

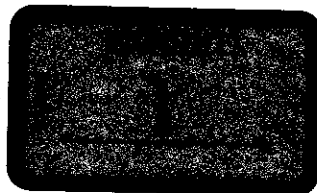
# HOMEOWNERS



FP-7955  
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IN  
U.S.A.

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.



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**HOMEOWNERS POLICY**  
**DECLARATIONS CONTINUED**

We agree to provide the insurance described in this policy:

1. based on your payment of premium for the coverages you chose;
2. based on your compliance with all applicable provisions of this policy; and
3. in reliance on your statements in these **Declarations**.

You agree, by acceptance of this policy, that:

1. you will pay premiums when due and comply with the provisions of the policy;
2. the statements in these **Declarations** 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 three years preceding the time of your application for this insurance your Loss History and Insurance History are as follows:

1. Loss History: you have not had any losses, insured or not; and
2. Insurance History: you have not had any insurer or agency cancel or refuse to issue or renew similar insurance to you or any household member.

**DEFINITIONS**

"You" and "your" mean the "named insured" shown in the **Declarations**. Your spouse is included if a resident of your household. "We", "us" and "our" mean the Company shown in the **Declarations**.

Certain words and phrases are defined as follows:

1. "**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 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.

2. "**business**" means a trade, profession or occupation. This includes farming.

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

4. "**insured**" means you and, if residents of your household:

- a. your relatives; and
- b. any other person under the age of 21 who is in the care of a person described above.

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

- c. with respect to animals or watercraft to which this policy applies, the person or organization legally responsible for them. However, the animal or watercraft must be owned by you or a person included in 4.a. or 4.b. 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

- d. 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 4.a. or 4.b.

5. "insured location" means:

- a. the residence premises;
- 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 5.a. or 5.b.;
- 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 other than business purposes;
- h. vacant land owned by or rented to an insured. This does not include farm land; and
- 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.

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

- a. a motorized land vehicle designed for travel on public roads or subject to motor vehicle registration. A motorized land vehicle in dead storage on an insured location is not a motor vehicle;
- b. a trailer or semi-trailer designed for travel on public roads and subject to motor vehicle registration. A boat, camp, home or utility trailer not being towed by

or carried on a vehicle included in 6.a. is not a motor vehicle;

- c. a motorized golf cart, snowmobile, motorized bicycle, motorized tricycle, all-terrain vehicle or any other similar type equipment owned by an insured and designed or used for recreational or utility purposes off public roads, while off an insured location. A motorized golf cart while used for golfing purposes is not a motor vehicle; and
- d. any vehicle while being towed by or carried on a vehicle included in 6.a., 6.b. or 6.c.

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

- a. bodily injury; or
- b. property damage;

during the policy period. Repeated or continuous exposure to the same general conditions is considered to be one occurrence.

8. "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.

9. "residence employee" means an employee of an insured 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.

10. "residence premises" means:

- a. the one, two, three or four-family dwelling, other structures and grounds; or
- b. that part of any other building;

where you reside and which is shown in the Declarations.

## SECTION I - COVERAGES

### COVERAGE A - DWELLING

1. **Dwelling.** We cover the dwelling used principally as a private residence on the residence premises shown in the Declarations.

Dwelling includes:

- a. structures attached to the dwelling;
  - b. 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;
  - c. foundation, floor slab and footings supporting the dwelling; and
  - d. wall-to-wall carpeting attached to the dwelling.
2. **Dwelling Extension.** 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 in whole or in part for business purposes; or
  - c. rented or held for rental to a person not a tenant of the dwelling, unless used solely as a private garage.
3. **Property Not Covered.** We do not cover:
    - a. land, including the land necessary to support any Coverage A property;
    - b. any costs required to replace, rebuild, stabilize, or otherwise restore the land; or
    - c. the costs of repair techniques designed to compensate for or prevent land instability to any property, whether or not insured under Coverage A.

### COVERAGE B - PERSONAL PROPERTY

1. **Property Covered.** 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 owned by others while the property is on the part of the residence premises occupied exclusively by an Insured. At your request, we will also cover personal property owned by a guest or a residence employee, while the property is in any other residence occupied by an Insured.

We cover personal property usually situated 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 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.

**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, and bank notes;
  - b. \$1,000 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 \$250 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;
- c. \$1,000 on securities, checks, cashier's checks, traveler's checks, money orders and other negotiable instruments, accounts, deeds, evidences of debt, letters of credit, notes other than bank notes, manuscripts, passports and tickets;
  - d. \$1,000 on watercraft of all types and outboard motors, including their trailers, furnishings and equipment;
  - e. \$1,000 on trailers not used with watercraft;

- f. \$2,500 on stamps, trading cards and comic books, including any of these that are a part of a collection;
- g. \$2,500 for loss by theft of firearms;
- h. \$2,500 for loss by theft of silverware and goldware;
- i. \$5,000 on electronic data processing system equipment and the recording or storage media used with that equipment. There is no coverage for said equipment or media while located away from the residence premises except when said equipment or media are removed from the residence premises for the purpose of repair, servicing or temporary use. An insured student's equipment and media are covered while at a residence away from home; and
- 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.

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

- a. articles separately described and specifically insured in this or any other insurance;
- b. animals, birds or fish;
- c. any engine or motor propelled vehicle or machine, including the parts, designed for movement on land. We do cover those not licensed for use on public highways which are:
  - (1) used solely to service the insured location; or
  - (2) designed for assisting the handicapped;
- d. devices or instruments for the recording or reproduction of sound permanently attached to an engine or motor propelled vehicle. We do not cover tapes, wires, records or other mediums that may be used with these devices or instruments while in the vehicle;
- e. aircraft and parts;
- f. property of roomers, boarders, tenants and other residents not related to an insured. We do cover property of roomers, boarders and other residents related to an insured;
- g. property regularly rented or held for rental to others by an insured. This exclusion does not apply to

property of an insured in a sleeping room rented to others by an insured;

- h. property rented or held for rental to others away from the residence premises;
- i. any citizens band radios, radio telephones, radio transceivers, radio transmitters, radar or laser detectors, antennas and other similar equipment permanently attached to an engine or motor propelled vehicle;
- j. books of account, abstracts, drawings, card index systems and other records. This exclusion 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; or
- k. recording or storage media for electronic data processing that cannot be replaced with other of like kind and quality on the current retail market.

**COVERAGE C - LOSS OF USE**

1. **Additional Living Expense.** When a Loss Insured causes the residence premises to become uninhabitable, we will cover the necessary increase in cost you incur to maintain your 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 coverage is not reduced by the expiration of this policy.
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 cover its fair rental value. Payment shall 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 expiration of this policy. Fair rental value shall 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.** When a civil authority prohibits your use of the residence premises because of direct damage to a neighboring premises by a Loss Insured, we will cover any resulting Additional Living Expense and Fair Rental

Value. Coverage is for a period not exceeding two weeks while use is prohibited.

We do not cover 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.

When the amount payable for the property damage plus the debris removal exceeds the limit for the damaged property, an additional 5% of that limit is available for debris removal expense. This additional amount of insurance does not apply to Additional Coverage, item 3. Trees, Shrubs and Other Plants.

We will also pay up to \$500 in the aggregate for each loss to cover the reasonable expenses you incur in the removal of tree debris from the residence premises when the tree has caused a Loss Insured to Coverage A property.

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 Other Plants.** We cover outdoor trees, shrubs, plants or lawns, on the residence premises, for direct loss caused by the following: 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, shall not exceed 5% of the amount shown in the Declarations for COVERAGE A - DWELLING. We will not pay more than \$500 for any one outdoor tree, shrub or plant, including debris removal expense. This coverage may increase the limit otherwise applicable. We do not cover property grown for business purposes.

4. **Fire Department Service Charge.** We will pay up to \$500 for your liability assumed by contract or agreement for fire department charges. This means charges incurred when the fire department is called to save or protect covered property from a Loss Insured. No deductible applies to this coverage. This coverage may increase the limit otherwise applicable.

5. **Property Removed.** Covered property, while being removed from a premises endangered by a Loss Insured, is covered for any accidental direct physical loss. 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 do not cover 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 do not cover 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 against any suit for the enforcement of payment under the Forgery coverage.

7. **Power Interruption.** We cover accidental direct physical loss caused directly or indirectly by a change of temperature which 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 shall 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 which 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 shall not be increased regardless of the number of persons providing information.

10. **Volcanic Action.** We cover direct physical loss to a covered building or covered property contained in a building resulting from the eruption of a volcano when the loss is directly and immediately caused by:

- a. volcanic blast or airborne 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 which has caused direct physical loss to a covered building or covered property contained in a building.

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

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

11. **Collapse.** We insure only for direct physical loss to covered property involving the sudden, entire collapse of a building or any part of a building.

Collapse means actually fallen down or fallen into pieces. It does not include settling, cracking, shrinking, bulging, expansion, sagging or bowing.

The collapse must be directly and immediately caused only by one or more of the following:

- a. perils described in SECTION I - LOSSES INSURED, COVERAGE B - PERSONAL PROPERTY. These perils apply to covered building and personal property for loss insured by this Additional Coverage;
- b. hidden decay of a supporting or weight-bearing structural member of the building;
- c. hidden insect or vermin damage to a structural member of the building;
- d. weight of contents, equipment, animals or people;
- e. weight of ice, snow, sleet or rain which collects on a roof; or
- f. use of defective material or methods in the construction (includes remodeling or renovation) of the building, if the collapse occurs during the course of the construction of the building.

Loss to an awning, fence, patio, pavement, swimming pool, underground pipe, flue, drain, cesspool, septic tank, foundation, retaining wall, bulkhead, pier, wharf or dock is not included under items b., c., d., e. and f. unless the



loss is the direct and immediate cause of the collapse of the building.

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

12. **Locks.** We will pay the reasonable expenses you incur to re-key locks on exterior doors of the dwelling located on the residence premises, when the keys to those locks are a part of a covered theft loss.

No deductible applies to this coverage.

## 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.

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 insure for accidental direct physical loss to the property described in Coverage A, except as provided in SECTION I - LOSSES NOT INSURED.

### COVERAGE B - PERSONAL PROPERTY

We insure for accidental direct physical loss to property described in Coverage B caused by the following perils, except as provided in SECTION I - LOSSES NOT INSURED:

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

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

3. **Explosion.**
4. **Riot or civil commotion.**
5. **Aircraft, including self-propelled missiles and spacecraft.**

6. **Vehicles,** meaning impact by a vehicle.

7. **Smoke,** meaning sudden 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:
  - (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 home, 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;

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

(c) of securities, checks, cashier's checks, traveler's checks, money orders 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, precious and semi-precious stones;

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 home;

(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 shall 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 building unless the roof or an exterior wall of the building is first damaged by a falling object. Damage to the falling object itself is not included.

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

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

This peril does not include loss:

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

b. caused by or resulting from freezing;

c. caused by or resulting from water or sewage from outside the residence premises plumbing system that enters through sewers or drains, or water which enters into and overflows from within a sump pump, sump pump well or any other system designed to remove subsurface water which is drained from the foundation area; or

d. caused by or resulting from continuous or repeated seepage or leakage of water or steam which occurs over a period of time and results in deterioration, corrosion, rust, mold, or wet or dry rot.

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

This peril does not include loss:

a. caused by or resulting from freezing; or

b. caused by or resulting from continuous or repeated seepage or leakage of water or steam which occurs over a period of time and results in deterioration, corrosion, rust, mold, or wet or dry rot.

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

This peril does not include loss on the residence premises while the dwelling is vacant, unoccupied or being constructed, unless you have used reasonable care to:

a. maintain heat in the building; or

b. shut off the water supply and drain the system and appliances of water.

15. **Sudden 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 \$1,000 under this peril for each damaged item described above.

16. **Breakage of glass**, meaning damage to personal property caused by breakage of glass which is a part of a building on the residence premises. There is no coverage for loss or damage to the glass.

### SECTION I - LOSSES NOT INSURED

1. We do not insure for any loss to the property described in Coverage A which consists of, or is directly and immediately caused by, one or more of the perils listed in items a. through n. below, regardless of whether the loss occurs suddenly 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 by discharge, leakage or overflow from within the system or appliance caused by freezing. This exclusion only applies while the dwelling is vacant, unoccupied or being constructed. This exclusion does not apply if you have used reasonable care to:
  - (1) maintain heat in the building; or
  - (2) shut off the water supply and drain the system and appliances of water;
- c. freezing, thawing, pressure or weight of water or ice, whether driven by wind or not, to a swimming pool, hot tub or spa, including their filtration and circulation systems, fence, pavement, patio, foundation, 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. vandalism or malicious mischief or breakage of glass and safety glazing materials if the dwelling has been vacant for more than 30 consecutive days immediately before the loss. A dwelling being constructed is not considered vacant;

f. continuous or repeated seepage or leakage of water or steam from a:

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

(2) household appliance; or

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

which occurs over a period of time. If loss to covered property is caused by water or steam not otherwise excluded, we will cover the cost of tearing out and replacing any part of the building necessary to repair the system or appliance. We do not cover loss to the system or appliance from which the water or steam escaped;

- g. wear, tear, marring, scratching, deterioration, inherent vice, latent defect or mechanical breakdown;
- h. corrosion, electrolysis or rust;
- i. mold, fungus or wet or dry rot;
- j. contamination;
- k. smog; smoke from agricultural smudging or industrial operations;
- l. settling, cracking, shrinking, bulging, or expansion of pavements, patios, foundation, walls, floors, roofs or ceilings;
- m. birds, vermin, rodents, insects, or domestic animals. We do cover the breakage of glass or safety glazing material which is a part of a building, when caused by birds, vermin, rodents, insects or domestic animals; or

- n. pressure from or presence of tree, shrub or plant roots.

However, we do insure for any resulting loss from items a. through m. unless the resulting loss is itself a Loss Not Insured by this Section.

2. We do not insure under any coverage for any loss which would not have occurred in the absence of one or more of the following excluded events. We do not insure 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 suddenly or gradually, involves isolated or widespread damage, arises from 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 or other structure.
- b. **Earth Movement**, meaning the sinking, rising, shifting, expanding or contracting of earth, all whether combined with water or not. Earth movement includes but is not limited to earthquake, landslide, mudflow, mudslide, sinkhole, subsidence, erosion or movement resulting from improper compaction, site selection or any other external forces. Earth movement also includes volcanic explosion or lava flow, except as specifically provided in **SECTION I - ADDITIONAL COVERAGES, Volcanic Action**.

However, we do insure for any direct loss by fire resulting from earth movement, provided the resulting fire loss is itself a Loss Insured.

- c. **Water Damage**, meaning:
  - (1) flood, surface water, waves, tidal water, tsunami, seiche, overflow of a body of water, or spray from any of these, all whether driven by wind or not;
  - (2) water or sewage from outside the residence premises plumbing system that enters through sewers or drains, or water which enters into and overflows from within a sump pump, sump pump well or any other system designed to remove

subsurface water which is drained from the foundation area; or

- (3) water below the surface of the ground, including water which exerts pressure on, or seeps or leaks through a building, sidewalk, driveway, foundation, swimming pool or other structure.

However, we do insure for any direct loss by fire, explosion or theft resulting from water damage, 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 shall be deemed 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 shall not be considered loss caused by fire, explosion or smoke.

However, we do insure for any direct loss by fire resulting from the nuclear hazard, provided the resulting fire loss is itself a Loss Insured.

- 3. We do not insure under any coverage for any loss consisting of one or more of the items below. Further, we do not insure for 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;

- b. defect, weakness, inadequacy, fault or unsoundness in:
- (1) planning, zoning, development, surveying, siting;
  - (2) design, specifications, workmanship, construction, grading, compaction;
  - (3) materials used in construction or repair; 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 do insure for any resulting loss from items a., b. and c. unless the resulting loss is itself a Loss Not Insured by 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.

### 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 - 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 at the time of the loss 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 or other structure, except as provided under Option OL - Building Ordinance or Law Coverage.

- b. Wood Fences: We will pay the actual cash value at the time of loss for loss or damage to wood fences, not to exceed the limit of liability shown in the Declarations for COVERAGE A - DWELLING EXTENSION.

#### 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 - 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;
  - (2) until actual repair or replacement is completed, we will pay only the actual cash value at the time of the loss 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 or other structure, except as provided under **Option OL - Building Ordinance or Law Coverage**.

- b. **Wood Fences:** We will pay the actual cash value at the time of loss for loss or damage to wood fences, not to exceed the limit of liability shown in the **Declarations** for **COVERAGE A - DWELLING EXTENSION**.

#### **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 - 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 cost to repair or replace less depreciation;
  - (2) after repair or replacement is completed, we will pay the difference between the cost to repair or replace less depreciation 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 cost to repair or replace less depreciation.
- 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 the policy; or
- (4) any applicable Coverage B limit of liability.

##### **2. B2 - Depreciated Loss Settlement.**

- a. We will pay the cost to repair or replace less depreciation at the time of loss for property covered under **SECTION I - 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
  - (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 the 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 shall 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 shall see that the following duties are performed:

- a. give immediate notice to us or our agent. Also notify the police if the loss is caused by theft. Also notify 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, make reasonable and necessary temporary repairs required to protect the property, keep an accurate record of repair expenditures;
- c. prepare an inventory of damaged or stolen personal property. Show in detail the quantity, description, age, replacement cost and amount of loss. Attach to the inventory 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 records and documents we request and permit us to make copies;
  - (3) submit to and subscribe, while not in the presence of any other insured:
    - (a) statements; and
    - (b) 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 which 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 which may cover the loss;
- (4) changes in title or occupancy of the property during the term of this policy;
- (5) specifications of any damaged building 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 the 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 elect to:

- a. repair or replace any part to restore the pair or set to its value before the loss; or
- b. pay the difference between the depreciated value of the property before and after the loss.

4. **Appraisal.** If you and we fail to agree on the amount of loss, either one can demand that the amount of the loss be set by appraisal. If either makes a written demand for appraisal, each shall select a competent, disinterested appraiser. Each shall notify the other of the appraiser's identity within 20 days of receipt of the written demand. The two appraisers shall then select a competent, impartial umpire. If the two appraisers are unable to agree upon an umpire within 15 days, you or we can ask a judge of a court of record in the state where the residence premises is located to select an umpire. The appraisers shall then set the amount of the loss. If the appraisers submit a written report of an agreement to us, the amount agreed upon shall be the amount of the loss. If the appraisers fail to agree within a reasonable time, they shall submit their differences to the umpire. Written agreement signed by any two of these three shall set the amount of the loss. Each appraiser shall be paid by the party selecting that appraiser. Other expenses of the appraisal and the compensation of the umpire shall be paid equally by you and us.
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 shall be brought unless there has been compliance with the policy provisions. The action must be started within one year after the date of loss or damage.
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 60 days after we receive your proof of loss and:
- reach agreement with you;
  - there is an entry of a final judgment; or
  - there is a filing of an appraisal award with us.
9. **Abandonment of Property.** We need not accept any property abandoned by an insured.

10. **Mortgage Clause.** The word "mortgagee" includes trustee.
- If a mortgagee is named in this policy, any loss payable under Coverage A shall be paid to the mortgagee and you, as interests appear. If more than one mortgagee is named, the order of payment shall be the same as the order of precedence of the mortgages.
  - If we deny your claim, that denial shall not apply to a valid claim of the mortgagee, if the mortgagee:
    - notifies us of any change in ownership, occupancy or substantial change in risk of which the mortgagee is aware;
    - pays on demand any premium due under this policy, if you have not paid the premium; and
    - 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.
  - If this policy is cancelled by us, the mortgagee shall be notified at least 10 days before the date cancellation takes effect. Proof of mailing shall be proof of notice.
  - If we pay the mortgagee for any loss and deny payment to you:
    - we are subrogated to all the rights of the mortgagee granted under the mortgage on the property; or
    - at our option, we may pay to the mortgagee the whole principal on the mortgage plus any accrued interest. In this event, we shall receive a full assignment and transfer of the mortgage and all securities held as collateral to the mortgage debt.
  - Subrogation shall 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. **Intentional Acts.** If you or any person insured under this policy causes or procures a loss to property covered

under this policy for the purpose of obtaining insurance benefits, then this policy is void and we will not pay you or any other insured for this loss.

## 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; 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 claim or 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.

### 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, 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

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

1. **Claim Expenses.** We pay:
  - a. expenses we incur and costs taxed against an insured in suits we defend;
  - 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 \$100 per day for aiding us in the investigation or defense of claims or suits;
  - d. prejudgment interest awarded against the insured on that part of the judgment we pay; and
  - e. interest on the entire judgment which accrues after entry of the judgment and before we pay or tender, or deposit in court that part of the judgment which does not exceed the limit of liability that applies.
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 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) \$500 in any one occurrence.

c. We will not pay for property damage:

- (1) if insurance is otherwise provided in this policy;
- (2) caused intentionally by an insured who is 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; or

(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; or
- (c) the ownership, maintenance, or use of a motor vehicle, aircraft, or watercraft, including airboat, air cushion, personal watercraft, sail board or similar type watercraft.

## SECTION II - EXCLUSIONS

1. Coverage L and Coverage M do not apply to:

a. bodily injury or property damage:

- (1) which is either expected or intended by the insured; or
- (2) which is the result of willful and malicious acts of the insured;

b. bodily injury or property damage arising out of business pursuits of any insured or the rental or holding for rental of any part of any premises by any insured. This exclusion does not apply:

- (1) to activities which are ordinarily incident to non-business pursuits;
- (2) with respect to Coverage L to the occasional or part-time business pursuits of an insured who is under 19 years of age;
- (3) to the rental or holding for rental of a residence of yours:
  - (a) on an occasional basis for the exclusive use as a residence;
  - (b) in part, unless intended for use as a residence by more than two roomers or boarders; or
  - (c) in part, as an office, school, studio or private garage;
- (4) when the dwelling on the residence premises is a two, three or four-family dwelling and you oc-

cupy one part and rent or hold for rental the other part; or

- (5) to 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;

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

d. 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;

e. bodily injury or property damage arising out of the ownership, maintenance, use, loading or unloading of:

- (1) an aircraft;
- (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 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 which 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 e.(3) does not apply while the watercraft is on the **residence premises**;

f. **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 which is not covered under Section II of this policy;

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

h. **bodily injury** to you or any insured within the meaning of part a. or b. of the definition of insured.

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

i. any claim made or suit brought against any insured by:

(1) any person who is 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 who is 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 who is under 19 years of age; or

j. **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.

2. Coverage L does not apply to:

a. liability:

- (1) for your share of any loss assessment charged against all members of an association of property owners; or
- (2) assumed under any unwritten contract or agreement, or by contract or agreement in connection with a **business** of the insured;

b. **property damage** to property currently owned by any insured;

c. **property damage** to property rented to, occupied or used by or in the care of any insured. This exclusion

does not apply to **property damage** caused by fire, smoke or explosion;

- 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.

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. from nuclear reaction, radiation or radioactive contamination, all whether controlled or uncontrolled or however caused, or any consequence of any of these;
- d. to a person other than a **residence employee** of an insured, regularly residing on any part of the insured location.

## SECTION II - CONDITIONS

- 1. **Limit of Liability.** The Coverage L limit is shown in the **Declarations**. This is our limit for all damages from each occurrence regardless of the number of insureds, claims made or persons injured.

The Coverage M limit is shown in the **Declarations**. This is our limit for all medical expense 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 shall not increase our limit of liability for any one occurrence.
- 3. **Duties After Loss.** In case of an accident or occurrence, the insured shall perform the following duties that apply. You shall cooperate with us in seeing that these duties are performed:
  - a. give written notice to us or our agent as soon as practicable, which sets forth:
    - (1) the identity of this policy and insured;
    - (2) reasonably available information on the time, place and circumstances of the accident or occurrence; and

- (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 the coverage - **Damage to Property of Others**, exhibit the damaged property if within the insured's control; and
- e. the insured shall 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. **Duties of an Injured Person - Coverage M.** The injured person, or, when appropriate, someone acting on behalf of that person, shall:

- a. give us written proof of claim, under oath if required, as soon as practicable;
- b. execute authorization to allow us to obtain copies of medical reports and records; and
- c. submit to physical examination by a physician selected by us when and as often as we reasonably require.

5. **Payment of Claim - Coverage M.** Payment under this coverage is not an admission of liability by an insured or us.

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

No one shall have the right to join us as a party to an action against an insured. Further, no action with respect to Coverage L shall be brought against us until the obligation of the insured has been determined by final judgment or agreement signed by us.

7. **Bankruptcy of an Insured.** Bankruptcy or insolvency of an insured shall 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 which 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 which 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 shall not waive any of our rights.

5. **Cancellation.**

- a. You may cancel this policy at any time by notifying us in writing of the date cancellation is to take effect. We may waive the requirement 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 shall 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 60 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 60 days or more, or at any time if it is a renewal with us, we may cancel:

- (a) if there has been a material misrepresentation of fact which, if known to us, would have caused us not to issue this policy; or

(b) if the risk has changed substantially since the policy was issued.

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. When you request cancellation, the return premium will be based on our rules for such cancellation. The return premium may be less than a full pro rata refund. When we cancel, the return premium will be pro rata.

d. The return premium may not be refunded with the notice of cancellation or when the 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 shall be sufficient proof of notice.

7. **Assignment.** Assignment of this policy shall not be valid unless we give our written consent.

8. **Subrogation.** An insured may waive in writing before a loss all rights of recovery against any person. If not

waived, we may require an assignment of rights of recovery for a loss to the extent that payment is made by us.

If an assignment is sought, an insured shall:

- a. sign and deliver all related papers;
- b. cooperate with us in a reasonable manner; and
- c. do nothing after a loss to prejudice such rights.

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

9. **Death.** If any person shown in the Declarations or the spouse, if a resident of the same household, dies:

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.

### 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; or

2. Section II - Coverages L and 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 \$1,000 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 engine as the primary source of propulsion;

owned or 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 pupil arising out of corporal punishment administered by or at the direction of the insured.

**Option FA - Firearms.** Firearms are insured 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 do not insure 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, gradual deterioration;
  - b. insects or vermin;
  - 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. are those shown in the **Declarations**.

**Option HC - Home Computer.** The **COVERAGE B - PERSONAL PROPERTY, Special Limits of Liability**, item i., for electronic data processing system equipment and the recording or storage media used with that equipment is increased to be the amount 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 **SECTION I - 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, Dwelling Extension**.

**Report Increased Values.** You must notify us within 90 days of the start of any new building structure costing \$5,000 or more; or any additions to or remodeling of building structures which 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, Dwelling Extension**, 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 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. of Coverage L and Coverage M is replaced with the following:

b. **bodily injury or property damage** arising out of business pursuits of an insured or the rental or holding for rental of any part of any premises by an insured. This exclusion does not apply:

- (1) to activities which are ordinarily incident to non-business pursuits or to business pursuits of an insured which are necessary or incidental to the use of the residence premises as an incidental business;
- (2) with respect to Coverage L to the occasional or part-time business pursuits of an insured who is under 19 years of age;
- (3) to the rental or holding for rental of a residence of yours:
  - (a) on an occasional basis for exclusive use as a residence;
  - (b) in part, unless intended for use as a residence by more than two roomers or boarders; or
  - (c) in part, as an incidental business or private garage;
- (4) when the dwelling on the residence premises is a two family dwelling and you occupy



one part and rent or hold for rental the other part; or

- (5) to 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.

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 pupil 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 who is 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 who is 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 (1) and (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 who is 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 insured 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 do not insure 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, gradual deterioration;
  - b. insects or vermin;
  - c. inherent vice; or
  - d. seizure or destruction under quarantine or customs regulations;
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; and
4. our limits for loss by any covered peril except those in items 2. and 3. 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 Building Ordinance or Law provision 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 the policy. This is an additional amount of insurance and applies only to the dwelling.

### 2. Damaged Portions of Dwelling.

When the dwelling 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 dwelling 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 Dwelling.

When the dwelling 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 dwelling 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 dwelling 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 dwelling not damaged by the same Loss Insured;
  - (3) the ordinance or law regulates the construction or repair of the dwelling, 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. the legally required changes to the undamaged portion of the dwelling 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.

### 4. Building Ordinance or Law Coverage Limitations.

- a. We will not pay for any increased cost of construction under this coverage:
  - (1) until the dwelling is actually repaired or replaced at the same or another premises in the same general vicinity; and
  - (2) unless the repairs or replacement are made as soon as reasonably possible after the loss, not to exceed two years.
- b. We will not pay more for loss to the undamaged portion of the dwelling caused by the enforcement of any ordinance or law than:
  - (1) the depreciated value of the undamaged portion of the dwelling, if the dwelling is not repaired or replaced;
  - (2) the amount you actually spend to replace the undamaged portion of the dwelling if the dwelling is repaired or replaced.
- c. We will not pay more under this coverage than the amount you actually spend:
  - (1) for the increased cost to repair or rebuild the dwelling 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 dwelling caused by enforcement of building, zoning or land use ordinance or law.

We will never pay for more than a dwelling of the same height, floor area and style on the same or similar premises as the dwelling, 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 h., for theft of silverware and goldware is increased to be the amount shown in the Declarations for this option.

IN WITNESS WHEREOF, this Company has caused this policy to be signed by its President and Secretary at Bloomington, Illinois.

*Kim M. Brunner*

Secretary

*Edward B. Rust, Jr.*

President

The Board of Directors, in accordance with Article VI(c) of this Company's Articles of Incorporation, may from time to time distribute equitably to the holders of the participating policies issued by said Company such sums out of its earnings as in its judgment are proper.

IN THE DISTRICT COURT OF GRADY COUNTY  
STATE OF OKLAHOMA

DONALD L. WATKINS, JR. and )  
BRIDGET WATKINS, individually and )  
as representatives of a class of )  
similarly situated individuals, )

Plaintiffs, )

vs. )

STATE FARM FIRE & CASUALTY )  
COMPANY, and DANNY WALKER, )  
and other similarly situated agents of )  
State Farm Fire & Casualty Company, )

Defendants. )

No. CJ-2000-303

FILED IN DISTRICT COURT  
Grady County, Oklahoma

MAY 25 2006

*Glenda Fedmore*  
Glenda Fedmore, Court Clerk  
By ~~Deputy~~

VERDICT FORM ON CLASS QUESTIONS

We, the jury, empaneled and sworn in the above entitled cause, do, upon our oaths, find in favor of the class members as follows:

1. We do  do not  (Check One) find by clear and convincing evidence that the defendant, State Farm, **recklessly disregarded** its duty to deal fairly and act in good faith with class members in its use of Haag Engineering Company.

2. We do  do not  (Check One) find by clear and convincing evidence that the defendant, State Farm, **intentionally and with malice** breached its duty to deal fairly and act in good faith with class members in its use of Haag Engineering Company.

3. We do  do not  (Check One) find by clear and convincing evidence that the defendant, State Farm, **recklessly disregarded** its duty to deal fairly and act in good faith with class members in its use of independent adjustors from E. A. Renfroe Company.



4. We do  do not  (Check One) find by clear and convincing evidence that the defendant, State Farm, **intentionally and with malice** breached its duty to deal fairly and act in good faith with class members in its use of independent adjustors from E. A. Renfroe Company.

*Michelle Banks McHugh*  
Foreperson

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I, GLENDA FENIMORE, Court Clerk for Grady County, OK, hereby certify that the foregoing is a true, correct, and complete copy of the instrument herewith set out as appears of record in the Court Clerk's Office of Grady County, Okla.

this 25 day of May 2006

GLENDA FENIMORE, Court Clerk

By Glenda Fenimore Deputy

----- Original Message -----

**From:** Forensic

**To:** Bob Kochan

**Sent:** Tuesday, October 11, 2005 10:41 AM

**Subject:** a MS question

Bob,

Yesterday on our conference call, I was trying to establish the need for differentiating between hurricane storm surge, and rising water (or flood). Adam said they were going for uniformity by calling all water damage flood water. Last night on the news, they showed an individual who had purchased hurricane insurance, but the insurance denied his claim since the inspection revealed flood water as opposed to hurricane wind-induced storm surge as the source of damage to his home. Don't we need to be more specific in our description of the water damage observed in these inspections? I could mean a world of difference in the final payout. just wanted to be on record with this concern. thanks

Nellie Williams

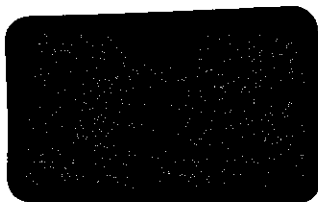
Director of Operations

Forensic Analysis & Engineering Corporation

(919) 872-8788 - (775) 849-3928

(919) 872-8660 -Fax

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**From:** "Bob Kochan" <rkochan@forensic-analysis.com>  
**To:** "Forensic" <forensic@forensic-analysis.com>  
**Sent:** Thursday, November 17, 2005 11:45 AM  
**Subject:** Re: review your MS reports

OK, I have them loaded on my laptop and will get to them this afternoon. I spoke with Mark Wilcox at length and SF has received some very "funky" official wind data from NOAA that suggests that there was a CAT 1 WIND storm and a CAT 4-5 WAVE hitting the area. It suggests that the winds were in the 80-90 MPH range or less and the visual damage just doesn't correlate to that but the NOAA data will be the insurance industries' hook to call almost all the damage water related...Even Mark is quite skeptical of the data. He is going to drop a copy off at the R/V on Sat for us. and then we will be reviewing our 530-0023 revised rpt once again.

I left a vm for the head casualty loss man at Nationwide in Biloxi this AM. Adam got a brochure packet dropped on this man's desk last night. I suspect that we might be able to break into Nationwide a bit next week or soon. Likewise, it appears that there maybe some additional work from Allstate but I need to actually speak to Alyssa later this afternoon. I will let you know so we can collectively decided if Adam and the R/V are going to return to Raleigh or stay down there for another month or so.

I also spoke with a couple of R/v sales locations in the Gulf Coast region and it appears that if we turned the R/V in to be resold on Consignment, we most probably would get \$117-120,000 for it. If I recall correctly, I borrowed \$135K and put 9947 down. I suspect you have made or will be making the second installment payment of ~\$2350 so we should have a payoff balance of about \$134,000 at present. If we sold it tomorrow, we would have to come to the table with roughly 17K which I don't believe we have available. Thus it appears that if we keep it a few months longer and hopefully get some return revenue from it, we might be better off. Please let me know your thoughts on the matter.

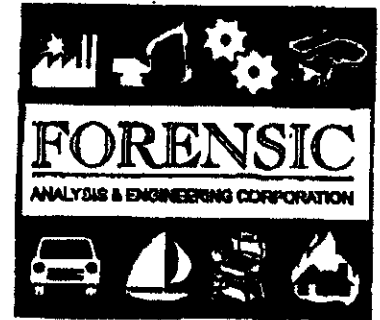
Tks,  
Bob



September 26, 2005

State Farm Insurance  
1721 Medical Park Drive  
Biloxi, MS 39532

Attn: Mark Wilcox  
FAX: 228-396-4387



Dear Mr. Wilcox,

Forensic Analysis & Engineering Corporation (FAEC) is pleased to accept your verbal commitment stating that you and State Farm Insurance authorize FAEC to deploy our Catastrophe Response Team to the Biloxi area utilizing our mobile office Recreational Vehicle for both operations and housing. Likewise, you are authorizing FAEC to utilize three or four professional engineers and administrative staff on site for at least the month of October, and possibly extending up to six or more months, depending on the total number of specific claims received by State Farm from throughout the region that need forensic investigation services.

As FAEC has its own fully equipped and functioning mobile office and living quarters RV set up for these type of emergency situations, through its used FAEC will be reducing the living costs that State Farm might otherwise expect to incur to house four of our staff at distant motels. As such we will not be incurring a nightly expense for a hotel bill for any of our people on assignment down there, up to a maximum of 4 per day. Instead, our charge for the complete use of the RV for officing and housing up to 4 persons each night will be at our published rate of \$6950.00 per month.

As per our conversation, State Farm will be paying for our expert services as they are rendered in accordance with FAEC's most recent standard published rates for all needed professional services and associated expenses. I have enclosed for your review and distribution as needed, our current Fee Schedule.

Our understanding of these assignments is that we may be receiving our proportionate share of a number of engineering related investigations that you team presently expects will exceed 10,000 cases. As such FAEC will have enough personnel on site to perform between 6-9 inspections per day. We also understand that the value of these inspections are a maximum of \$2500 for each home claim investigated for rising water and somewhat more than that if the loss can be substantiated to have been a result of wind induced damage. It is FAEC's practice to use every means reasonable to expedite our report turn around time and it is our current plan to deliver our completed opinions to

## FORENSIC ANALYSIS & ENGINEERING CORPORATION

ESTABLISHED 1966

FORENSIC ENGINEERING, PRODUCT DEFECT ANALYSIS & ACCIDENT RECONSTRUCTION

5301 Capital Blvd., Suite A, Raleigh, NC 27616-2956

EMAIL: FORENSIC@FORENSIC-ANALYSIS.com WEBSITE: www.FORENSIC-ANALYSIS.com

Telephone: (919) 872-8788

(800) 224-2505

Facsimile: (919) 872-8660







Letter of Confirmation  
Emergency Response Team  
Page 2

your office in a matter of 3-10 working days to allow State Farm to process its claims as quickly as possible.

To complete our files, we would appreciate you sending us a written confirmation of our conversations, and an estimate of what your expected turn around of expert fee invoices they have been received with the individual report. This will obviously assist us in managing the significant overhead costs involved in this project. Please forward your written confirmation to us via fax to my attention at (919) 872-8660.

I want to thank you again for this opportunity to work with State Farm in this very important assignment effort. We are very eager to do our part to help the victims of Hurricane Katrina get their lives back to as close to normal as soon as possible. In that light we have accepted the first 14 or so cases that have been faxed over and my lead personnel will be beginning our on site efforts on Thursday of this week. I look forward to personally meeting you upon my arrival next weekend.

Sincerely,

*Robert K. Kochan, President*

Robert K. Kochan  
President/CEO

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**From:** <wcforgespe@aol.com>  
**To:** <forensic@forensic-analysis.com>  
**Cc:** <rdown@forensic-analysis.com>; <rkochan@forensic-analysis.com>; <asammis@forensic-analysis.com>  
**Sent:** Tuesday, October 11, 2005 10:50 AM  
**Subject:** Re: 530-0025-05-25

Thanks for the feedback, Nellie. I have no problem with limiting the information in the report based on State Farm's requirements and the admittedly sketchy information available. It just seemed to me that since we are discussing wind and flood damage, we ought to say something about the magnitude of the wind and flood and how likely each was to have been important to the individual case. I got the distance and topo information online from Terraserver and the flood map data from the FEMA web site and the F-MIT viewer - you type in the address and it comes up, just like Mapquest. It does take some time. At landfall, hurricane force winds extended 125 miles to the east, according to the NOAA advisories, so at 80 miles conditions were still pretty severe and the surge was very severe as indicated by the failure of the gauge. I am working on getting the information I have gathered into a format that will be easy to incorporate in the reports if desired. Adam told me State Farm has another firm working on wind and flood data for each claim, should we mention that?

Anyway, if I have time I will look at the mapping and y'all can include it if you like.

Bill Forbes  
William C. Forbes, PE, DEE  
1379 Little Neck Road  
Virginia Beach, Virginia 23452  
757-871-0052  
WCForgesPE@aol.com



---

**From:** <wcforgespe@aol.com>  
**To:** <asammis@forensic-analysis.com>  
**Sent:** Monday, October 10, 2005 11:11 AM  
**Subject:** Wind data

Good morning, Adam. It appears that wind data is still not available from NOAA for August, and a lot of the stations were blown away. I have gone back through the advisories to recreate winds in your area and will be synthesizing that for you to get some ideas of how to estimate winds in particular areas. How are things with you?

Bill Forbes  
William C. Forbes, PE, DEE  
1379 Little Neck Road  
Virginia Beach, Virginia 23452  
757-871-0052  
WCForgesPE@aol.com



---

**From:** "Bob Kochan" <rkochan@forensic-analysis.com>  
**To:** "Forensic" <forensic@forensic-analysis.com>  
**Cc:** "Adam H. Sammis" <asammis@forensic-analysis.com>; "Randy Down" <rdown@forensic-analysis.com>  
**Sent:** Tuesday, October 11, 2005 2:54 PM  
**Subject:** Re: a MS question

Nellie,

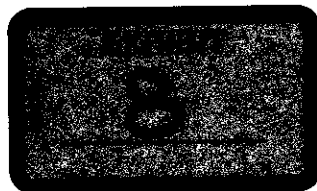
Sorry the connection was pretty bad on my end in the car yesterday so I didn't get all of that but you bring up a very important point. Yes, I do believe that we need State Farm to give us direction on this matter.

Adam just called me about this issue and I advised him to clarify with Mark how they apply coverage's and potentially we might also need to include a different sentence such as saying that our opinion is based on the specific definition of coverage supplied by our client State Farm Insurance...etc etc.

Adam is calling Mark now and will be getting back to me soon. I am sure to you too.

Good call.

B



----- Original Message -----

**From:** Forensic

**To:** Randy Down

**Sent:** Thursday, October 13, 2005 6:50 AM

**Subject:** Fw: a MS question

Randy,

As we know a fair amount of these claims will be litigated, I was concerned...I'll leave this up to you..

Nellie Williams

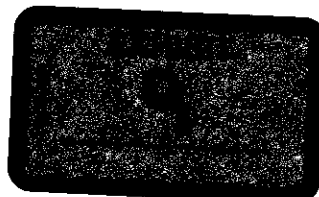
Director of Operations

Forensic Analysis & Engineering Corporation

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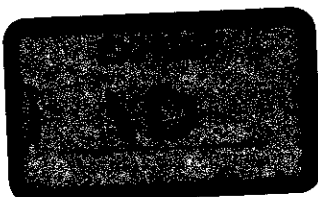
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**From:** "Randy Down" <rdown@forensic-analysis.com>  
**To:** "Forensic" <forensic@forensic-analysis.com>  
**Cc:** "Bob Kochan" <rkochan@forensic-analysis.com>  
**Sent:** Thursday, October 13, 2005 11:25 AM  
**Subject:** Re: a MS question

This issue is something that I believe Bob needs to discuss directly with our client, rather than just basing our approach on my decision (this stuff is way out of my area of expertise). If my understanding is correct, it is State Farm that is "standardizing", as Adam put it, by lumping rising/flood water and surge. They're likely to start kicking our reports back to us if we deviate from their definitions or terminology without some agreement as to why we are going to do that. Ideally we need something in writing from them directing us on how they are asking us to define the cause so that we have at least some type of defense if this were to ever come back and bite us.



-----Original Message-----

**From:** Randy Down [mailto:rdown@forensic-analysis.com]

**Sent:** Thursday, October 13, 2005 11:32 AM

**To:** Adam Sammis

**Cc:** Bill Forbes; Bob Kochan; Nellie Williams

**Subject:** Urgent - Request from State Farm

**Importance:** High

Adam,

I just received a call from Steve Haddock at State Farm regarding an issue with our reports. They are asking that we do not apply a percentage of cause in our reports (such as: 25% attributable to wind and 75% attributable to rising or flood water). They want us to state what we believe to have been the *predominant* (use that term) cause of the damage (wind or water). This effects two reports that have been submitted: 530-0005 and 530-0006 that he was aware of. We will need to resubmit those two reports. I do not recall having seen percentages used on more than a couple of the reports that I reviewed, so hopefully that was the extent of it.

Please advise Brian, Manny, and Jack when he starts.

--Randy



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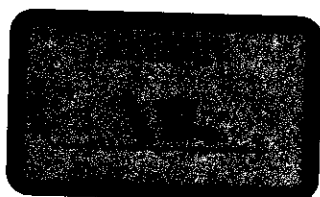
**From:** "Adam H. Sammis" <asammis@forensic-analysis.com>  
**To:** "Nellie Williams" <forensic@forensic-analysis.com>  
**Sent:** Monday, November 14, 2005 11:12 AM  
**Subject:** 5/6

Nellie -

Disregard what I said about 5 and 6, I have found the original reports here with the original invoices. I assume they were given back to Bob for re-do.

I will issue Jacks. Do we still want to re-invoice for Jacks time?

Adam



5/27/2007



---

**From:** "Adam Sammis" <asammis@forensic-analysis.com>  
**To:** "Randy Down" <rdown@forensic-analysis.com>  
**Cc:** "Bill Forbes" <wcforges@forensic-analysis.com>; "Bob Kochan" <rkochan@forensic-analysis.com>;  
"Nellie Williams" <nwilliams@forensic-analysis.com>  
**Sent:** Thursday, October 13, 2005 7:48 AM  
**Subject:** RE: Urgent - Request from State Farm

I am printing this and giving it to both of them. I will review the 9 reports that went out and all reports that go out today.

Adam



---

**From:** "Adam Sammis" <asammis@forensic-analysis.com>  
**To:** "Bob Kochan" <rkochan@forensic-analysis.com>; "Nellie Williams" <forensic@forensic-analysis.com>  
**Sent:** Monday, October 17, 2005 2:39 PM  
**Attach:** Conversation with Lecky King.doc  
**Subject:** Conversatoin notes

Bob –

Here is the synopses of the conversation I have with Lecky King.

Adam



Conversation with Lecky King, State Farm Team Manager:

Conversation was as follows, Lecky called and stated that due to 2 of our reports she was pulling all engineering work from our firm. When I asked why, she said because our engineers obviously could not tell the difference between wind and water and our reports where wrong. The damage to both houses was due to water and their data showed the surge levels in that area were so high it had to be water damage and from looking at the pictures is was obviously water. She then said they were not accepting our opinion and would now have to send another firm out to get it right and eat the cost of sending 2 firms out.

I then put her on with Brian who explained his position on the report.

----- Original Message -----

**From:** Brian Ford

**To:** Bob Kochan

**Sent:** Monday, October 17, 2005 8:52 PM

**Subject:** Re: Your conversation with Ms King at SF

Adam took the call and discussed a couple of reports with her. When she got to 0088, Adam told her the engineer was here and could talk to her.

Brian: This is Brian Ford, how are you.

Lecky: Not very good at the moment. Look at report number 88.

Brian: yes, I have it up on the computer now.

Lecky: This just can't be wind! Look at photograph 3, look at the shingle damage. It just was not wind. This is a cabana house.

Brian: The report says wind and wind debris. The front of the house was damaged by wind driven debris.

Lecky: Look at photograph and tell me what kind of damage that looks like.

Brian: Yes, it looks like floodwater. Eyewitnesses reported that the house next to the insured say a house come apart from wind and the debris blew into the insured's house taking out the windows and doors.

Lecky: you weren't there and didn't see that. You have to base your opinion on what you see.

Brian: You requested eye witness reports

Lecky: you should not be discussing what you opinions with the insured.

Brian: We do not do that..

Lecky: Thank you for the reports you have done, but you will not be getting anymore from SF.

This is the conversation to be best of my recollection.

Thanks, Brian



---

**From:** "Lecky King" <lecky.king.bnmr@statefarm.com>  
**To:** <Nwilliams@forensic-analysis.com>  
**Cc:** "Dave Randel" <dave.randel.ar85@statefarm.com>; "Sandy Schmidt" <sandy.schmidt.bf1o@statefarm.com>; "David L Haddock" <david.l.haddock.bfio@statefarm.com>; "Lecky King" <lecky.king.bnmr@statefarm.com>  
**Sent:** Monday, October 17, 2005 3:33 PM  
**Subject:** Engineer Inspections

Nellie,

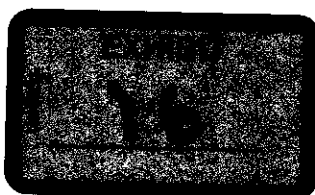
This will confirm our conversation of today regarding your firm and the work you are presently handling in the Mississippi area for State Farm Insurance. As discussed we would ask that all inspections be halted at this time and a list be sent to me of any addresses that have not been inspected to date. I would also ask that you send all information gathered from these inspections to me as well.

This information should be sent to my attention at State Farm Catastrophe Office, 1909 East Pass Road, Gulfport, MS 39507.

Thank you for working with me on this and if you need any further information feel free to contact me at 228-604-4655.

Lecky King

Catastrophe Team Manager



5/19/2007

**Bob Kochan** <[rkochan@forensic-analysis.com](mailto:rkochan@forensic-analysis.com)> wrote:

Brian,

I have learned of the unfortunate conversation you had earlier today with Lecky King at State Farm. I appreciate that fact that you stood up to for your opinion and apparently had visual and public corroborative evidence to support your opinion.

Given the significance of her stated decision to not allow us to perform any more work for her group and maybe for State Farm, I need as much background information that you might be able to document relating specifically to your conversation with her...I would like as close to a I said, she said dialogue as you can recall. Thus please reconstruct this conversation as soon as possible and provide it to me.

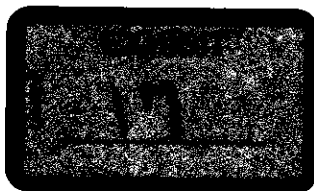
Tks and I will be in contact soon.

Bob

Robert K. Kochan, DABFET, FACFEI  
Principal Technical Consultant  
Forensic Analysis & Engineering Corporation  
National Headquarters--Raleigh, NC  
800-224-3595  
[www.forensic-analysis.com](http://www.forensic-analysis.com)

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6/19/2007



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**From:** "Bob Kochan" <rkochan@forensic-analysis.com>  
**To:** "Brian Ford" <jbrianford@yahoo.com>  
**Cc:** "Randy Down" <rdown@forensic-analysis.com>; "Nellie Williams" <nwilliams@forensic-analysis.com>  
**Sent:** Monday, October 17, 2005 7:51 PM  
**Subject:** Re: Your conversation with Ms King at SF

Brian,

Thank you for the dialogue. I spoke with Lecky King late this afternoon and convinced her to give us another opportunity to examine the home and now by using published wind and water level data that was in yesterday's paper, revisit the loss and provide either the same opinion based on more detailed and technical data or to provide an amended opinion based on the newest data available.

We have an opportunity to earn their respect back by reworking the two contested reports. I admit when I did the peer review of this home loss, I wondered to myself how you found it to be a wind loss when so much of the structure appeared to be unaffected by the wind. We both have to admit that it looks very much like flood damage from the photos that you used in your report. Maybe you have others that would be more definitive of wind induced structural damage. I happened to be on the home site with Manny when he took those pictures just after he arrived into the area. I believed I convinced her that the house in his loss report actually lost most of its roof by the wind before the water arrived which caused the remaining standing structure to be so weakened that it had no chance to withstand the force of a 30 plus foot surge. She asked me questions about the roof and where it was found and I happened to be able to answer those questions because I spent some time on site. Thus she relaxed and is giving us a second chance. But that said, I want to have Manny reword that report so that it mentions more facts of what was found. It might even need a second trip to the site to secure better pictures of the debris field in the woods to the north of the house. As I recall that is where a recognizable portion of the home's roof rests.

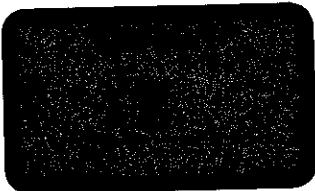
Lastly, as a company practice I am suggesting that eye witness statements are no longer to be relied upon in the development of our opinions. They can surely be used in support of technical data that we can prove but unless specific evidence is available that corroborates the witnesses opinion, let's not use it.

By the way, Ms King also stated that in her opinion it is OK to say that we can not tell the specific initial causation of the loss. That is fine in theory, but in practice, if we don't provide them definitive answers to these hard questions then they will find someone who will which obviously doesn't benefit any of us.

I am calling for a 8:30 AM Central Time conference call between, you , Jack, Adam, Manny, Randy, Nellie and me to review the preceding info with everyone and to make sure we are all working from the same set of guidelines and unbiased criteria.

I will look forward to speaking to each of you then,

G'night,  
Bob



---

**From:** "Bob Kochan" <rkochan@forensic-analysis.com>  
**To:** "Randy Down" <rdown@forensic-analysis.com>; "Nellie Williams" <nwilliams@forensic-analysis.com>  
**Sent:** Monday, October 17, 2005 8:17 PM  
**Subject:** We are back in business with SF....for now!

Good Morning gang!

Hope this finds you both well this AM. I managed to get us back on the roles with SF but we need to have a very frank conversation with the boys down south to be sure that we don't fall in the same trap.

Between us, the client feels that Brian relied solely on eye witness testimonies of others who were trapped in their attics and panic stricken at the time during the height of the storm. Very biased opinions of folks who may or may not have actually seen a significant portion of the storm's effect on the subject house. I have copied you both on an email I sent to Brian last night in reply to his conversation with Lecky King about this matter.

We also will need to adjust Manny's report such that the conclusions are better supported. I happened to have been on that house site and was able to convince Ms King based upon what I saw that the house roof first blew off weakening the walls and remaining structure then the tidal wave came through,,now known to have been in the 35-38 foot high range... knocked down the rest of the structure and sent it floating away. Anyway she seemed to buy that but it is only because I explained to her where I saw sections of the roof and other debris. I also agreed with her in lot so ways. So we may need to redo the wording of that report.

Randy, as you were down and out this afternoon, I had to make a few decisions without consulting you...sorry but time was of the essence in this matter and timing did prove to be critical...I have committed to SF that we will send a new Structural PE to the site of Brian's investigation tomorrow and have him perform a separate and unbiased investigation of the loss. If we come up with the same determination, we will only bill for one report, the final one. If we come up with a different conclusion, we will absorb the total cost of both reports...But Nellie I will need for you to distribute the expenses over the other reports so we don't completely loose out OK?

Anyway I am calling for a conference call at 9:30 our time with everyone to go over this matter in detail and make sure we are all playing under the same guidelines.

Lastly, I will mention to you that Lecky told me that she is experiencing this same concern with the other engineering companies who are using engineers who happen to live in the area. In her words...They are all too emotionally involved and are all working very hard to find justifications to call it wind damage when the facts only show water induced damage. I don't know if that is the problem in our team's case but we must be careful that these reports have technically defensible conclusions when submitted.

I will call in as the leader and will await each of your contacts at 9:30. Tuesday AM.

Bye for now,  
Bob





---

**From:** "Randy Down" <rdown@forensic-analysis.com>  
**To:** "Bob Kochan" <rkochan@forensic-analysis.com>  
**Cc:** "Nellie Williams" <nwilliams@forensic-analysis.com>  
**Sent:** Tuesday, October 18, 2005 8:54 AM  
**Subject:** Re: We are back in business with SF....for now!

Bob,

That's very good news. But I have a serious concern about the ethics of this whole matter.

Lecky (is this a man or a woman?) seems to be a very highly qualified adjuster to be making engineering conclusions that are more accurate than ours. I really question the ethics of someone who wants to fire us simply because our conclusions don't match hers (his?). If SF is going to tell us what we are to put in our reports then I think we have a situation similar to SF wanting my personal financial information. In my opinion we need to find a more rational and ethical client to be dealing with. Too many eggs in this basket to be risking it on SF. They had already contradicted themselves regarding the reports - with Mark (?) wanting percentages stated and his counterpart calling a few days later and telling us to resubmit two reports that had shown percentages and saying that SF absolutely does *not* want them shown because they would then have to settle for the portion that was reportedly caused by wind. I see now why other firms are bowing out.

Does this Lecky person understand that eye witness accounts are standardly included in a forensic report, when available? To ignore them would seem to be ignoring potential facts in the investigation that could hurt our credibility later.

Her concern about the emotional element in the engineer's decisions may have some validity (although I doubt it in Brian's case). But what about the obvious fact that SF would love to see every report come through as water damage so that they can make the minimum settlement. I now see why the Attorney General's office is already involved down there. She needs to be careful about what she is doing and saying.

--Randy



----- Original Message -----

**From:** Randy Down

**To:** Bob Kochan

**Cc:** Nellie Williams

**Sent:** Wednesday, October 19, 2005 9:31 PM

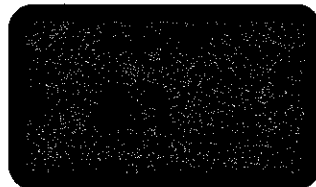
**Subject:** Manny's Report 530-0023-05-25

Bob,

FYI - Nellie has 3 of Manny's reports that needed to be looked at. I have looked at the first of those (530-0023-05-25) and there are a number of comments entered that were made by the insured; such that it appears that the insured or eye witness accounts are being heavily weighted, which, it is my understanding from our telecom and discussions, that this is what we don't want to do because it has raised a big concern with SF.

Nellie had given me the case file numbers of two other Manny reports and I inadvertently closed the IM window without recording them....so Nellie please resend the numbers.

6/19/2007



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**From:** "Bob Kochan" <rkochan@forensic-analysis.com>  
**To:** <lecky.king.bnmr@statefarm.com>  
**Cc:** "Nellie Williams" <nwilliams@forensic-analysis.com>  
**Sent:** Tuesday, October 18, 2005 11:01 AM  
**Subject:** Status of our site revisiting efforts as promised

Dear Ms King:

I wanted to thank you for taking the time yesterday afternoon to speak with me and to review your particular concerns with two of FAEC's recent reports. As discussed, we have assigned another of our qualified professional structural engineers to inspect Thomas & Pamela McIntosh, your insured's, property presented under SF Claim No. 24-Z178-602/24-BX-4847-7 and FAEC Case No: 530-0088-05-25. As I promised FAEC will provide you a well documented and technically accurate second opinion of the primary causation of this loss for your review later this week. We will be voiding the original invoice submitted with the initial report and will submit a new invoice that will cover the engineering and associated costs for only the second report. If our professional conclusions remain essentially the same. If we find new evidence that alters our original opinion significantly, then FAEC in fairness, will absorb the direct engineering costs associated with providing that new report.

Further to our conversation, FAEC is taking immediate steps to reexamine our report, FAEC Case No. 530-0012-05-25, its presented photographs and the text associated with your insured, Mr. Alfred Pepperman loss claim represented by SF Claim No. 24-Z206-359/24-00-3463-3. Our engineering staff will be revisiting this site and attempting to further document this loss to better illustrate the basis for our conclusions. We should have this information to you by later this week.

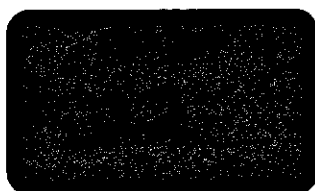
I trust that you will find the above to be in accordance with FAEC's promise to revisit these two loss investigations and to do what ever was feasible to alleviate your particular concerns. I have directed that all future loss investigations will be better supported by photographic evidence as well as having our conclusions further substantiated by recently published water height and wind data that you and I discussed. If you should happen to have any further concerns that I might assist you with, please call me directly at any time. I can be generally reached via my cell phone at 919-740-5040.

FAEC looks forward to continuing our successful working relationship with State Farm Insurance as we collectively work towards the proper and rapid resolution of your insured's losses through out the states of Mississippi and Alabama. We stand ready to be of further assistance when called upon to do so. In this light, I would kindly ask that you send an email to our Ms Nellie Williams, Director of Operations, @ [Nwilliams@forensic-analysis.com](mailto:Nwilliams@forensic-analysis.com) as you agreed to do that rescinds your previous directive to return all assignments to you. Recognizing that your time is extremely committed, your fulfillment of this request would be deeply appreciated.

Thank you once again for allowing Forensic Analysis & Engineering Corporation to be of service to State Farm Insurance.

Respectfully yours,

Robert K. Kochan ME, DABFET, FACFEI  
Principal Technical Consultant  
President & CEO  
Forensic Analysis & Engineering Corporation



6/19/2007

National Headquarters--Raleigh, NC  
800-224-3595  
[www.forensic-analysis.com](http://www.forensic-analysis.com)

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**From:** "Bob Kochan" <rkochan@forensic-analysis.com>  
**To:** "Nellie Williams" <nwilliams@forensic-analysis.com>; "Adam H. Sammis" <asammis@forensic-analysis.com>; "Admin" <admin@forensic-analysis.com>  
**Sent:** Wednesday, October 19, 2005 6:37 PM  
**Subject:** Received Case cancellation

Team~

The following case assignment STATE FARM Claim Number 24-Z457-581 was cancelled by David Haddock, Catastrophe Team manager on 10/19/05 via fax to the Raleigh office.

He advises if we have already inspected this loss, do not write the report. Send your investigation material with your bill to them.

Hopefully this is one of Brian's reports that would otherwise have to be revisited.

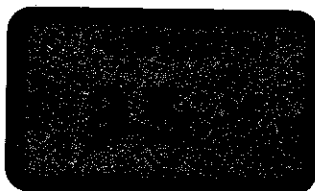
You all know what to do.

Nellie & Wendy, I would suggest we adjust the monthly case numbers to account for the all the cases that have been cancelled recently. As I recall this one makes 15 from the total of 155. Is that correct? Didn't we get 4 new ones late last week? Are they included in the present totals?

Thanks to all.

Bob

Robert K. Kochan, DABFET, FACFEI  
Principal Technical Consultant  
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[www.forensic-analysis.com](http://www.forensic-analysis.com)



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**From:** "Bob Kochan" <rkochan@forensic-analysis.com>  
**To:** "Randy Down" <rdown@forensic-analysis.com>  
**Cc:** "Nellie Williams" <nwilliams@forensic-analysis.com>  
**Sent:** Wednesday, October 19, 2005 9:07 PM  
**Subject:** Re: Manny's Report 530-0023-05-25

R & N,

Good Morning!

I reviewed and edited all three reports and found a large number of wordsmithing needed to be performed to clarify and keep FAEC out of further hot water. I could not specifically tell if 530-0024 was flooded at all but it appears that the house did not float off of its supports because of the remaining leave debris under the home's perimeter that is visible in a photo or two.

In general I believe Manny tried to comply with the objective but he is having a lot of problems with the wording as you will notice from all my red lettering.

His continued efforts are going to require double efforts on the reviewer's part. If Bill is providing the review, please ask him to be properly wordsmith each report as if he would have written it to get the point across.

Tks,  
B

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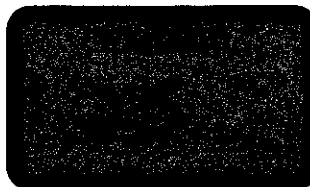
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**From:** "Admin" <admin@forensic-analysis.com>  
**To:** "Adam H. Sammis" <asammis@forensic-analysis.com>  
**Cc:** "Nellie Williams" <forensic@forensic-analysis.com>  
**Sent:** Monday, October 24, 2005 6:45 AM  
**Subject:** Job cancelation

Adam,

State Farm job # 115 has been canceled per fax sent by David Haddock. If job has been done, don't send report just send investigation materials.

Thanks,  
Wendy



---

**From:** "Bob Kochan" <rkochan@forensic-analysis.com>  
**To:** "Forensic" <forensic@forensic-analysis.com>  
**Sent:** Monday, October 24, 2005 5:11 PM  
**Subject:** Re: report 530-0090

Nells,

I have reviewed this loss before--and sent my comments to you, Randy and Manny, I believe. I definitely believe that Manny has missed the significance of some key evidence that shows that the house was elevated as it came in contact with the tree that is shown in the last photos. The difference in water elevation between inside and outside is once again a key factor in showing that the house could have floated off its concrete supports without damaging them.

In this matter, given that we have such a difference of opinion, and that it has been cancelled, I would suggest that you consider submitting the work we have done on the case effort with a copy of the report marked DRAFT and Manny's conclusion REMOVED. Just mark that section INCOMPLETED.

We don't need to give them any ammunition that is not necessary and we can still bill for the investigation, the time needed to do the draft and peer review just not a small amount of time for doing the corrections, etc.

What YOU Think?

Bob





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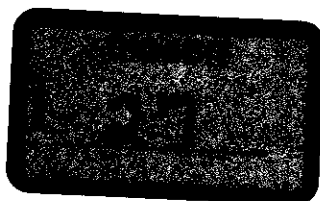
**From:** <wcforgespe@aol.com>  
**To:** <forensic@forensic-analysis.com>  
**Sent:** Tuesday, October 25, 2005 6:44 AM  
**Subject:** 0010

Nellie,

I hate to sound like I'm copping out, but this one will have the same comments as 009. I think anything we say is speculation. I'll try to give it some more thought today and will look at the others to see if they are all in the same boat. I had some connection problems last night but am doing good now. You can expect a couple more in a couple hours.

Bill

Bill Forbes  
William C.Forbes, PE, DEE  
1379 Little Neck Road  
Virginia Beach, Virginia 23452  
757-871-0052  
WCForgesPE@aol.com



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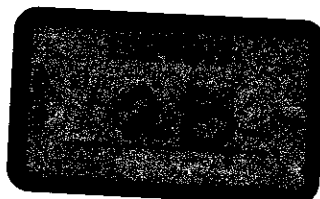
**From:** <WCForbesPE@aol.com>  
**To:** <forensic@forensic-analysis.com>  
**Sent:** Monday, October 24, 2005 9:32 PM  
**Attach:** 530-0009-05-25for rev.doc  
**Subject:** 0009

Nellie,

I know I reviewed this one before. I thought it was weak then, but defered to the PE on the site. In light of our recent discussions, I think there are still more questions than answers. I can't see any reason why this house was destroyed completely when those next to it were not, unless something big floated into it or there was a serious defect. Anything we say seems to be speculation. Has this one been specifically discussed? Maybe we should bump it up to the boss?

Bill

--  
Bill Forbes  
William C. Forbes, PE, DEE  
1379 Little Neck Road  
Virginia Beach, Virginia 23452  
757-871-0052  
[WCForbesPE@aol.com](mailto:WCForbesPE@aol.com)



5/27/2007

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**From:** "Adam Sammis" <asammis@forensic-analysis.com>  
**To:** "Nellie Williams" <forensic@forensic-analysis.com>  
**Sent:** Tuesday, October 25, 2005 9:35 AM  
**Subject:** Canceled Cases

Here is a list of the cases I show canceled as of today.

530-0039-05-25
530-0048-05-33
530-0057-05-25
530-0060-05-25
530-0061-05-25
530-0080-05-25
530-0084-05-25
530-0085-05-25
530-0093-05-25
530-0102-05-25
530-0105-05-25
530-0111-05-25
530-0114-05-25
530-0115-05-25
530-0120-05-25
530-0122-05-25
530-0126-05-25
530-0141-05-25
530-0142-05-25
530-0144-05-25
530-0043-05-28
530-0044-05-29
530-0045-05-30
530-0047-05-32
530-0049-05-25
530-0083-05-25



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**From:** "Mark Wilcox" <mark.wilcox.ax1h@statefarm.com>  
**Sent:** Friday, October 28, 2005 4:48 PM  
**Attach:** This is a suggested format for the written evaluation of a structure.doc  
**Subject:** Engineering reports

Some of you have queried us concerning the content of the report, the length and style. Attached is a document that we believe answers those questions. Please consider this format in preparing any future reports and mail them with your invoice to the requestor. If you have any questions please let me know.

<<This is a suggested format for the written evaluation of a structure.doc>>

PLEASE NOTE! As of Wednesday November 2 I will no longer be your contact. Please contact David Haddock 205.503.0946 or [david.l.haddock.BFIO@statefarm.com](mailto:david.l.haddock.BFIO@statefarm.com). I've enjoyed working with you and hope to see you again.

Mark Wilcox

Construction Consultant

(309) 212-7735

Nextel: 205-503-0904

Email: [mark.wilcox.ax1h@statefarm.com](mailto:mark.wilcox.ax1h@statefarm.com)



1/11/2007

This is a suggested format for the written evaluation of a structure. Please be sure to include the header information and reference the loss by address and claim number. An opening paragraph is appropriate detailing your assignment and disclaimer.

### DESCRIPTION

The (insert policyholder's name) residence was a wood-framed, single family dwelling erected on a concrete slab foundation. Exterior walls were clad with white painted wood siding. The house was rectangular in plan with the long dimension oriented east/west; the front of the house faced north. The gable-type roof was covered with three tab asphalt shingles. A large carport was located to the west of the house. It had a flat roof covered with a mineral coated, sheet-type membrane. The house was situated in a heavily wooded residential area about one block from the Gulf of Mexico.

### WEATHER DATA

(Insert your weather data similar to this)

Hurricane Katrina struck southeast Louisiana during the early morning hours on August 29, 2005, as a Category 4 hurricane on the Saffir-Simpson scale. The eye made landfall in Plaquemines Parish, Louisiana, just south of the town of Buras with sustained winds of around 140 MPH at 6:10 AM. The strongest winds were associated with the east eyewall which passed to the east of New Orleans. As Katrina moved northward, dry air was entrained into the circulation and wind speeds decreased substantially. Meanwhile, the storm surge increased rapidly along the Mississippi coast in advance of the hurricane hours before landfall of the eyewall.

Hurricane Katrina made a second landfall at the mouth of the Pearl River between Louisiana and Mississippi around 10:00 AM as a Category 3 hurricane with winds of around 120 MPH (estimated at 33 feet above ground in the open). The west eyewall passed over Slidell, Louisiana, whereas the east eyewall passed over Bay St. Louis, Mississippi. Winds in Bay St. Louis were initially from the east, then switched to the southeast and south as the eye made landfall. A record storm surge occurred to the east of the eye with the Gulf waters rising more than 31 feet in Waveland. The storm

surge preceded and accompanied the strongest winds. Also, the storm surge reached its peak along with the strongest winds.

### OBSERVATIONS / CONCLUSIONS

Based on our inspection, we made the following observations and reached the following conclusions:

1. The house was completely destroyed and was lying in sections on and just north of the slab foundation. The south wall had rotated over to the north trapping the house contents. Windows on the south wall near the east side of the house were broken. Windows on the west side of the house were not broken and contained screens. A wooden fence was lying on top of the south wall. Close examination of the foundation revealed the base of the south wall had a wood plate that was bolted to the slab on four foot centers. Portions of the bottom plate remained. Wall studs had been nailed but not strapped to the plate or into the foundation. As a result, the walls failed at this connection when the house was overloaded from forces from the south. A sliding glass door to the shower/tub was noticed lying unbroken near the south edge of the slab with a section of wood fence sandwiched in between. There was a door deposited on top of the wood fence. Flotsam was noted on top of the wood fence.
2. A section of the roof was flipped over and lying upside down near the north end of the slab. The glass skylight remained intact and was not broken. A section of the flat roof was lying on top of the residence upright with the roofing still intact.
3. The ceiling framing and ductwork were located in the front yard and were upright. Farther northeast on the front lawn was a section of the roof that remained upright with shingles still attached to the decking.
4. Homes south and east of the residence also were destroyed and had exhibited similar failures with the roof lying on top of the walls and contents. We examined the homes to the south, east, and southeast. All of these homes had the walls washed out by the storm surge, and

roofs had fallen down. There was very little wind damage to the various roof coverings. Some pine trees were noted snapped to the north and northwest in the area. This indicated to us the strongest winds were from the south and southeast.

5. We checked homes that remained intact farther north at higher elevations. We found still water marks that were ( ) inches above the floor slab. This indicated to us that the storm surge was higher than the eaves/ceilings at the subject residence. A framed house a block away had its lowest two stories removed by the storm surge. The third story remained intact, but with considerable flood damage. Some shingle damage was noted to the roof due to wind.
6. In summary, the (insert policyholder's name) residence was destroyed by storm surge moving south to north. Water reached higher than the eaves/ceilings. There was a lack of wind damage to the roofing, indicating that the roofs were likely underwater when the winds were the strongest and/or the winds were not very strong at roof level. Homes to the north at higher elevations survived the storm surge and wind damage was limited primarily to roof materials.

(INSERT CLOSING STATEMENT HERE)

(ATTACH PICTURES)

----- Original Message -----

From: "J Kelly" <jkelly@forensic-analysis.com>

To: "William C. Forbes" <wcforges@forensic-analysis.com>; "Bob Kochan" <RKKochan@forensic-analysis.com>; "J Kelly" <jkelly@forensic-analysis.com>; "William C. Forbes" <wcforges@forensic-analysis.com>

Cc: <rdown@forensic-analysis.com>; "Nellie Williams" <nwilliams@forensic-analysis.com>

Sent: Tuesday, January 10, 2006 9:26 AM

Subject: Re: Hurricane Katrina Modeling Information

> Bill:

>

> The thing I found interesting was the lead time of the wind ahead of the  
> water, because this is what we experienced. I can not say what speeds the  
> winds were, but they definitely were ahead of the water by our  
> observation. In one or two reports I believe we mention that the winds  
> preceded the surge by several hours, and this could be the document that  
> could be referenced if a question arose.

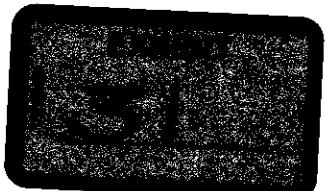
>

> Jack Kelly

>

>

'





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**From:** "Nellie Williams" <nwilliams@forensic-analysis.com>  
**To:** "Mark Wilcox" <mark.wilcox.ax1h@statefarm.com>  
**Cc:** "Bob Kochan" <rkochan@forensic-analysis.com>; "Adam Sammis" <asammis@forensic-analysis.com>;  
"Randy Down" <rdown@forensic-analysis.com>  
**Sent:** Thursday, November 10, 2005 12:50 PM  
**Attach:** Case Update for M Wilcox.xls  
**Subject:** Re: SF

Hi Mark,

I have attached your list with the information you requested added in. We had completed most of these reports, but due to the decision to terminate Brian Ford's services, those reports written by Brian were not turned in and are being re-inspected. Also, as per Bob's conversations with you and Lecky, we are on a push to complete all of the inspections outstanding as we are finding the sites are starting to be cleared, making inspections impossible. We will be turning in reports weekly as well - so we should be caught up shortly...thanks!

Nellie Williams

Director of Operations

Forensic Analysis & Engineering Corporation

(919) 872-8788 - (775) 849-3928

(919) 872-8660 -Fax

Visit us at [www.FORENSIC-ANALYSIS.com](http://www.FORENSIC-ANALYSIS.com)



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**From:** "Adam H. Sammis" <asammis@forensic-analysis.com>  
**To:** "Nellie Williams" <forensic@forensic-analysis.com>  
**Sent:** Monday, November 14, 2005 11:52 AM  
**Attach:** 530-0056-05-25 BF.xls; 530-0056-05-25 Jack.xls  
**Subject:** Case 56

Nellie -

This is one of Brian's which was submitted but I have the original report and invoice in the file. The conclusion has been modified. Here are both expense sheets. The report will be on the FTP.

Adam



---

**From:** "Adam H. Sammis" <asammis@forensic-analysis.com>  
**To:** "Nellie Williams" <forensic@forensic-analysis.com>  
**Sent:** Monday, November 14, 2005 1:34 PM  
**Subject:** Update

Nellie the following reports are on the FTP.

Case 56 has been changed and is for you files

Case 74 has been changed and is for you files

Case 23 has been changed and is for you files

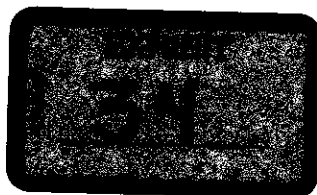
Case 5 has been changed and is for you files

Case 27 has been changed significantly and will need to be peer reviewed and have photos added.

Case 24 has been changed significantly and will need to be peer reviewed and have photos added.

Case 15 needs to have photos added and also be reviewed due to changes.

Case 6 will need to have the photos added



---

**From:** "Adam H. Sammis" <asammis@forensic-analysis.com>  
**To:** "Nellie Williams" <forensic@forensic-analysis.com>  
**Sent:** Tuesday, November 15, 2005 12:26 PM  
**Subject:** Draft that need watermarks

Nellie-

The following all need to be marked draft. It may be easiest to just put them all on the FTP when done. If you need a copy of the draft report let me know.

Thanks -

Adam

0007  
0010  
0019  
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0045  
0047  
0049  
0062  
0067  
0075  
0083  
0090



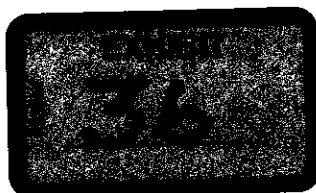
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**From:** "Adam H. Sammis" <asammis@forensic-analysis.com>  
**To:** "Forensic" <forensic@forensic-analysis.com>  
**Sent:** Tuesday, November 15, 2005 2:26 PM  
**Attach:** 530 0083 05 25draft notes.doc; 530-0043-05-25Draft1.doc; 530-0045-05-25Draft1.doc; 530-0047-05-25Draft1.doc  
**Subject:** RE: Draft that need watermarks

Nellie -

I have removed the pictures and conclusions from what I have can you please put draft water marks on theses?

Adam



---

**From:** "Forensic" <forensic@forensic-analysis.com>  
**To:** "Adam H. Sammis" <asammis@forensic-analysis.com>  
**Sent:** Tuesday, November 15, 2005 2:35 PM  
**Attach:** 530 0083 05 25draft notes.doc; 530-0043-05-25Draft1.doc; 530-0045-05-25Draft1.doc; 530-0047-05-25Draft1.doc  
**Subject:** Re: Draft that need watermarks

Here they are...  
Nellie Williams  
Director of Operations  
Forensic Analysis & Engineering Corporation  
(919) 872-8788 - (775) 849-3928  
(919) 872-8660 -Fax  
Visit us at [www.FORENSIC-ANALYSIS.com](http://www.FORENSIC-ANALYSIS.com)



---

**From:** "Adam H. Sammis" <asammis@forensic-analysis.com>  
**To:** "Bob Kochan" <rkochan@forensic-analysis.com>; <wcforgespe@aol.com>; "Randy Down" <rdown@forensic-analysis.com>; "Nellie Williams" <forensic@forensic-analysis.com>  
**Sent:** Saturday, November 19, 2005 9:50 AM  
**Subject:** Weather info

Greetings all -

Met with Mark Wilcox this morning and he gave me some interesting weather data. I have put it on the FTP for all.

Adam



---

**From:** "Randy Down" <rdown@forensic-analysis.com>  
**To:** "Jack Kelly" <jbkpe@earthlink.net>; "Bob Kochan" <rkochan@forensic-analysis.com>  
**Cc:** "Adam Sammis" <asammis@forensic-analysis.com>; "Nellie Williams" <nwilliams@forensic-analysis.com>  
**Sent:** Friday, December 09, 2005 12:00 PM  
**Subject:** Re: State Farm Inquiry Regarding a Submitted Report

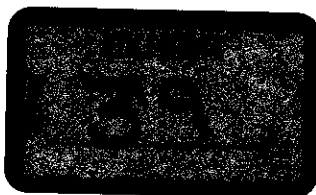
Gentlemen,

Wendy informed me this morning that we had received a call a couple of days ago from Marsha Slaughter, a Team Leader at State Farm asking to speak to Brian Ford about a report that he had authored for FAEC#530-0072-05-25. The insured is Sandra Simpson. Wendy mentioned that Marsha is questioning how wind was the primary cause of the damage if there was over 4 feet of water in the structure. Given State Farm's prior request that Brian Ford not be involved with further work associated with their claims work, I am looking for suggestions on how to best address the situation. The two delay came in Wendy's attempts to track down Brian, who called her back this morning and had suggested that she talk to me about it first before he contacts State Farm.

I have no problem calling Marsha back to discuss the matter. But I do not have the knowledge of the nature of this type of storm damage to feel that I am the best candidate to do that. Also, Marsha had told Wendy when she called a couple of days ago that she would be faxing more information to us, which we have yet to receive. I presume it may be weather data or something that indicates the level of water that was achieved by the storm in that vicinity - thus raising the question she has posed.

I'm of the opinion that it would probably make sense for either Jack or Bob to review Brian's report and photos and then call her back and discuss the matter, and make a determination as to whether or not a reinspection is needed, or even possible at this point. The call back should probably take place some time later today, if possible.

--Randy





---

**From:** "Bob Kochan" <rkochan@forensic-analysis.com>  
**To:** "Jack Kelly" <jbkpe@earthlink.net>; "Adam H. Sammis" <asammis@forensic-analysis.com>;  
"Randy Down" <rdown@forensic-analysis.com>; "Nellie Williams" <nwilliams@forensic-  
analysis.com>  
**Sent:** Friday, December 09, 2005 12:13 PM  
**Subject:** Re: State Farm Inquiry Regarding a Submitted Report

Everyone,  
I recall this investigation. Yes, while he mentioned it, Brian did fail to emphasize the high level of water in the home in the report. But at that time we were operating under the assumption of providing the initial causation of the major damage to the structure,

Jack, if you agree, I suggest that the client be advised that we will amend the report to include **ADDITIONAL** statements that the high water which most assuredly came from the surge did a significant amount of additional damage to the home or some such wording, etc.

Let me know if you need anything else.

Regards, to all,  
B



---

**From:** "J Kelly" <jkelly@forensic-analysis.com>  
**To:** "Nellie Williams" <nwilliams@forensic-analysis.com>  
**Cc:** "Bob Kochan" <rkochan@forensic-analysis.com>; <rdown@forensic-analysis.com>  
**Sent:** Sunday, December 18, 2005 11:22 AM  
**Subject:** Status of Reports

Nellie:

With the reports I've put on the FTP site this weekend, I'm left with three jobs to complete:

Job 0128:

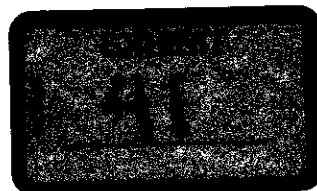
At the jobsite Nov. 11, 2005 the property owner, Mr. Carney, said he would send me the pictures taken of the site prior to its being cleared. About 10 days ago I called him to have him e-mail the pictures to Adam. Last week his wife called me to say she was mailing me a CD with the pictures on it. It will be mailed to the Ocean Springs PO Box. It has not arrived yet, so that job will be done when I get back after Christmas.

Job 0072:

I have the e-mails on the job from Dec 09. I have not called SF on the matter yet as the file got on the bottom of my stack. I apologize for that. I'm not sure if SF is going to send us some additional information by reading the e-mails. I think this may be one of those jobs that one must be careful in handling. If the report has gone out to some kind of distribution within SF, it may be better to write a letter of clarification addressing the question vs. amending the report. If the report has not been distributed and we can retrieve the original as a swap out we could re-do the report. I have not had the time to go to the site but the pictures do show a water level in the house, and a water level was addressed in the already submitted report. I can get into this after next week also.

Job 0007:

I have this report which as I understand was a DRAFT as submitted to SF. I think I will go back to the site and look this over. I have found in the past review of the writers work, in reports that I have redone, that I have not agreed with his conclusions on a number of occasions. This house was located in very close proximity to the beach, and I'm not sure wind was the primary cause of damage, when looking at damage across the street etc.



1/11/2007

I would anticipate having these three reports done the week after Christmas.

I did receive the final bound reports for Jobs 31 and 37 yesterday by DHL. I'll drop them off to SF tomorrow before I leave.

I'll have the cell phone with me on my trip so I can be reached. However, I will not bring the job files

Happy Holidays.

Jack Kelly

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**From:** "J Kelly" <jkelly@forensic-analysis.com>  
**To:** <rkkochan@forensic-analysis.com>; <rdown@forensic-analysis.com>; <forensic@forensic-analysis.com>; <wcforges@forensic-analysis.com>  
**Sent:** Wednesday, February 01, 2006 10:33 AM  
**Subject:** Revised Report for Job 0012

I spoke with David Haddock of SF to tell him that we would like to submit a revised report on this job, based on additional information that we have now that we did not have at the time the report was written. This included the Weather Data, Inc report supplied to us by SF. He asked if this would be an addendum or a complete report.

I told him it would be a completely new report which would incorporate additional information we now have.

Since the report he is holding has not been seen outside of SF, he is mailing that original back to me and the new report will replace it.

Jack Kelly



---

**From:** "J Kelly" <jkelly@forensic-analysis.com>  
**To:** <forensic@forensic-analysis.com>  
**Sent:** Monday, February 06, 2006 7:50 AM  
**Subject:** Original report for Job 0012

Nellie:

Saturday I received the original report back from SF.  
I'll proceed with the one under my name today.

Jack



---

**From:** "J Kelly" <jkelly@forensic-analysis.com>  
**To:** <forensic@forensic-analysis.com>  
**Sent:** Monday, February 06, 2006 1:47 PM  
**Subject:** Job 0012

Nellie:

I placed my draft for the replacement report on the ftp site. I've pulled the pictures from the picture file you e-mailed me for this job. I'll fax you the background boilerplate.

Thanks,

Jack Kelly



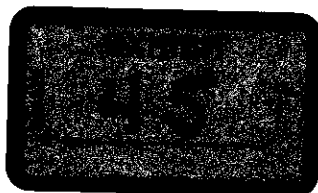
---

**From:** "Randy Down" <rdown@forensic-analysis.com>  
**To:** "Nellie Williams" <nwilliams@forensic-analysis.com>  
**Sent:** Wednesday, February 01, 2006 11:42 AM  
**Subject:** Jack

Nellie,

Had a good conversation with Jack this morning regarding one of Manny's reports that had claimed wind damage versus water despite much of the evidence indicating water was the primary cause. Apparently SF had raised an issue concerning our findings. We are using the "out" of our standard disclaimer at the end of the report, along with the updated weather data that we received later, to justify our changing the report findings. I suggested that approach and Jack was fine with it. Hopefully there are not too many more of those types of reports lurking out there. I recall Manny producing about ten. Hopefully some of those had a more supportable conclusion.

--Randy



---

**From:** "J Kelly" <jkelly@forensic-analysis.com>  
**To:** <forensic@forensic-analysis.com>  
**Sent:** Friday, February 10, 2006 9:02 AM  
**Subject:** Invoice for Job 0012

Nellie:

This is a report that we redid. SF sent me back the original that was submitted by Manny and Brian, which was signed by them as a final report. The issue was that they had concluded wind and I concluded predominantly water.

While I did not specifically address any additional compensation from SF, in the other two reports of similar problem, we just corrected the report without any additional fees. I don't know if you want to consider this or not, just let me know. Id like to bring the reports over to SF this morning.

Thanks,

Jack





---

**From:** "Bob Kochan" <RKKochan@forensic-analysis.com>  
**To:** "Jack Kelly" <JKelly@forensic-analysis.com>  
**Cc:** "Randy Down" <rdown@forensic-analysis.com>; "Nellie Williams" <nwilliams@forensic-analysis.com>  
**Sent:** Tuesday, February 28, 2006 7:33 AM  
**Subject:** Welcome Back and As We Head Forward

Dear Jack:

Welcome back home! Hope your trip to the West Coast was relaxing and filled with many happy family moments.

I trust that you found the homefront to be in good order upon your return.

As I recall, I believe we have one or two final cases to clean up for State Farm this week. We also received a "returned invoice" from SF on the file inspection that I did where they gave us the wrong address and I did the inspection and you went back to look for the home just before you left. It was the attorney's "rental" property versus his home site as I recall. Given that Nellie has documentation that SF gave us the wrong address to go to, and that we did the inspection, we would like to be paid for our time and effort, etc. Please discuss this issue with Nellie and see what you can do about getting SF to agree to pay us for their mistake. Nellie also mentioned that there might be another one or two issues like this one that will need your personal touch down there to get handled.

As we move forward into March, I would like your impute on what type of business development contacts you believe can be reached out and touched over the next few weeks. Obviously, we would like to do whatever we can with your help to continue the income stream from that area....

Should we attempt to jump to the "dark side" and contact the plaintiff attorneys regarding helping them with client settlements? Should we make contact with the local claims adjusters association for Central and Southern Mississippi, to introduce FAEC---your services-- and to let them know we are "right there in their back yard" to be of help?

Maybe connecting with the local community Directors of Utilities or Operations would be a good way of generating some specialized investigations that might be right up your alley.

Please give it a bit of thought and let me know your thoughts.  
Take care and thanks for your help.

Bob

Robert K. Kochan, DABFET, FACFEI  
Principal Technical Consultant  
Forensic Analysis & Engineering Corporation  
National Headquarters--Raleigh, NC  
800-224-3595  
[www.forensic-analysis.com](http://www.forensic-analysis.com)



6/19/2007