of any contractor or guarantee that the work will be accomplished within any specific time frame.
- It is understood that the contractor is hired by you, our insured, and that they work for you - not State Farm.

If you have any questions or need additional information regarding your claim, please contact your claim representative immediately.

EXHIBIT 6

State Farm® Building Estimate Summary Guide

This summary guide is based on a sample estimate and is provided for reference only. Please refer to the estimate for specifics of your claim.

State Farm Insurance

Insured:	Smith, Joe & Jane	Estimate:	00-0000-000
Property:	1 Main Street	Claim number:	00-0000-000
	Anywhere, IL 00000-0000	Policy Number:	00-00-0000-0
Type of Loss:	Other	Price List:	ILBL8F_MAR 13
Deductible:	$1,000.00		Restoration/Service/ Remodel F = Factored In, D = Do Not Apply

Summary for Dwelling

Line Item Total [1]			5,953.10
Material Sales Tax	@	10.000% x 1,520.00	
Subtotal			6,105.10
General Contractor Overhead [2]	@	10.0% x 6,105.10	610.51
General Contractor Profit	@	10.0% x 6,105.10	
Replacement Cost Value (Including General Contractor Overhead and Profit [3]			7,326.12
Less Depreciation (Including Taxes) [4]			(832.50)
Less General Contractor Overhead & Profit on Recoverable & Non - recoverable Depreciation			(166.50)
Less Deductible [5]			
Net Actual Cash Value Payment [6]			

Maximum Additional Amounts Available If Incurred:

Total Line Item Depreciation (Including Taxes) [4]	832.50	
Less Non - recoverable Depreciation (Including Taxes) [7]		
Subtotal		312.50
General Contractor O&P on Depreciation	166.50	
Less General Contractor O&P on Non - recoverable Depreciation		
Subtotal		
Total Maximum Additional Amounts Available If Incurred [8]		
Total Amount of Claim If Incurred [9]		

Claim Representative

ALL AMOUNTS PAYABLE ARE SUBJECT TO THE TERMS, CONDITIONS AND LIMITS OF YOUR POLICY.

1. **Line Item Total** – Total value of all line items in the estimate plus possible adjustments for *labor minimums. Labor Minimum* is to cover a certain minimum number of hours for drive-time, set up time and applicable administrative costs and repairs.
2. **General Contractor's Overhead and Profit** – General contractor's charge for coordinating your repairs.
3. **Replacement Cost Value (RCV)** – Estimated cost to repair or replace damaged property.
4. **Depreciation** – The decrease in the value of property over a period of time due to wear, tear, condition, and obsolescence. A portion or all of this amount may be eligible for replacement cost benefits.
5. **Deductible** – The insurer will pay for losses, up to the policy limits, in excess of your applicable deductible.
6. **Net Actual Cash Value Payment (ACV)** – The repair or replacement cost of the damaged part of the property less *depreciation* and *deductible.*
7. **Non Recoverable Depreciation** – *Depreciation* applied to items that are not eligible for replacement cost benefits.
8. **Total Maximum Additional Amount If Incurred** – Total amount of recoverable depreciation after actual repair or replacement of the property.
9. **Total Amount of Claim If Incurred** – Total amount of the claim, including *net actual cash value payment and total maximum additional amount available if incurred.*

Insured:	HURSH, BILLY	Estimate:	36-64D8-27T
Property:	1901 S DOGWOOD PL BROKEN ARROW, OK 74012-6345	Claim Number:	3664D827T
		Policy Number:	36CLH1074
Cellular:	[redacted]-4620	Price List:	OKTU28_OCT23 Restoration/Service/Remodel
Type of Loss:	Hail		
Deductible:	$3,637.00		
Date of Loss:	10/4/2023		
Date Inspected:	3/12/2024		

Summary for Coverage A - Dwelling - 35 Windstorm and Hail

Line Item Total	1,398.69
Material Sales Tax	48.18
Replacement Cost Value	1,446.87
Less Deductible	(3,637.00)
Replacement Cost Value Total	(2,190.13)
Net Payment	$0.00

Phillips, J.R.
918-288-3354

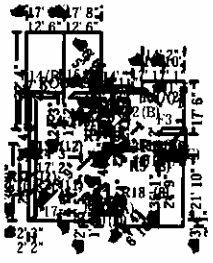
ALL AMOUNTS PAYABLE ARE SUBJECT TO THE TERMS, CONDITIONS AND LIMITS OF YOUR POLICY.

A residential or commercial roofing contractor providing repairs or improvement services to be paid by an insured from the proceeds of a property or casualty insurance policy shall not, as an inducement to the sale or provision of goods or services to an insured, advertise or promise to pay, directly or indirectly, all or part of any applicable insurance deductible or offer to compensate an insured for providing any service to the insured. If a roofing contractor violates the provisions of this section, the insurer to whom the insured tendered the claim shall not be obligated to consider the estimate prepared by the roofing contractor. Every roofing contractor shall provide a written notification of the requirements of this section with its initial estimate. The adjuster or insurer shall provide a written notification of the requirements of this section in the initial estimate relating to the claim.

WARNING: Any person who knowingly, and with intent to injure, defraud or deceive any insurer, makes any claim for the proceeds of an insurance policy containing any false, incomplete or misleading information is guilty of a felony.

Source - Eagle View

Source - Eagle View



ROOF1

4,309.37 Surface Area	43.09 Number of Squares
181.72 Total Hip Length	65.87 Total Ridge Length

DESCRIPTION	QUANTITY	UNIT PRICE	TAX	RCV
R&R Roof vent - turtle type - Metal	2.00 EA	68.42	3.88	140.72
R&R Rain cap - 4" to 5"	1.00 EA	47.28	2.28	49.56
R&R Gutter / downspout - aluminum - up to 5"	104.00 LF	8.64	42.02	940.58

Small impacts found to rear and left guttering and 2 downspouts only

No hail damage found to shingles of any slopes. No storm created opening found to any slopes of the roof. Granule loss, deterioration found to all slopes due to age and improper ventilation. Areas marked by roofer for consideration are not consistent with hail impacts. Roof appears to be in fair overall condition. Pea size hail dents found to soft metal vents which are more prone to damage by smaller hail stones.

Totals: ROOF1			**48.18**	**1,130.86**

Area Totals: Source - Eagle View

2,379.42 Exterior Wall Area	
4,309.37 Surface Area	43.09 Number of Squares
65.87 Total Ridge Length	181.72 Total Hip Length

Total: Source - Eagle View			**48.18**	**1,130.86**

Area Totals: Source - Eagle View

2,379.42 Exterior Wall Area	
4,309.37 Surface Area	43.09 Number of Squares
65.87 Total Ridge Length	181.72 Total Hip Length

Total: Source - Eagle View			**48.18**	**1,130.86**

Labor Minimums Applied

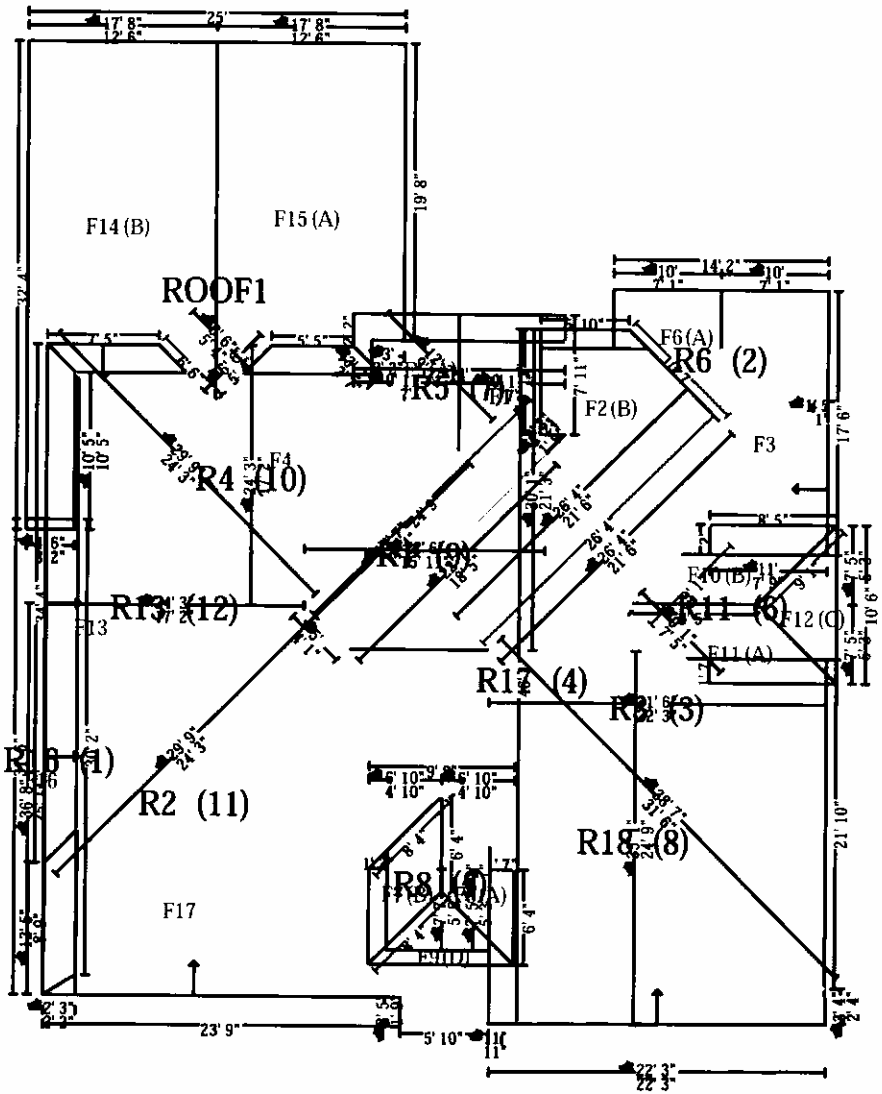
DESCRIPTION	QUANTITY	UNIT PRICE	TAX	RCV
Roofing labor minimum	1.00 EA	316.01	0.00	316.01
Totals: Labor Minimums Applied			**0.00**	**316.01**

Line Item Totals: 36-64D8-27T	**48.18**	**1,446.87**

Grand Total Areas:

2,379.42 Exterior Wall Area

4,309.37 Surface Area	43.09 Number of Squares
65.87 Total Ridge Length	181.72 Total Hip Length



Source - Eagle View

EXHIBIT 7

March 12, 2024

Billy and Lacy Hursh
1901 S Dogwood Pl
Broken Arrow OK 74012-6345

State Farm Claims
PO Box 106169
Atlanta GA 30348-6169

RE: Claim Number: 36-64D8-27T
Policy Number: 36CLH1074
Date of Loss: October 4, 2023
Policy Type: Homeowners

Dear Mr. and Mrs. Hursh:

This letter is to confirm our conversation concerning the results of our investigation into your reported loss. As we discussed, following our investigation, including an inspection at your home, no wind or hail damage has been identified. Therefore, no payment will be issued for this claim at this time.

Based on our investigation into damages on your roof, we found there are signs of wear, tear or deterioration. This type of damage is an Exclusion under the terms of your policy.

We refer you to your Homeowners Policy under **Section I – Losses Not Insured** which states:

1. ***We*** will not pay for any loss to the property described in Coverage A that consists of, or is directly and immediately caused by, one or more of the perils listed in items a. through m. below, regardless of whether the loss occurs abruptly or gradually, involves isolated or widespread damage, arises from natural or external forces, or occurs as a result of any combination of these:

   g. wear, tear, decay, marring, scratching, deterioration, inherent vice, latent defect, or mechanical breakdown

However, ***we*** will pay for any resulting loss from items a. through l. unless the resulting loss is itself a Loss Not Insured as described in this Section.

The investigation into damages you reported to your roof revealed damage due to workmanship or a defect in the materials used in the construction of your home. This type of damage is an Exclusion under the terms of your policy.

We refer you to your Homeowners Policy under **Section I — Exclusions** 3.b (1),(2),(3), and (4) which states:

EXHIBIT 7

3. ***We*** will not pay for, under any part of this policy, any loss consisting of one or more of the items below. Further, ***we*** will not pay for any loss described in paragraphs 1. and 2. immediately above regardless of whether one or more of the following: (a) directly or indirectly cause, contribute to, or aggravate the loss; or (b) occur before, at the same time, or after the loss or any other cause of the loss:

   b. defect, weakness, inadequacy, fault, or unsoundness in:

      (1) planning, zoning, development, surveying, or siting;

      (2) design, specifications, workmanship, repair, construction, renovation, remodeling, grading, or compaction;

      (3) materials used in repair, construction, renovation, remodeling, grading, or compaction; or

      (4) maintenance;

      of any property (including land, structures, or improvements of any kind) whether on or off the ***residence premises***;

   However, ***we*** will pay for any resulting loss from items 3.a., 3.b., and 3.c. unless the resulting loss is itself a Loss Not Insured as described in this Section.

You advised there was no interior damage to your home as a result of this loss. For this reason, we have not inspected the interior. If you become aware of interior damage associated with this loss, please provide immediate notice.

We are available to discuss your claim and policy coverages.

If you have questions or need assistance, call us at the number listed below.

Sincerely,

JR Phillips
Claim Specialist
918-288-3354
Fax: (844) 236-3646
statefarmfireclaims@statefarm.com
For your protection, when emailing State Farm, please do not include sensitive personal information such as Social Security Number, credit/debit card number (financial account number), driver's license number, or health/medical information in an email. Please contact us at (844) 458-4300 Ext. 3099944175 to discuss sensitive information.

State Farm Fire and Casualty Company

EXHIBIT 8

From:"J.R. Phillips" <j.r.phillips.q07j@statefarm.com>
Sent: Wed, 22 May 2024 14:36:39 +0000
To:"FD - FIRE - File Documentation - MULTIPLE OUTPUT" <FD-FIRE-CL-MO@internal.statefarm.com>;
"DF - FIRE - Drop File Document" <DF-FIRE-CL@internal.statefarm.com>
Subject:36-64D8-27T

From: Zeke Waite <zekewaite@gmail.com>
Sent: Tuesday, May 21, 2024 1:26 PM
To: HOME CLMS-FIRECLAIMS <statefarmfireclaims@statefarm.com>
Cc: J.R. Phillips <j.r.phillips.q07j@statefarm.com>
Subject: [EXTERNAL] Claim 366D827T

Requesting second inspection.

EXHIBIT
8































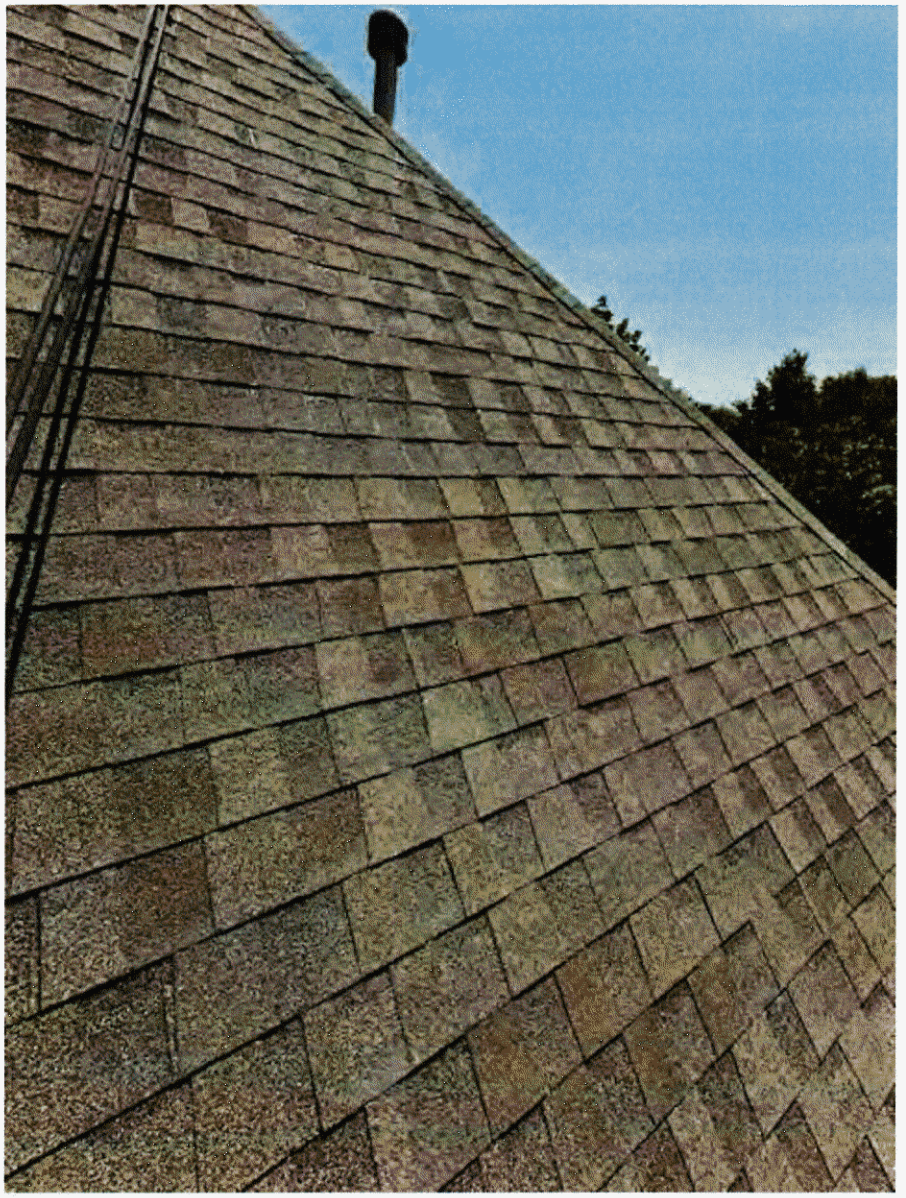












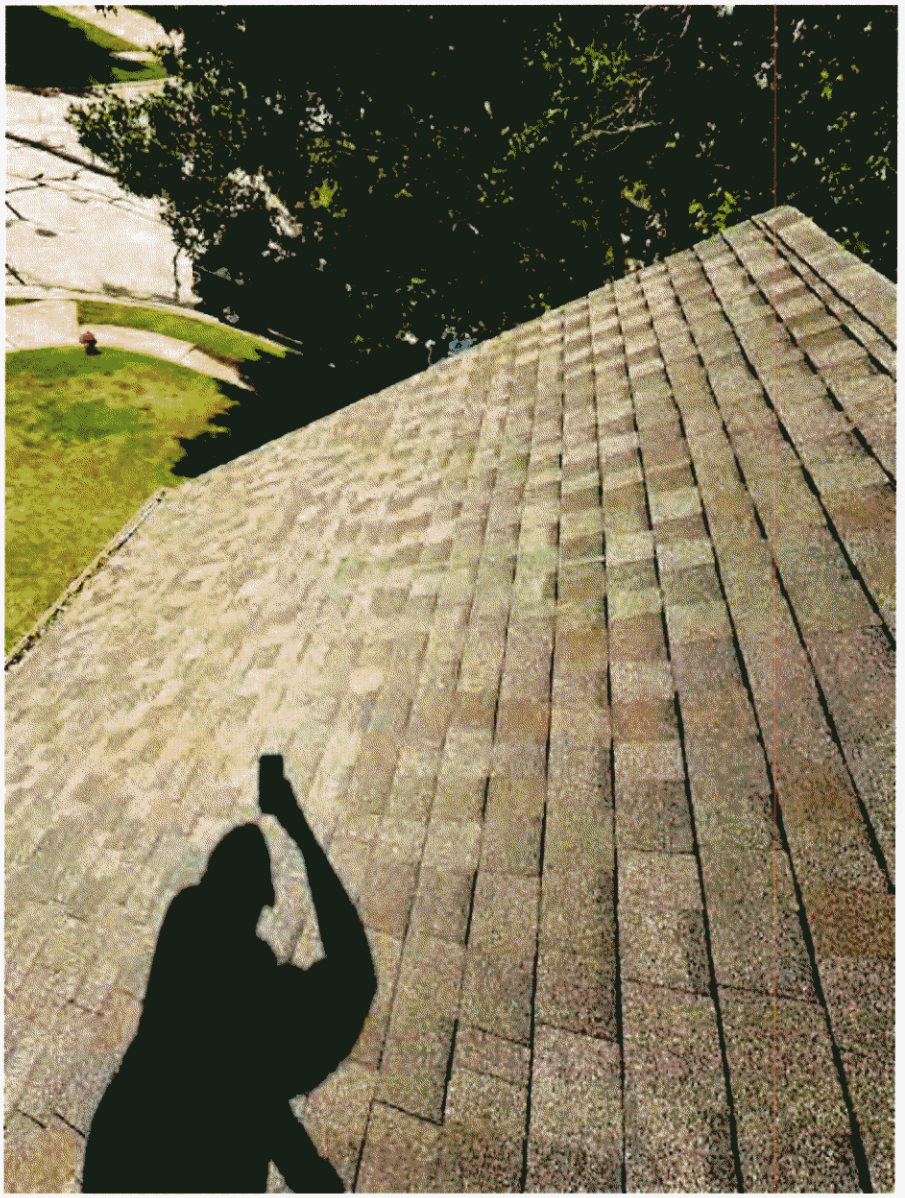


















In Christ,
Ezekiel Waite

EXHIBIT 9

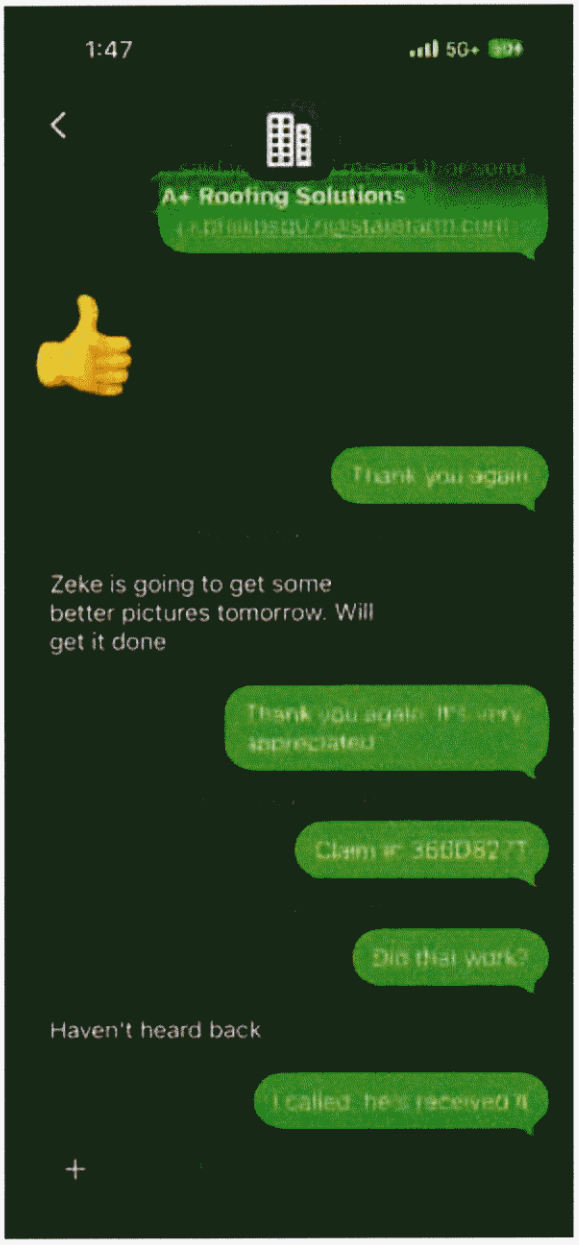

1:47
A+ Roofing Solutions
Thank you again
Zeke is going to get some better pictures tomorrow. Will get it done
Thank you again. It's very appreciated
Claim #: 360D82 7T
Did that work?
Haven't heard back

EXHIBIT 9

EXHIBIT 10

R TURLEY ROOFING INC
531 W. H Street Suite E
Jenks, OK 74037
Bus: 918-813-1334 Fax: 918-518-6410
LIC#80000668

Estimate

Date	Estimate #
5/14/2024	337790

Name / Address
Lacy Hursh 1901 S Dogwood PL Broken Arrow, OK 74012

Project

Description	Qty	Rate	Total
To Furnish & Install GAF Roof System - Timberline HDZ - Shingles With Lifetime Manufactures Warranty Included, Synthetic Felt, GAF Royal Sovereign Ridge Cap Shingles, Pro Start Installed, Drip Edge Installed Ice & Water Shield installed 960cu in Slant Back Vents Installed Replaced all Pipe Jacks And Added Flashing ALL MATERIAL TAX & LABOR ARE INCLUDED A 50% INITIAL INVESTMENT IS REQUIRED WITH THE BALANCE DUE UPON COMPLETION...	1	19,200.00	19,200.00

Make Check Payable to R Turley Roofing Inc,

THANK YOU FOR YOUR BUSINESS

Total $19,200.00

EXHIBIT 10

EXHIBIT 11

Hursh Roof Estimate

05/30/2024

ROKE Roofing & Construction
8516 E. 101st St., STE F
Tulsa, OK 74133
918-486-9286
OK LIC NO. 80005772

Company Representative
Randy James
Phone: (918) 948-4952
randy@rokeroofing.com

Lacy Hursh
1901 South Dogwood Place
Broken Arrow, OK 74012
-4620

Roofing Section

Shingle Color: Weathered Wood Plus

*ROKE is not responsible for color choice or for knowing any HOA guidelines. Homeowner is responsible for knowing color(s) approved by HOA and responsible if guidelines are not followed.

Install Date:
Material Delivery Date:
Material Placement:

Check Arrangements:
Due upon completion

Satellite (Removing or Putting Back?):

Gutters - replacing with new and adding screens

Install Notes/Extras
- protect landscaping in front and back
- adding 3 more vents
-
-
-
- Remove existing shingles down to deck.
- Re-nail any loose wood. If bad or rotten wood is discovered, it will be replaced at a price of $50 per sheet.
- Install GAP WaterGuard ice and water shield in all valleys and around chimney.
-5-6 Nails per shingle
- Install Technoply Synthetic underlayment to keep the roof dry.
- Install Malarkey Smart Start Starter Shingles along all gutter lines and rake edges.
- Install Malarkey Highlander AR Lifetime Dimensional Shingles per specifications using 1 ¼" roofing nails.
- Install Malarkey Hip & Ridge Shingles
- Install new ridge vent or box vents.
- Install new pipe and chimney flashings.
- Clean up all job related debris
- Provide 5 yr workmanship warranty and provide owner with a Malarkey manufacturer warranty.
- Our crews are licensed and insured.
- Crews will maintain safety requirement at all times during the construction process
*ROKE Roofing needs to inspect all A/C lines and gas lines running through attic. This will ensure not puncturing any holes in lines. If inspected, ROKE is not responsible for any damages to utility lines.
*If pool is present on premises, ROKE Roofing, will cover with either decking or tarps so that debris does not enter the pool and damage any pumps or pool equipment.
*If supplements are needed for additional work the homeowner agrees to pay any money received by insurance for those supplements to ROKE Roofing.

NOTE: A 3.5% processing charge will be added to credit or debit card transactions.

EXHIBIT 11

	Qty	Unit
Malarkey 242 Highlander NEX AR (3 BD/SQ)	52.00	SQ
Malarkey 227 RidgeFlex Hip & Ridge - 12" (31')	10.00	BD
Malarkey Smart Start (114')	3.00	BD
APT REX TECHNOply Synthetic Underlayment (10 sq)	4.00	RL
GAP WaterGuard Rain & Ice Protection (2 Sq)	3.00	RL
Lomanco 750 Aluminum Slant Back Static Roof Vent	8.00	EA
Pipe Flashing - 1"-3"	4.00	EA
Pipe Flashing - 3"-4"	2.00	EA
Coil Nails - 1 1/4"	3.00	BX
Plastic Cap Nail - 1"	3.00	EA
Geocel Construction TriPolymer Sealant	2.00	EA
Rustoleum Spray Paint (12 oz)	2.00	EA
7/16"x4'x8' OSB	2.00	BRD
Fuel Surcharge	1.00	EA
Tear off and Install Laminated Shingles	52.00	EA
Steep Fee 7/12+	43.00	SQ
Other - Dumpster- Small- Approx 1-3 tons of debris	1.00	EA

$17,725.53

Gutters Section

	Qty	Unit
Install Gutter Screens	250.00	LF

$801.63

Sub Total	**$18,527.16**
Tax	$1,134.68
TOTAL	$19,661.84

Starting at $310/month with Acorn Finance • APPLY

Company Authorized Signature _____ Date _____

Customer Signature _____ Date _____

Customer Signature _____ Date _____

EXHIBIT 12

Elliott Roofing OK#1969
3900 N Harvard Ave
Oklahoma City, OK 73122

Phone: (405) 789-4646

Fax: (405) 789-6032

Company Representative
Jesse Chambers
Phone: (918) 404-4895
jchambers@elliottroofs.com

Lacy Hursh - Class IV Flex

05/31/2024

Lacy Hursh
1901 South Dogwood Place
Broken Arrow, OK 74012
-4620

Job: Lacy Hursh

Roofing Section

- Remove one layer of existing roof down to deck and haul away
- Install prefinished 2"x2" Metal drip edge to match shingle on all Rakes and Eaves **Requires gutter replacement**
- Apply Ice and water leak barriers at penetrations, Walls, Exhaust Vents & Valleys as Needed
- Cover entire deck with Owens Corning Synthetic felt Underlayment
- Install Owens Corning Shingle Starter Strip Shingles along all Rakes and Eaves.
- Install Owens Corning Tre Def Flex (Class 4 Impact Resistant) Lifetime Shingles
- Install Owens Corning High Profile RizeRidge on all Hips and Ridges
- All materials will be fastened per Manufacturer Specifications

Roof Penetrations/Flashings:

- Replace all non-heat related vent pipe flashings and paint to match shingles
- Install new Step Flashing as needed for Fireplace
- Install New Cap for HVAC Pipes
- Caulk seal and Paint to Match
- Install new roof to wall flashing as needed
- Install (2) 35 watt (2,500 sq. ft coverage each) Solar Powered Fans

Job Protection/ Clean Up:

- Use plywood and/or tarps to protect landscaping and control roofing debris.
- Clean up all job related debris
- Run a magnet around the entire property to pick up loose nails

Warranty:

-Owens Corning Platinum Protection Limited Warranty (50 year non prorated Material & Labor)(25 year Workmanship)

Additional Specifications:

- Re-nail any loose wood. If bad or rotten wood is discovered, it will be replaced at a price of $55 per sheet.
- All money approved through the supplement process is due to Elliott Roofing
- Elliott Roofing crews are licensed and insured.
- Crews will maintain safety requirements at all times during the construction process.
- Elliott Roofing will adhere to all state and local Building codes.

Shingle Color Selected by Homeowner:

_____

EXHIBIT 12

$26,521.08

Gutters Section

-Remove and Dispose of existing gutters and downspouts.
-Install New 5" prefinished continuous aluminum "K Style" seamless gutters to be installed.
- Install aluminum downspouts to match existing
- 5 year Labor Warranty

*** Color to be matched to existing gutters unless noted below.

Gutter Color: _____

Gutter Replacement Declination Liability Clause:

If the customer chooses not to replace the gutters as advised by the Contractor, the Contractor will not be accountable for any damages stemming from the customer's decision. The customer acknowledges that the Contractor's recommendation was communicated, and by declining replacement, the customer releases the Contractor from liability for any resulting damages. This clause remains valid unless modified in writing and signed by both parties.

$3,712.26

Sub Total	**$30,233.34**
Tax	$953.87
TOTAL	$31,187.21

Starting at $311/month with Acorn Finance · APPLY

The Signature of the owner for the above property acknowledges and accepts receipt of "Notice to Owner" Oklahoma Statute Title 42, Section 142.1 as described in the terms and conditions.

All payments are due upon substantial completion and/or insurance settlement within 30 days.

Any alteration or deviation from the above specifications involving extra costs will only be executed upon written orders, and will be an extra charge over and above the estimate. All agreements contingent upon strikes, accidents, or delays beyond our control. Owner to carry fire, tornado, and necessary insurance. Please see the additional terms and conditions.

Warning: It is unlawful for an insured to profit from an insurance claim. Oklahoma HB1940

Ok Statute 59-1151.30A residential or commercial roofing contractor providing repairs or improvement services to be paid by an insured from the proceeds of a property or casualty insurance policy shall not, as an inducement to the sale or provision of goods or services to an insured, advertise or promise to pay, directly or indirectly, all or part of any applicable insurance deductible or offer to compensate an insured for providing any service to the insured. If a roofing contractor violates the provisions of this section, the insurer to whom the insured tendered the claim shall not be obligated to consider the estimate prepared by the roofing contractor. Every roofing contractor shall provide a written notification of the requirements of this section with its initial estimate. The adjuster or insurer shall provide a written notification of the requirements of this section in the initial estimate relating to the claim.

OK Statute 21-1662 Any person who presents or causes to be presented any false or fraudulent claim, or any proof in the support of any such claim, upon any contract of insurance, for the payment of any loss, or who prepares, makes or subscribes any account, certificate, survey affidavit, proof of loss, or other book, paper or writing, with intent to present or use the same, or to allow it be presented or used in support of any such claim, shall be guilty of a felony punishable by imprisonment in the State Penitentiary not exceeding three (3) years, or by a fine not exceeding twice the amount of the aggregated loss sum, or both.

TERMS AND CONDITIONS (Please read carefully)

1. All contracts subject to approval of management.

2. Owner further agrees that the equity in this property is security for this contract until paid in full. This contract shall become binding only upon acceptance by management.

3. Any and all proposals covered by insurance are subject to change based on accurate numbers of materials and/or labor used to complete job. All supplements are to be paid to Elliott Roofing.

4. Replacement of deteriorated decking, fascia boards, roof jackets, vents, flashing, or other materials, unless otherwise stated in this contract, are not included. In the event that additional layers

EXHIBIT 13

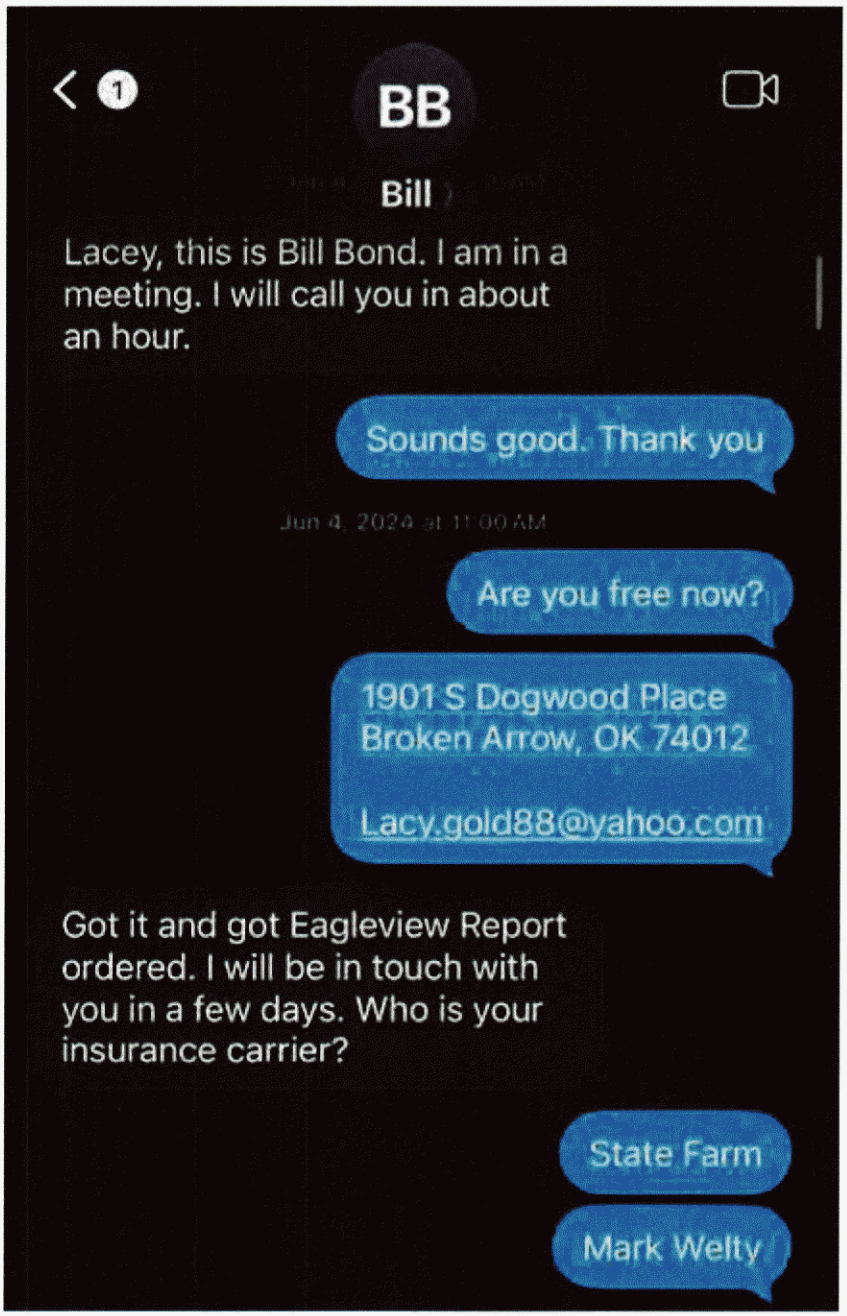
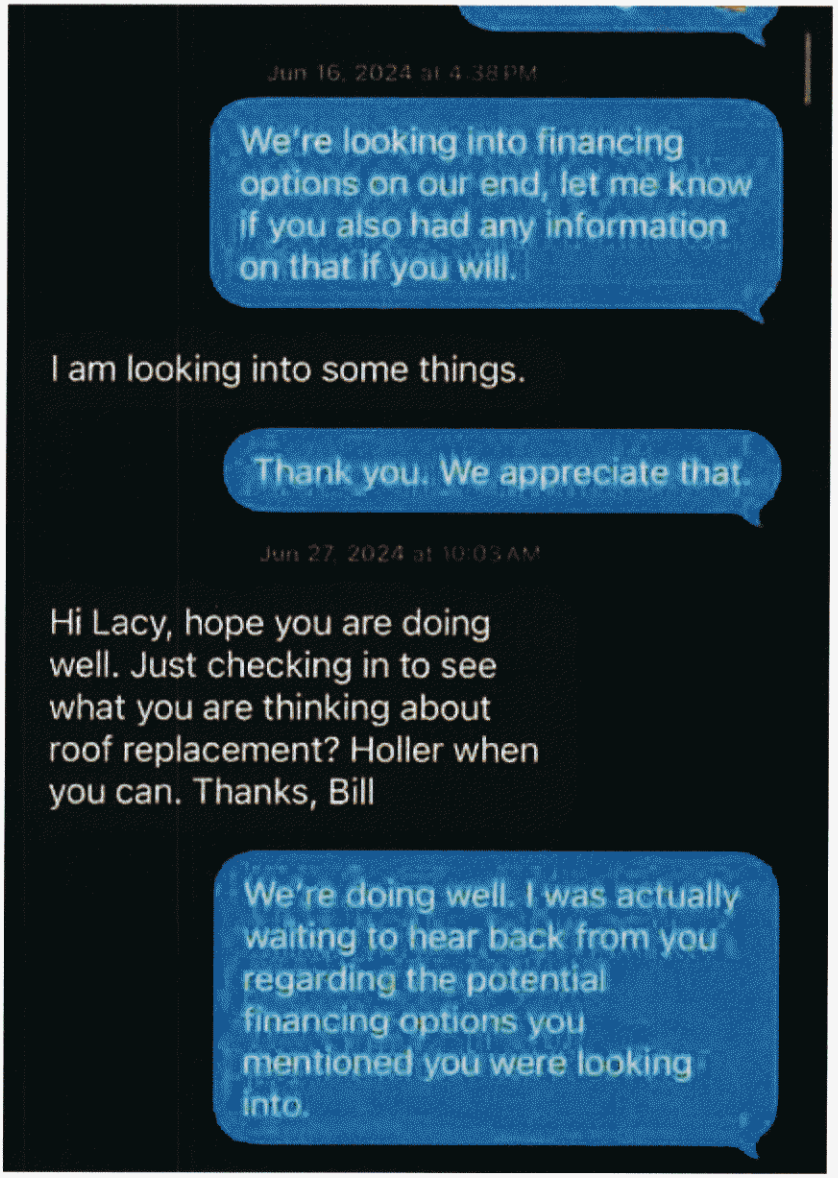
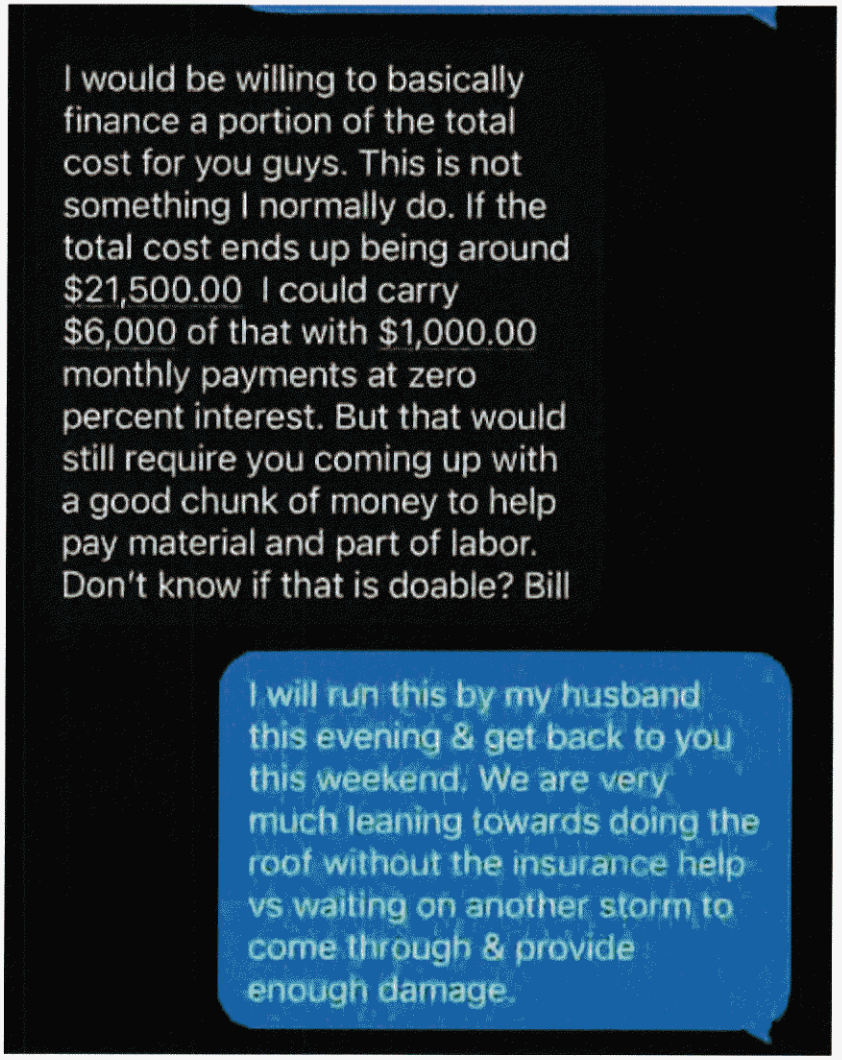
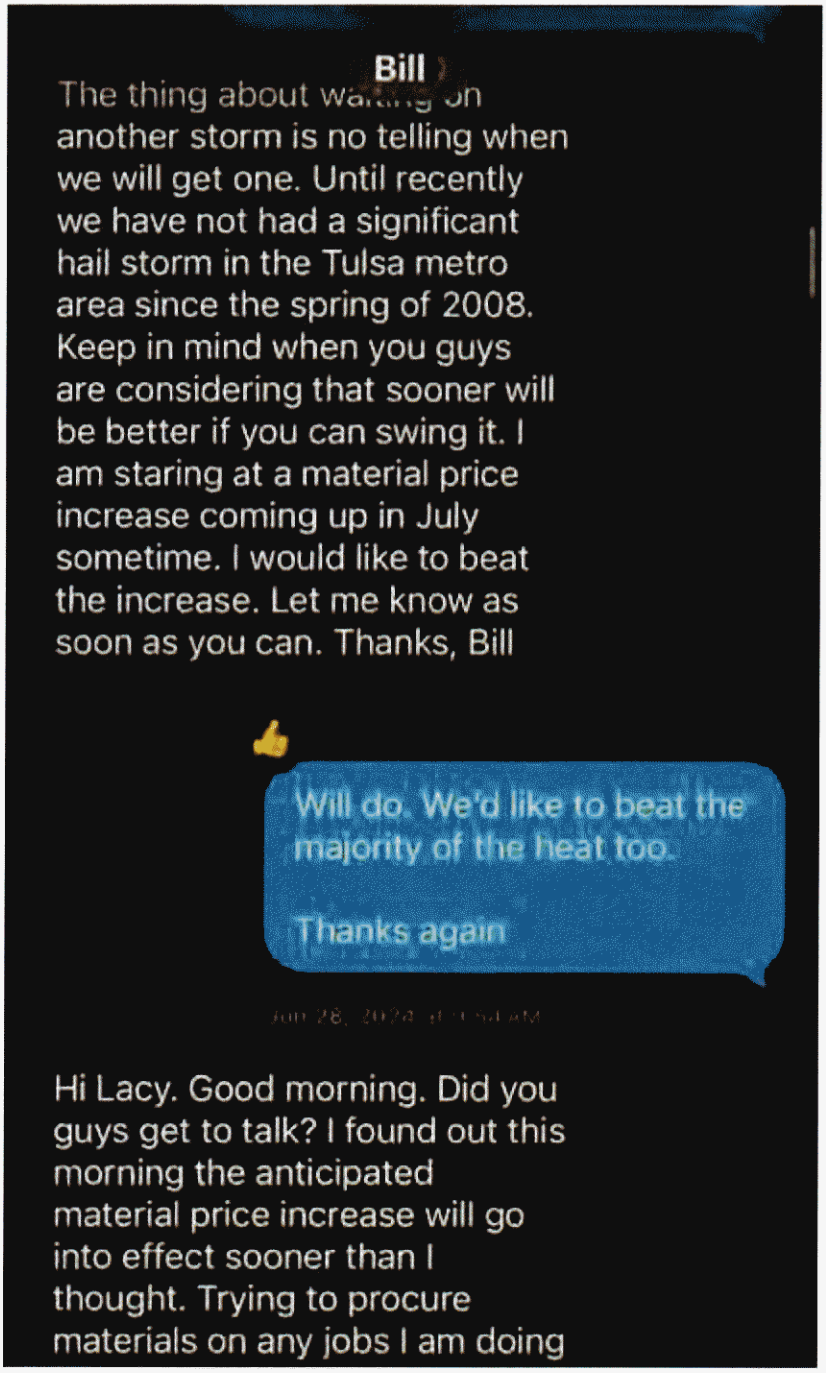

1
BB
Bill
Lacey, this is Bill Bond. I am in a meeting. I will call you in about an hour.
Sounds good. Thank you
Jun 4, 2024 at 11:00 AM
Are you free now?
1901 S Dogwood Place
Broken Arrow, OK 74012
Lacy.gold88@yahoo.com
Got it and got Eagleview Report ordered. I will be in touch with you in a few days. Who is your insurance carrier?
State Farm
Mark Welty

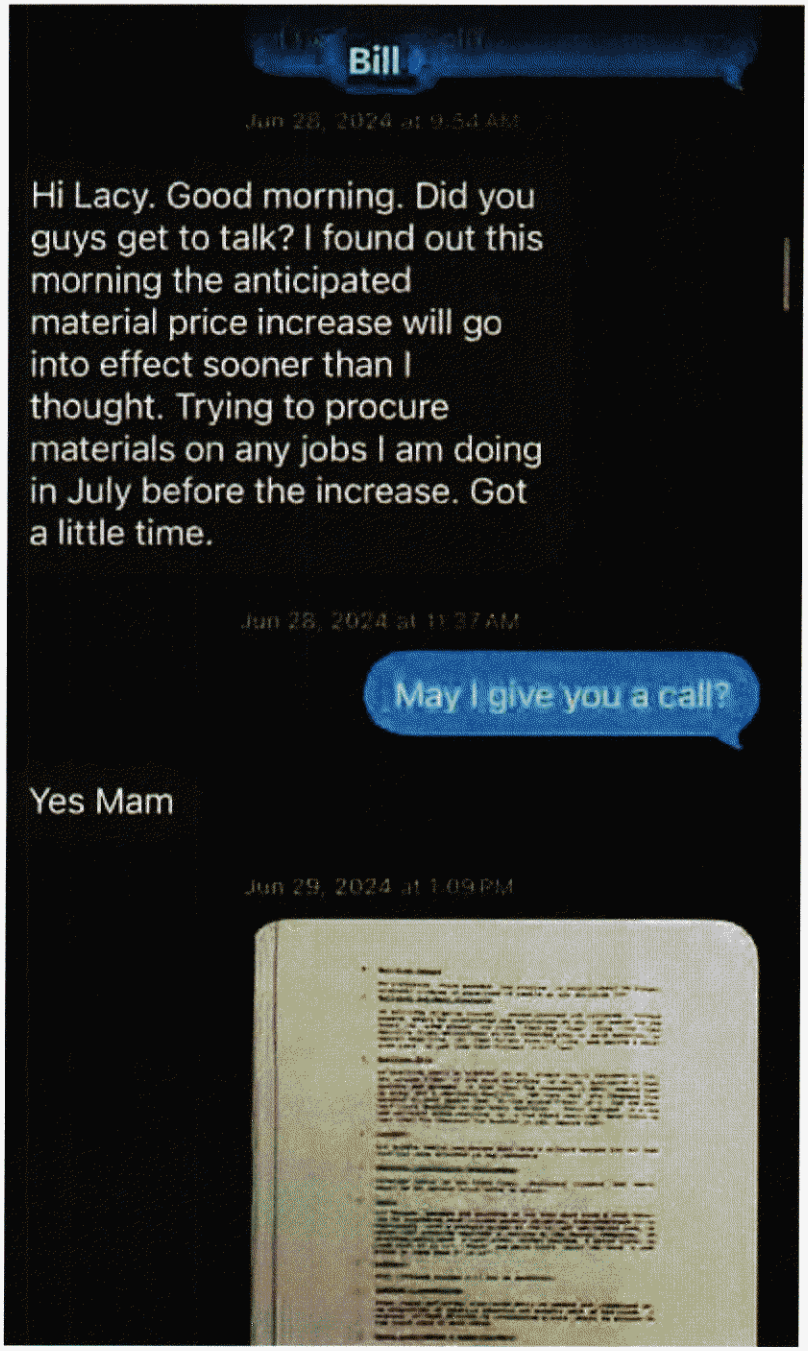
EXHIBIT 13


Bill
Mark Welty
I know a lot of State Farm adjusters. I got one totaled this morning in Country Aire Estates
I was just returning your call, I was with a patient when you left a voicemail. I have finished with my patients for the day if you'd like to give me a call back.
I let me nanny know you'd likely be by today.
Yes I will be stopping by and taking a look.
Sounds good

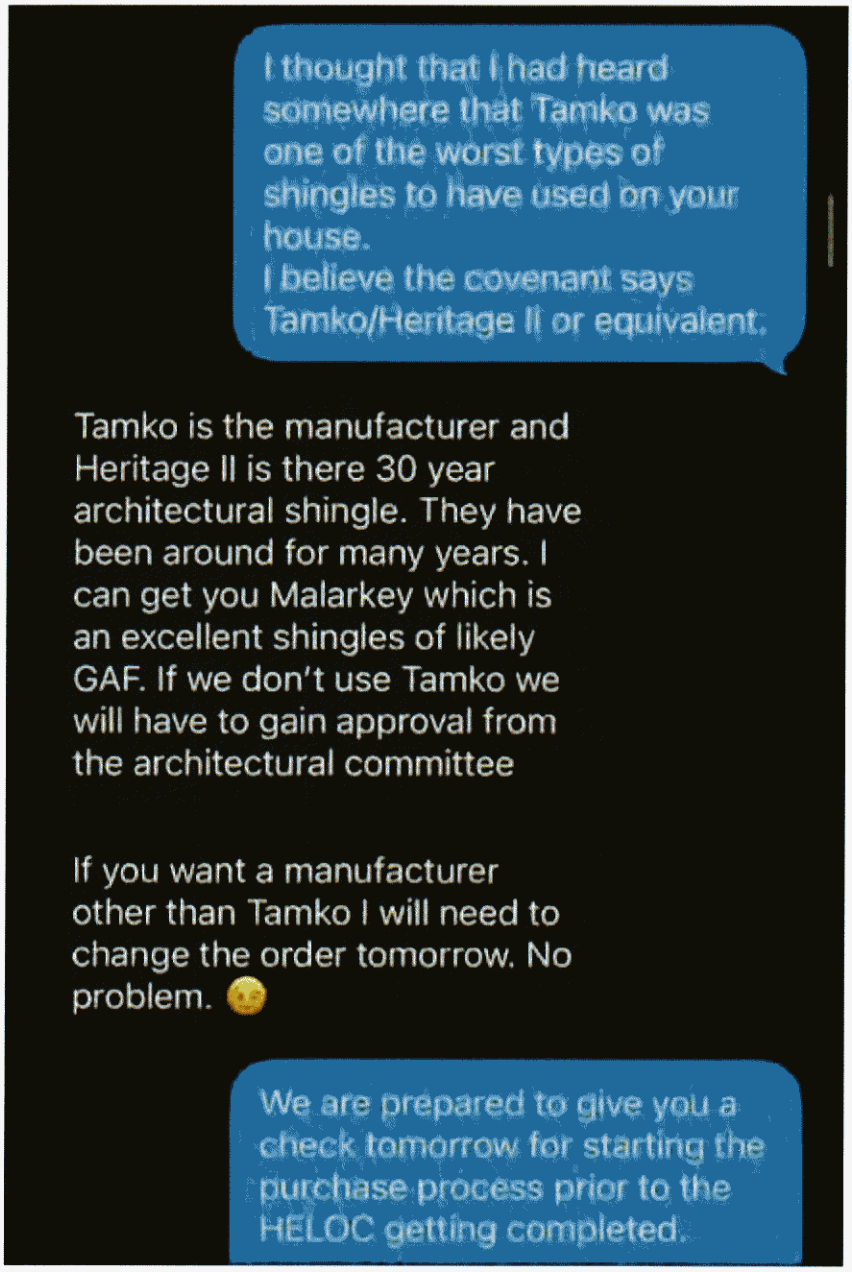

Jun 16, 2024 at 4:38 PM
We're looking into financing options on our end, let me know if you also had any information on that if you will.
I am looking into some things.
Thank you. We appreciate that.
Jun 27, 2024 at 10:03 AM
Hi Lacy, hope you are doing well. Just checking in to see what you are thinking about roof replacement? Holler when you can. Thanks, Bill
We're doing well. I was actually waiting to hear back from you regarding the potential financing options you mentioned you were looking into.

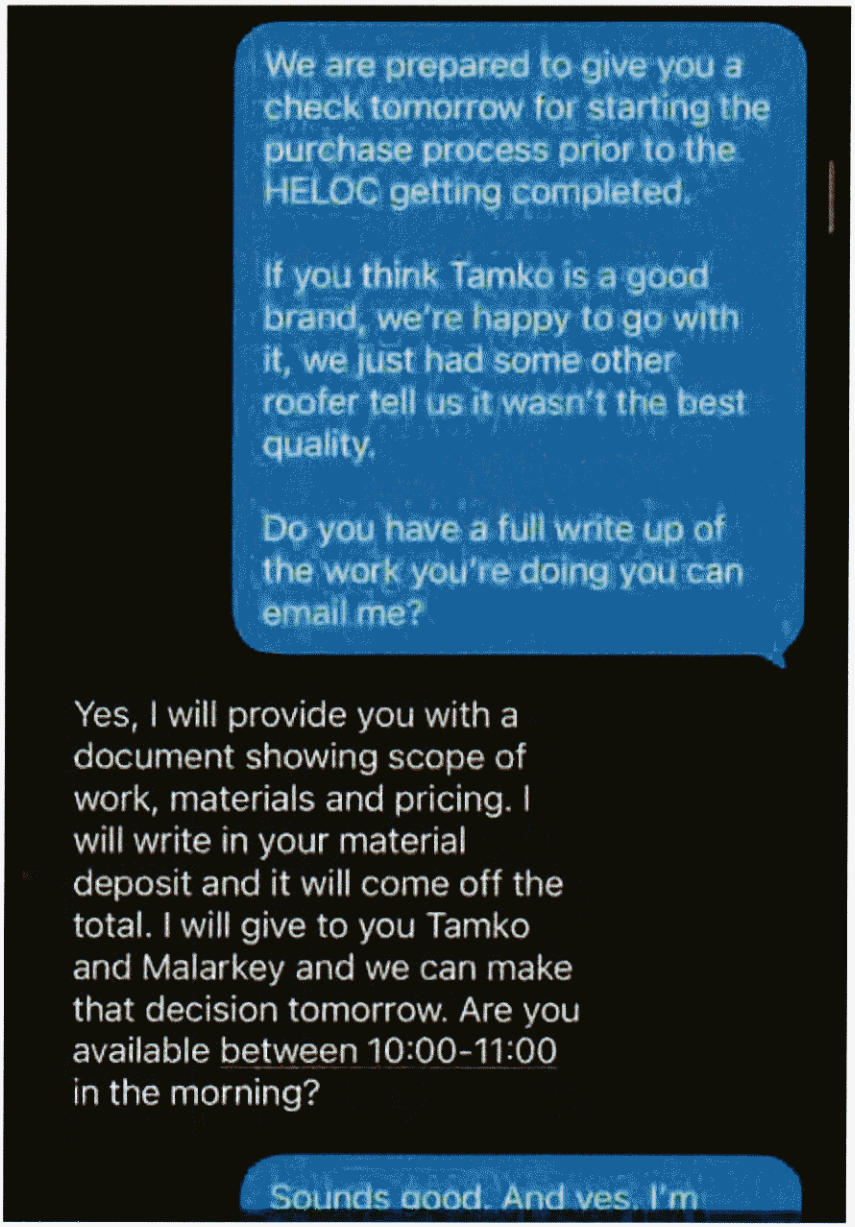

I would be willing to basically finance a portion of the total cost for you guys. This is not something I normally do. If the total cost ends up being around $21,500.00 I could carry $6,000 of that with $1,000.00 monthly payments at zero percent interest. But that would still require you coming up with a good chunk of money to help pay material and part of labor. Don't know if that is doable? Bill
I will run this by my husband this evening & get back to you this weekend. We are very much leaning towards doing the roof without the insurance help vs waiting on another storm to come through & provide enough damage.

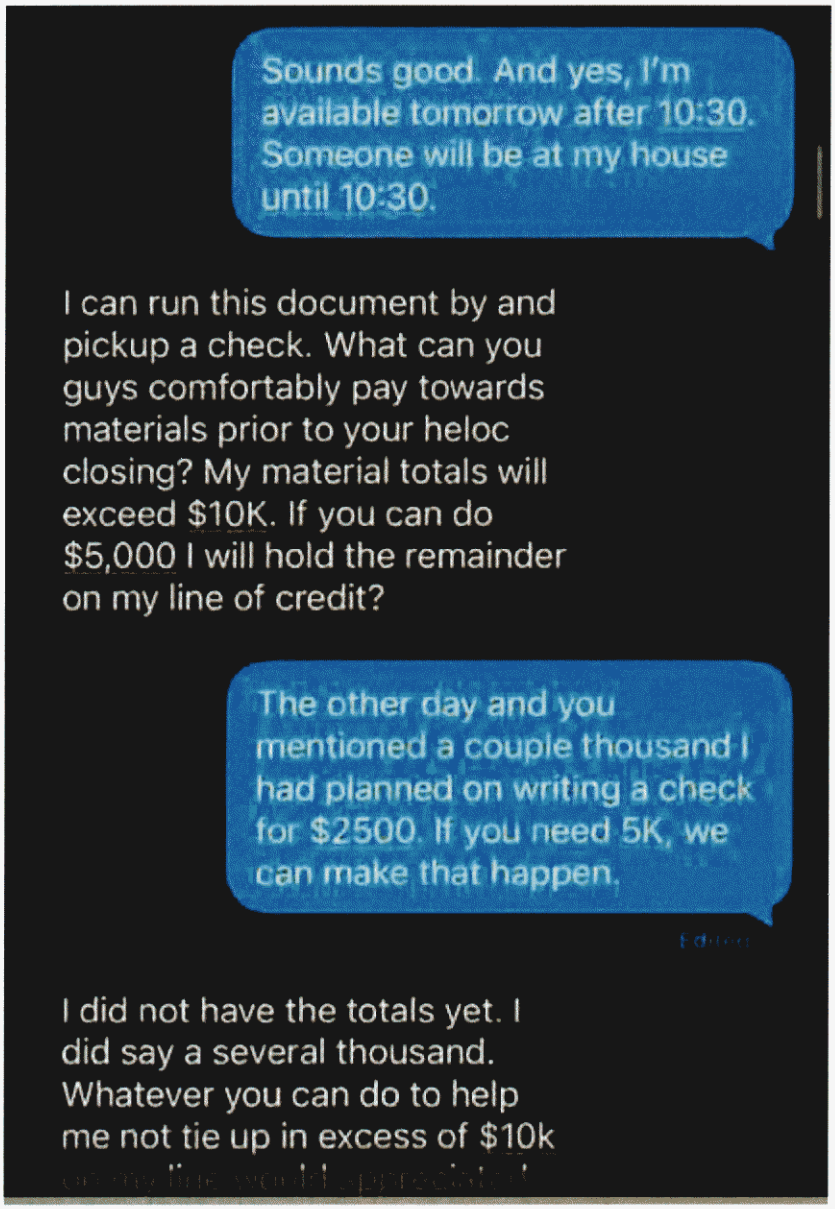

Bill
The thing about waiting on another storm is no telling when we will get one. Until recently we have not had a significant hail storm in the Tulsa metro area since the spring of 2008. Keep in mind when you guys are considering that sooner will be better if you can swing it. I am staring at a material price increase coming up in July sometime. I would like to beat the increase. Let me know as soon as you can. Thanks, Bill
👍
Will do. We'd like to beat the majority of the heat too.
Thanks again
Hi Lacy. Good morning. Did you guys get to talk? I found out this morning the anticipated material price increase will go into effect sooner than I thought. Trying to procure materials on any jobs I am doing

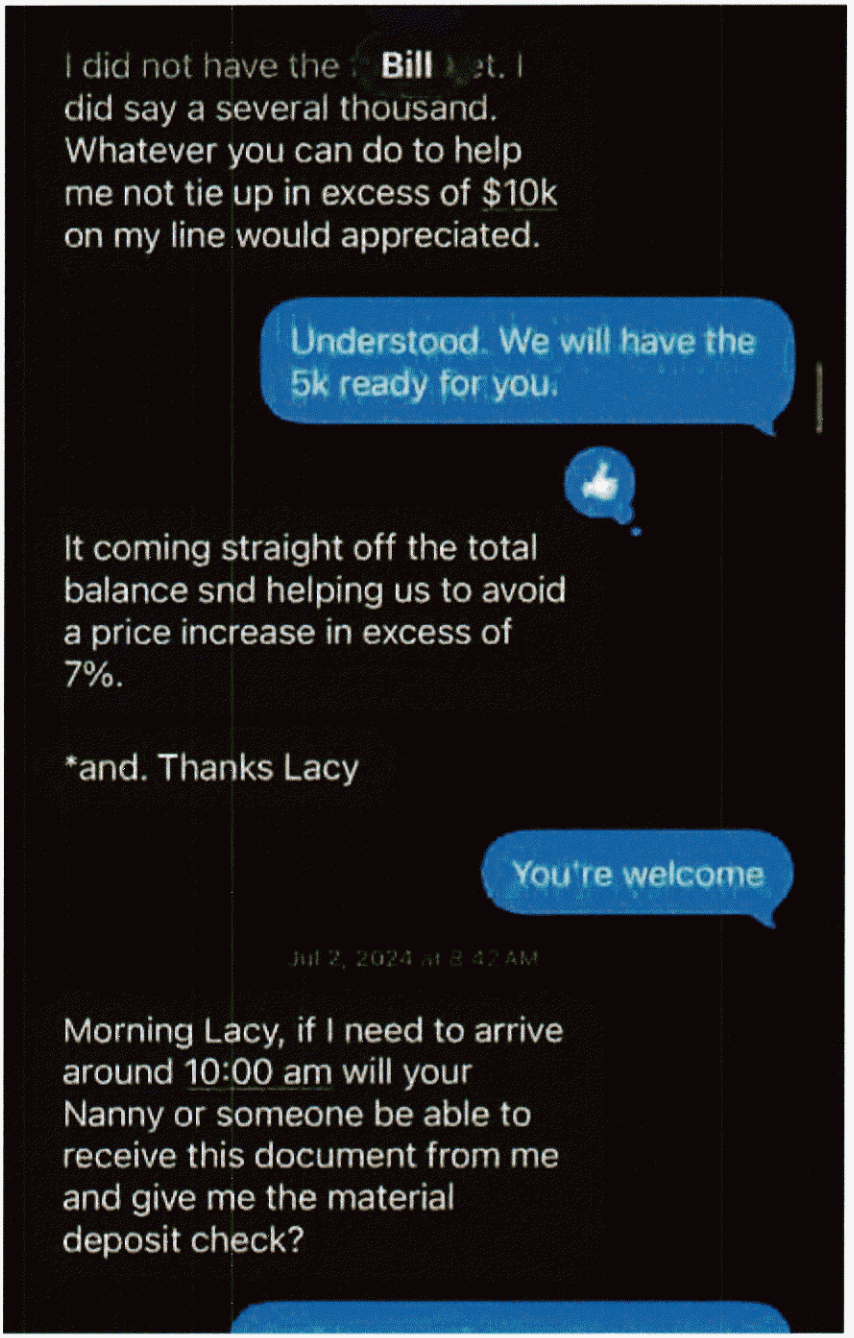

Bill
Jun 28, 2024 at 9:54 AM
Hi Lacy. Good morning. Did you guys get to talk? I found out this morning the anticipated material price increase will go into effect sooner than I thought. Trying to procure materials on any jobs I am doing in July before the increase. Got a little time.
Jun 28, 2024 at 11:37 AM
May I give you a call?
Yes Mam
Jun 29, 2024 at 1:09 PM


Bill
Thank you
Jul 1, 2024 at 5:05 PM
Hi Lacy, it looks like the only covenant as it relates to roofing is that it be Tamko, as the manufacturer and weathered wood in color which I have plenty of access to. I completed the order today as the price increase goes into effect later this week. If you can get me a check tomorrow payable to my company for part of the material that would help?


I thought that I had heard somewhere that Tamko was one of the worst types of shingles to have used on your house.
I believe the covenant says Tamko/Heritage II or equivalent.
Tamko is the manufacturer and Heritage II is there 30 year architectural shingle. They have been around for many years. I can get you Malarkey which is an excellent shingles of likely GAF. If we don't use Tamko we will have to gain approval from the architectural committee
If you want a manufacturer other than Tamko I will need to change the order tomorrow. No problem.
We are prepared to give you a check tomorrow for starting the purchase process prior to the HELOC getting completed.

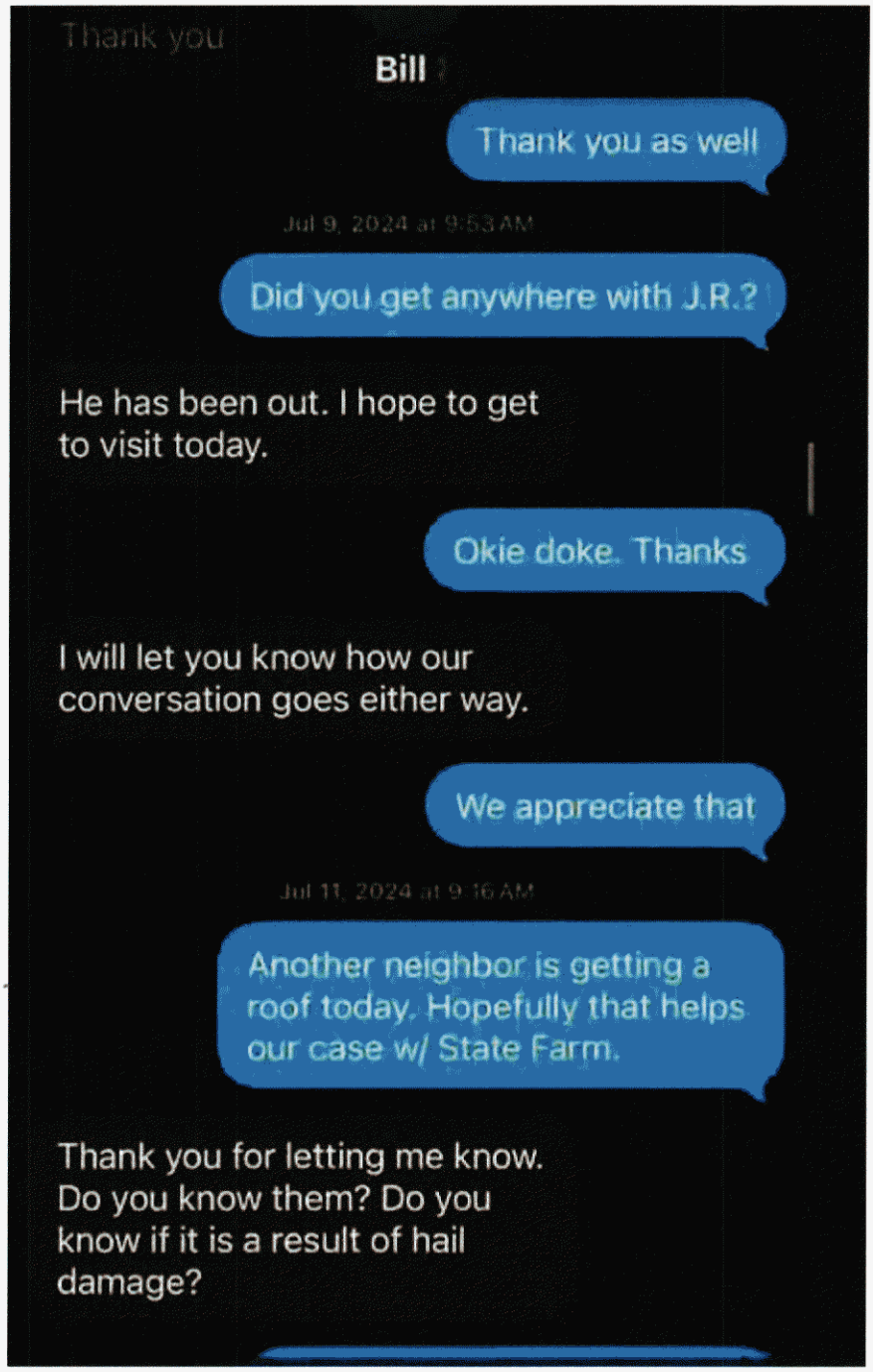

We are prepared to give you a check tomorrow for starting the purchase process prior to the HELOC getting completed.
If you think Tamko is a good brand, we're happy to go with it, we just had some other roofer tell us it wasn't the best quality.
Do you have a full write up of the work you're doing you can email me?
Yes, I will provide you with a document showing scope of work, materials and pricing. I will write in your material deposit and it will come off the total. I will give to you Tamko and Malarkey and we can make that decision tomorrow. Are you available between 10:00-11:00 in the morning?
Sounds good. And yes, I'm


Sounds good. And yes, I'm available tomorrow after 10:30. Someone will be at my house until 10:30.
I can run this document by and pickup a check. What can you guys comfortably pay towards materials prior to your heloc closing? My material totals will exceed $10K. If you can do $5,000 I will hold the remainder on my line of credit?
The other day and you mentioned a couple thousand I had planned on writing a check for $2500. If you need 5K, we can make that happen.
I did not have the totals yet. I did say a several thousand. Whatever you can do to help me not tie up in excess of $10k


I did not have the Bill et. I did say a several thousand. Whatever you can do to help me not tie up in excess of $10k on my line would appreciated.
Understood. We will have the 5k ready for you.
It coming straight off the total balance snd helping us to avoid a price increase in excess of 7%.
*and. Thanks Lacy
You're welcome
Jul 2, 2024 at 8:42 AM
Morning Lacy, if I need to arrive around 10:00 am will your Nanny or someone be able to receive this document from me and give me the material deposit check?


deposit check?
I'm home today, we have an appt from 9:30-10:30 w/ someone from CAPTulsa at our home this morning.
If you're able to swing by before 9:30 I can make that work
I do not think I can get there by 9:30
Understood
I am going to run by around 11:00 if you are free?
That works for us, thank you
Maybe 11:15?


Now I got a truck late on a concrete pour. Are you going to be around this afternoon?
Ok. Probably, what time are you thinking?
Maybe 2:00-3:00?
That's fine
Are you still planning on trying to come by this afternoon?
I am almost there
Just emailed you the stuff from State Farm after the original inspection in March
Thank you


Thank you
Bill
Thank you as well
Jul 9, 2024 at 9:53 AM
Did you get anywhere with J.R.?
He has been out. I hope to get to visit today.
Okie doke. Thanks
I will let you know how our conversation goes either way.
We appreciate that
Jul 11, 2024 at 9:16 AM
Another neighbor is getting a roof today. Hopefully that helps our case w/ State Farm.
Thank you for letting me know. Do you know them? Do you know if it is a result of hail damage?

know if it is a resul
damage?

Bill

I don't know them. I just know it's the 2nd house w/in 1-2 months w/in a block of our house to get a new roof

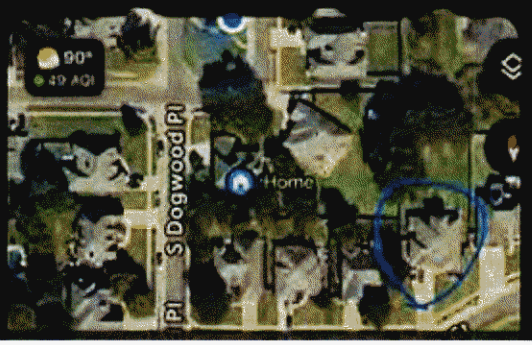
That is good. I wish yours had not been denied once. I am working on it though.

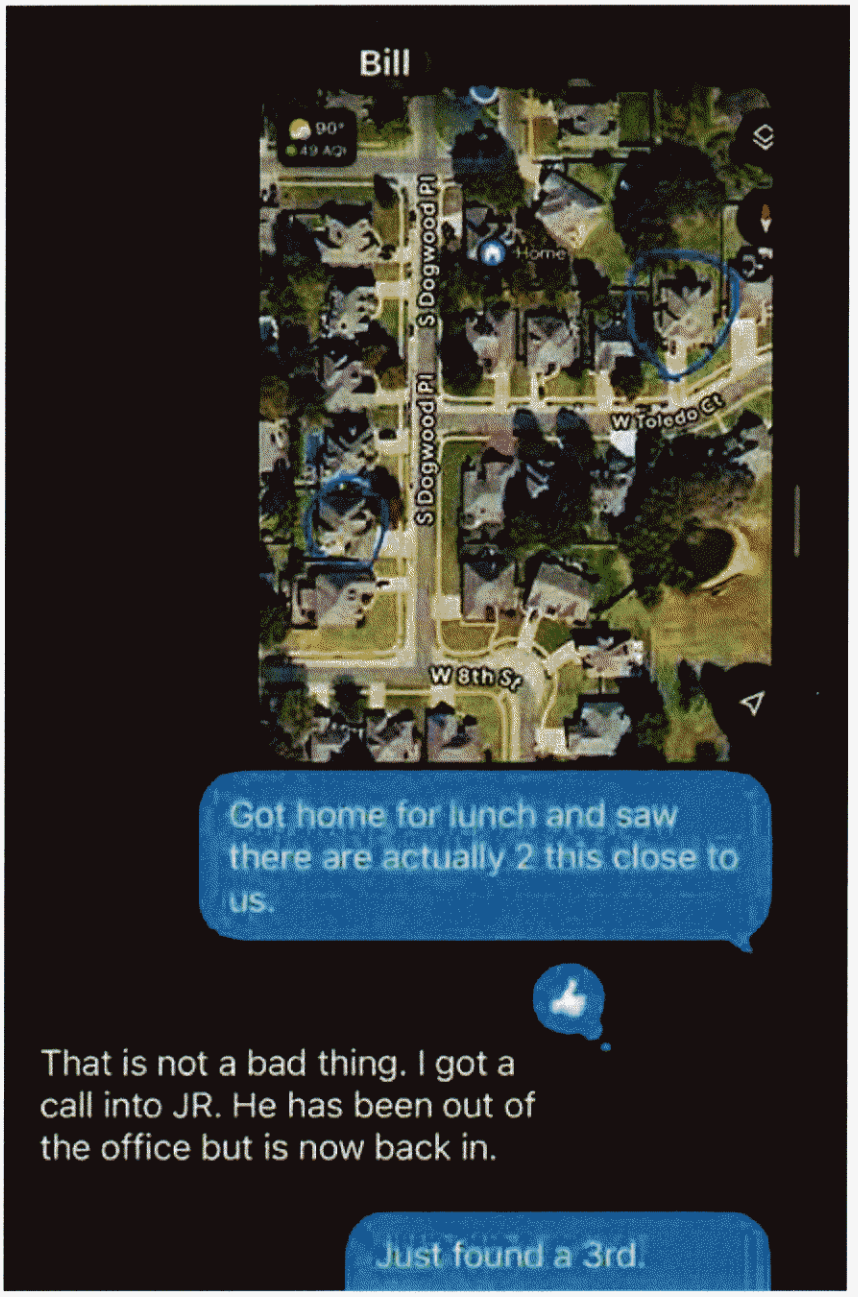
Wanted to keep you updated

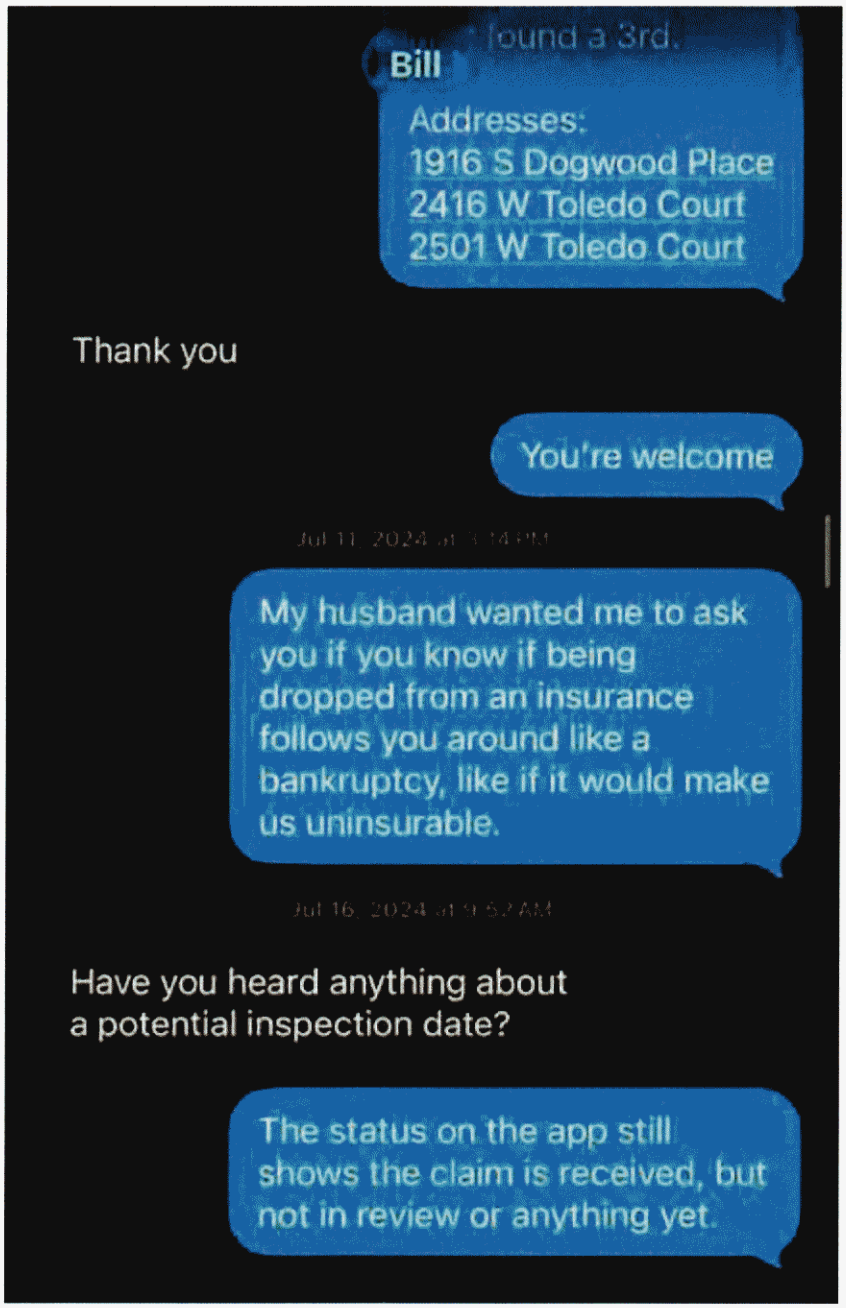
Appreciate it very much

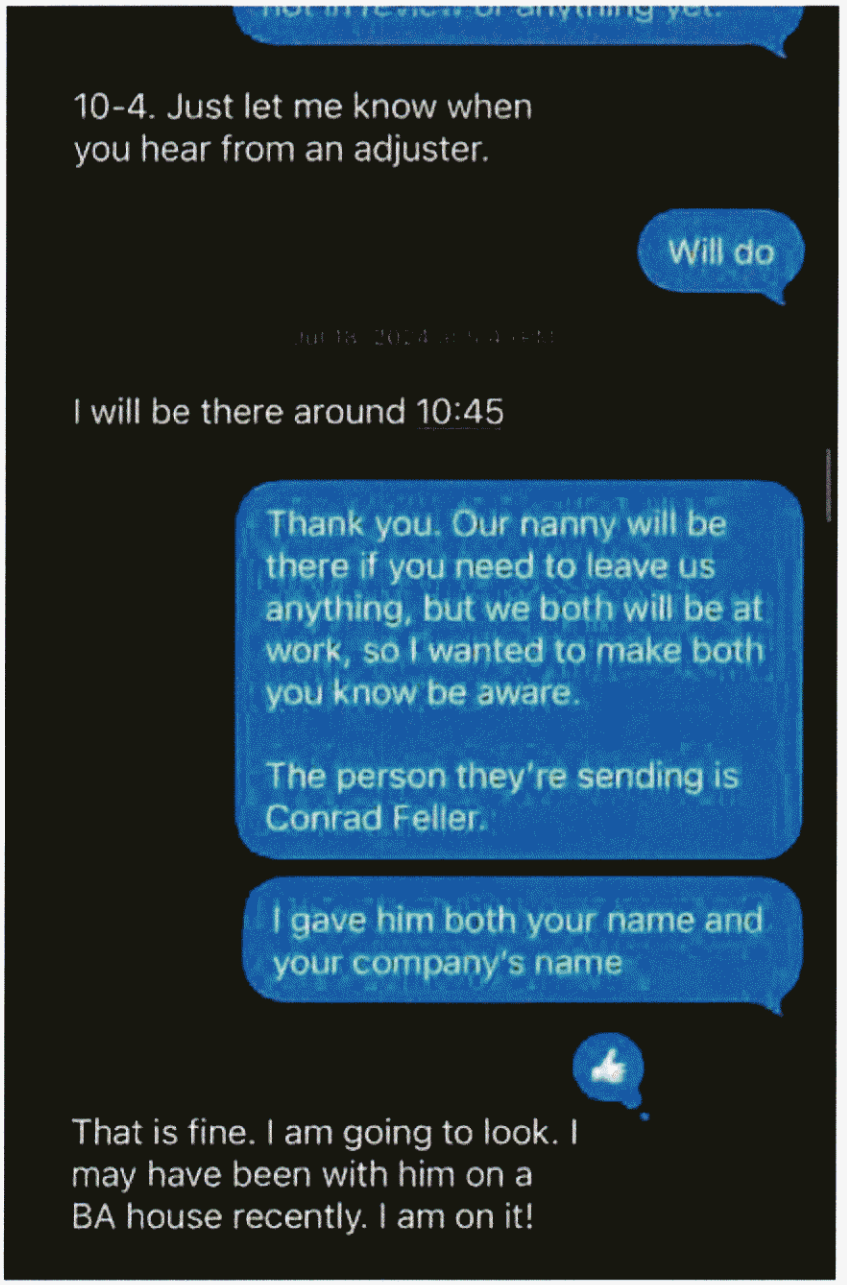
Thank you for all you're doing as well

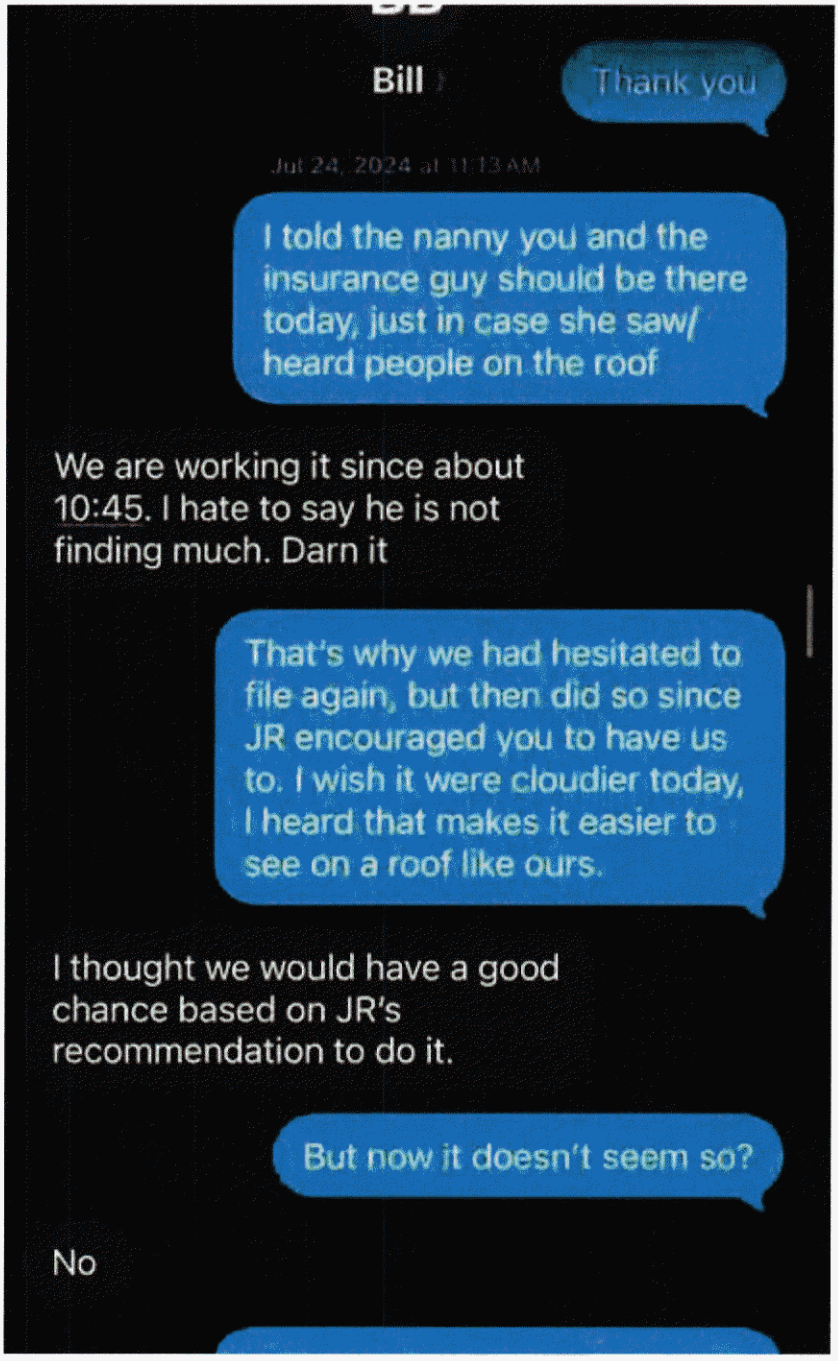
Jul 11, 2024 at 11:46 AM

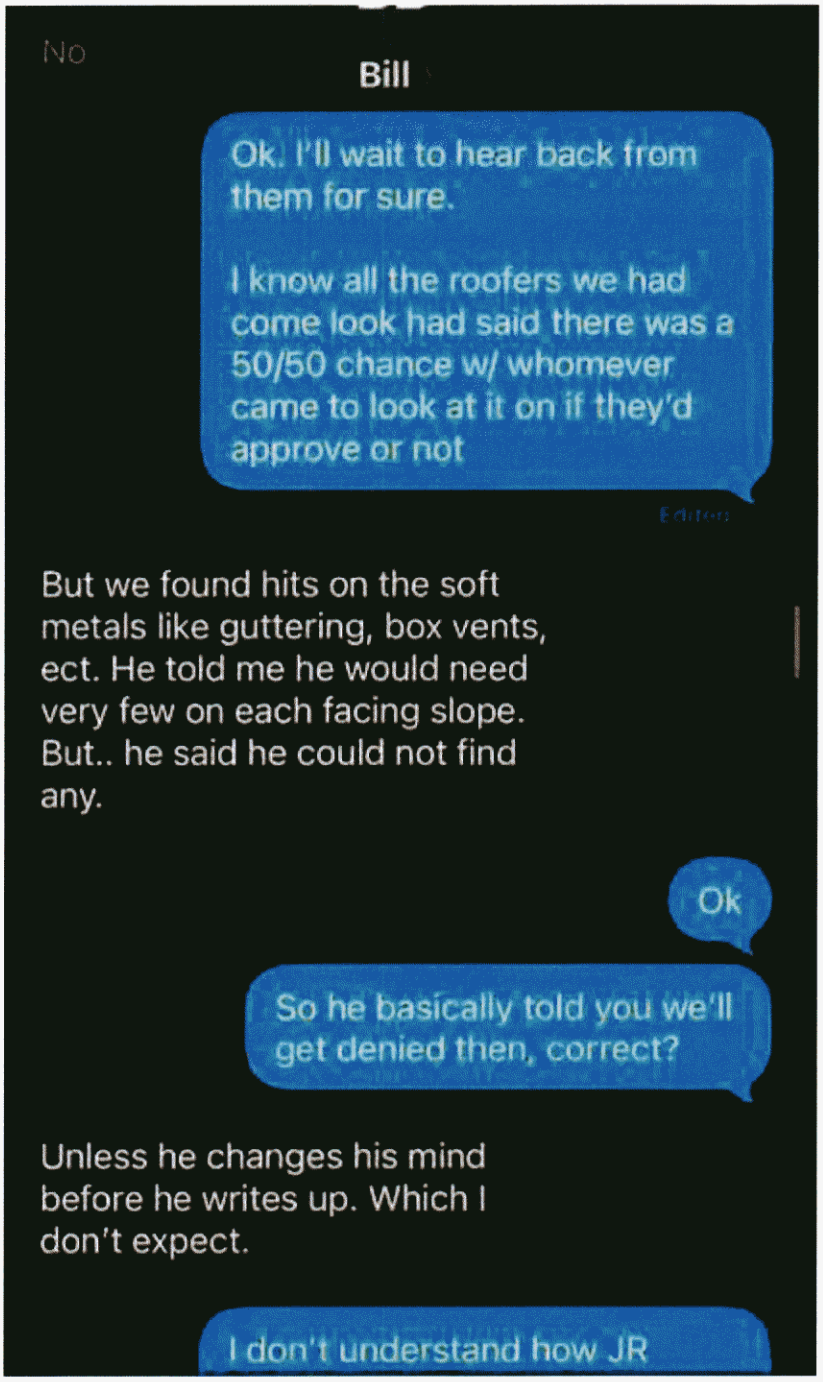



Bill
90°
49 AQI
S Dogwood Pl
S Dogwood Pl
Home
W Toledo Ct
W 8th St
Got home for lunch and saw there are actually 2 this close to us.
That is not a bad thing. I got a call into JR. He has been out of the office but is now back in.
Just found a 3rd.


found a 3rd.
Bill
Addresses:
1916 S Dogwood Place
2416 W Toledo Court
2501 W Toledo Court
Thank you
You're welcome
My husband wanted me to ask you if you know if being dropped from an insurance follows you around like a bankruptcy, like if it would make us uninsurable.
Have you heard anything about a potential inspection date?
The status on the app still shows the claim is received, but not in review or anything yet.


10-4. Just let me know when you hear from an adjuster.
Will do
I will be there around 10:45
Thank you. Our nanny will be there if you need to leave us anything, but we both will be at work, so I wanted to make both you know be aware.
The person they're sending is Conrad Feller.
I gave him both your name and your company's name
That is fine. I am going to look. I may have been with him on a BA house recently. I am on it!


Bill
Thank you
Jul 24, 2024 at 11:13 AM
I told the nanny you and the insurance guy should be there today, just in case she saw/ heard people on the roof
We are working it since about 10:45. I hate to say he is not finding much. Darn it
That's why we had hesitated to file again, but then did so since JR encouraged you to have us to. I wish it were cloudier today, I heard that makes it easier to see on a roof like ours.
I thought we would have a good chance based on JR's recommendation to do it.
But now it doesn't seem so?
No


No
Bill
Ok. I'll wait to hear back from them for sure.
I know all the roofers we had come look had said there was a 50/50 chance w/ whomever came to look at it on if they'd approve or not
Editors
But we found hits on the soft metals like guttering, box vents, ect. He told me he would need very few on each facing slope. But.. he said he could not find any.
Ok
So he basically told you we'll get denied then, correct?
Unless he changes his mind before he writes up. Which I don't expect.
I don't understand how JR