

Bulletin

STATE CORPORATION COMMISSION BUREAU OF INSURANCE

TO: All Insurers Licensed to Write Homeowners and Dwelling Property Insurance; Certain Rate Service Organizations; All P&C Interested Parties

RE: Chapter 341 (Owner-Occupied Dwelling Property Policies) and Chapter 342 (Homeowners Policies)

DATE: June 27, 2022

Important Dates

January 1, 2022	The effective date of the new rules (Chapters 341 and 342).
December 31, 2022	Insurers and rate service organizations are required to submit filings for compliance with these chapters no later than December 31, 2022.
July 1, 2023	Compliance is required for policies delivered or issued for delivery in Virginia with effective dates on and after July 1, 2023.

The Bureau encourages insurers and rate service organizations file the forms necessary for compliance with Chapters 341 and 342 as soon as possible. The Bureau is unable to grant extensions to the compliance dates.

Anyone who has questions about compliance with Chapters 341 and 342, including questions about a filing, may email the Bureau of Insurance at:

HO-DPComments HO-DPComments@scc.virginia.gov

This mailbox is monitored closely, and you will receive a response quickly.

Background: On December 17, 2021, the State Corporation Commission issued an order ([INS-2021-00092](#)) repealing Chapter 340 entitled “Rules Governing Standards for the Content of Fire Insurance or Fire Insurance in Combination with Other Coverages effective January 1, 2022; to adopt a new Chapter 341 entitled “Rules Governing Standards for the Content of Dwelling Property Insurance Policies”; and to adopt a new Chapter 342 entitled “Rules Governing Standards for the Content of Homeowners Insurance Policies.” A copy of that order is attached to this document.

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION
AT RICHMOND, DECEMBER 17, 2021

SCC-CLERK'S OFFICE
DOCUMENT CONTROL CENTER
2021 DEC 17 P 2: 39

211230115

COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION

CASE NO. INS-2021-00092

Ex Parte: In the matter of Repealing Rules Governing Standards for the Content of Fire Insurance or Fire Insurance in Combination with Other Coverages, Adopting New Rules Governing Standards for the Content of Dwelling Property Insurance Policies and Adopting New Rules Governing Standards for the Content of Homeowners Insurance Policies

ORDER REPEALING AND ADOPTING REGULATIONS

On September 10, 2021, the State Corporation Commission ("Commission") entered an Order to Take Notice to repeal Chapter 340 of Title 14 of the Virginia Administrative Code entitled "Rules Governing Standards for the Content of Fire Insurance or Fire Insurance in Combination with Other Coverages" set out at 14VAC5-340-10 through 14VAC5-340-150:9 ("Chapter 340"); to adopt a new chapter, Chapter 341 of Title 14 of the Virginia Administrative Code entitled "Rules Governing Standards for the Content of Dwelling Property Insurance Policies," which was recommended to be set out at 14VAC5-341-10 through 14VAC5-341-90 ("Chapter 341"); and to adopt a new chapter, Chapter 342 of Title 14 of the Virginia Administrative Code entitled "Rules Governing Standards for the Content of Homeowners Insurance Policies," which was recommended to be set out at 14VAC5-342-10 through 14VAC5-342-120 ("Chapter 342").

The repeal of Chapter 340 is necessary because these rules are outdated, having been in place without revision since 1982. The proposed new rules in Chapters 341 and 342 ("proposed rules") establish minimum standards for the contents of dwelling property and homeowners insurance policies. Further, the proposed rules offer improved readability; preserve basic

coverages for consumers; provide clarity in specific areas for certainty and consistency in interpretation, such as occasional rental, unoccupied and vacant premises, and incidental business activities; address exposures that have emerged since 1982, such as virtual currency, home-sharing, drones and hovercraft and the use of the residence for telework; and incorporate offers of coverage that are required by statute.

The Order to Take Notice and proposed rules were posted on the Commission's website, sent to all to all carriers licensed in Virginia to write fire and homeowners insurance and to all persons known to the Bureau of Insurance ("Bureau") to have an interest in property and casualty insurance on September 14, 2021, the Virginia Attorney General's Division of Consumer Counsel ("Consumer Counsel"), and published in the *Virginia Register of Regulations* on October 11, 2021. Licensees, Consumer Counsel and other interested parties were afforded the opportunity to file written comments or request a hearing on or before October 15, 2021.

Comments to the proposed rules were filed by Francis Folger on behalf of Nationwide Mutual Insurance Company, Nancy J. Egan on behalf of American Property Casualty Insurance Association, Nicola Rutland on behalf of Insurance Services Office, Inc., Andrew Kirkner on behalf of National Association of Mutual Insurance Companies, Sarah Fanning on behalf of Travelers Insurance and Matt Fuss on behalf of State Farm Mutual Insurance Company. No request for a hearing was filed with the Clerk of the Commission ("Clerk").

The Bureau considered the comments filed and responded to them in its Response to Comments ("Response"), which the Bureau filed with the Clerk on November 15, 2021. In its Response, the Bureau addressed the comments and either recommended that various sections of the proposed rules be amended or indicated why it did not believe other suggested revisions were authorized or warranted.

NOW THE COMMISSION, having considered the proposal to repeal and adopt rules, the comments filed, and the Bureau's Response, concludes that Chapter 340 of the Virginia Administrative Code should be repealed and that the proposed regulations should be adopted by the Commission, as recommended and modified and attached hereto effective January 1, 2022.

Accordingly, IT IS ORDERED THAT:

(1) Chapter 340 of Title 14 of the Virginia Administrative Code entitled "Rules Governing Standards for the Content of Fire Insurance or Fire Insurance in Combination with Other Coverages" set out at 14VAC5-340-10 through 14VAC5-340-150:9 is hereby REPEALED effective January 1, 2022.

(2) Chapter 341 of Title 14 of the Virginia Administrative Code entitled "Rules Governing Standards for the Content of Dwelling Property Insurance Policies," set out at 14VAC5-341-10 through 14VAC5-341-90, and Chapter 342 of Title 14 of the Virginia Administrative Code entitled "Rules Governing Standards for the Content of Homeowners Insurance Policies," set out at 14VAC5-342-10 through 14VAC5-342-120, as modified herein and attached hereto, are hereby ADOPTED effective January 1, 2022.

(3) The Bureau shall provide notice of the repeal and adoption of rules to all carriers licensed in Virginia to write fire and homeowners insurance as well as to all persons known to the Bureau to have an interest in property and casualty insurance.

(4) This Order and the attached regulations shall be made available on the Commission's website: scc.virginia.gov/pages/Case-Information.

(5) The Commission's Division of Information Resources shall provide a copy of this Order and the regulations to the Virginia Registrar of Regulations for publication in the *Virginia Register of Regulations*.

(6) The Bureau shall file with the Clerk an affidavit of compliance with the notice requirements of Ordering Paragraph (3) above.

(7) This case is dismissed, and the papers filed herein shall be placed in the Commission's file for ended causes.

A COPY hereof shall be sent by the Clerk of the Commission to: C. Meade Browder, Jr., Senior Assistant Attorney General, mbrowder@oag.state.va.us, Office of the Attorney General, Division of Consumer Counsel, 202 N. 9th Street, 8th Floor, Richmond, Virginia 23219-3424; and a copy hereof shall be delivered to the Commission's Office of General Counsel and the Bureau of Insurance in care of Deputy Commissioner Rebecca Nichols.

State Corporation Commission, Bureau Of Insurance

Chapter 340

Rules Governing Standards for the Content of Fire Insurance or Fire Insurance in

Combination with Other Coverages (REPEALED)

Chapter 341

Rules Governing Standards for the Content of Dwelling Property Insurance Policies

14VAC5-341-10. Scope and applicability.

A. This chapter sets forth the standards of content for policies of dwelling property insurance covering [solely] owner-occupied dwellings, including condominium units. This chapter applies to insurers licensed to do business in Virginia and issuing policies of dwelling property insurance pursuant to the provisions of Chapter 21 (§ 38.2-2100 et seq.) of Title 38.2 of the Code of Virginia.

B. Compliance with this chapter is required for policies delivered or issued for delivery in Virginia with effective dates on and after July 1, 2023. Insurers and rate service organizations shall submit filings for compliance with this chapter no later than December 31, 2022.

C. No insurer shall represent to a prospective purchaser or a policyholder that a dwelling property policy subject to the provisions of this chapter is a homeowners policy as defined in § 38.2-130 of the Code of Virginia.

D. This chapter does not apply to policies that:

1. Are lender-placed;

2. Insure owner-occupied farms;

3. Insure manufactured homes as defined in § 46.2-100 of the Code of Virginia, except for policies insuring manufactured homes as defined in § 46.2-653.1 of the Code of Virginia;

4. Are issued pursuant to Chapter 27 (§ 38.2-2700 et seq.) of Title 38.2 of the Code of Virginia;

5. Are issued pursuant to Chapter 48 (§ 38.2-4800 et seq.) of Title 38.2 of the Code of Virginia; or

6. Primarily insure the personal property of renters.

E. Insurers shall file with the commission all policies or endorsements for approval before use.

F. Policies and endorsements shall not be less favorable than the provisions set forth in this chapter. Insurers may provide broader and more favorable coverages, terms, and conditions than those set forth in this chapter. Insurers may use any policy language that is not less favorable to the insured and complies with provisions of this chapter.

14VAC5-341-20. Severability.

If a provision of this chapter or its application to a person or circumstance is for any reason held to be invalid by a court, the remainder of this chapter and the application of the provisions to other persons or circumstances shall not be affected.

14VAC5-341-30. Definitions.

The following words and terms when used in this chapter shall have the following meanings unless the context clearly indicates otherwise:

"Actual cash value" means the amount equal to the replacement cost minus depreciation of damaged or stolen property at the time of the loss.

"Aircraft" means a machine or device capable of atmospheric flight, including hobby or model aircraft, drones, self-propelled missiles, and spacecraft.

"Business" means a trade, profession, or occupation whether full-time, part-time, or occasional activity, including (i) farming, (ii) the rental of the whole or a part of the residence

premises by an insured, (iii) the business use of part of the residence premises, or (iv) home-sharing.

"Business" shall not include:

1. The occasional rental of the whole or a part of the residence premises for dwelling purposes;
2. The rental or holding for rental of a part of the residence premises for no more than two roomers or boarders for use as a primary residence;
3. The rental of a part of the residence premises as a private garage;
4. The rental of a part of the residence premises as an office, school, or studio; or
5. The insured's use of the residence premises for remote work under an agreement with the insured's employer.

"Commission" means the State Corporation Commission.

"Condominium unit" means a dwelling as defined in § 55.1-1900 of the Code of Virginia.

"Dwelling" means any residential structure specifically named in the policy.

"Farms" or "farming" means the use of land and buildings primarily for agricultural purposes with the objective of raising animals to produce food for sale or distribution to the public and growing crops for sale or distribution to the public.

"Fixtures" means permanently installed components of the dwelling or other structures including wells; plumbing systems; pumps; air conditioning equipment, systems, and parts; heating equipment, systems, and parts; hot water heaters; lighting systems; or built-in appliances and other components where removal would deface or damage the dwelling.

"Functional replacement cost" means the cost to repair or replace the damaged dwelling or other structures with less costly common construction materials and methods that are functionally equivalent to materials and methods used in the original construction.

"Home-sharing" means rental [or offering for rental] of [the whole or a part of] the residence premises [or a part of the residence premises] for lodging purposes [made available] through an online-enabled application, website, or digital network [~~Home sharing is not occasional rental as defined in this section~~ during the policy term (i) for more than seven consecutive or random days or (ii) that generates revenue of more than \$2500] . An individual occupying the residence premises through home-sharing is not a roomer, boarder, tenant, or guest.

"Hovercraft" means a self-propelled air cushioned vehicle that can travel over land and water.

"Insured" means (i) any person named as an insured in the policy, (ii) if residents of the named insured's household, the named insured's spouse if not a named insured, and relatives of either, and (iii) other persons younger than 21 years of age in the care of an insured.

"Motor vehicle" means a vehicle that is self-propelled or designed for self-propulsion and is designed or licensed for use on public roads.

"Occasional rental" means [(i)] rental of the [residence premises whole] or a part of the residence premises for [up to lodging purposes during a policy term (i) for] seven [or fewer consecutive or random] days [, whether consecutive or random, in any policy term, or] (ii) [rental of the residence premises] that generates revenue of up to \$2,500 [, or (iii) a combination of (i) and (ii) of this definition] . Occasional rental does not include home-sharing as defined in this section.

"Pollutant" means solid, liquid, gaseous, thermal, or radioactive irritants or contaminants, including acids, alkalis, chemicals, fumes, vapors, and waste.

"Recreational motor vehicle" means a motor vehicle designed for recreational use off public roads and not subject to motor vehicle registration.

"Replacement cost" means the cost to repair or replace the damaged or stolen property with material of like kind and quality without deduction for depreciation.

"Residence employee" means an employee of an insured who provides maintenance or domestic services for the residence premises.

"Residence premises" means the dwelling, other structures, and grounds at the location named in the policy.

"Theft" means an act of stealing or attempt to steal, including loss of property from a known place under circumstances when a probability of theft exists.

"Vacant" means a dwelling (i) that has not been occupied as a residence for more than 30 consecutive days immediately before a loss and (ii) where most of the named insured's personal property has been removed such that the dwelling is not functional as a customary place of residence. A dwelling is not occupied if the dwelling is being used without the permission of an insured. A dwelling under construction or being remodeled, repaired, or renovated is not vacant.

"Vandalism" or "malicious mischief" means the willful and malicious damage to or destruction of the property excluding loss by pilferage, theft, burglary, or larceny.

14VAC5-341-40. Mandatory property coverages.

A. Insurers shall provide coverage for the dwelling on the residence premises including fixtures.

1. Insurers shall also provide coverage for materials and supplies while located on the residence premises and intended for use in construction, alteration, or repair of the dwelling or other structures.

2. For a dwelling that is a condominium unit, insurers shall provide a limit of liability of at least \$5,000 for the dwelling and fixtures that are the responsibility of the condominium unit owner.

B. Insurers shall provide coverage for other structures and the fixtures of other structures on the residence premises.

1. Insurers shall provide a limit of liability of at least 10% of the dwelling limit of liability.

2. Insurers may exclude coverage for other structures that are used for business or rented or held for rental unless the structure is (i) rented to roomers, boarders, or tenants of the dwelling or (ii) rented for use solely as a private garage.

3. For condominium units, insurers shall provide coverage for other structures and fixtures of other structures that are the responsibility of the condominium unit owner.

C. Insurers shall provide coverage for (i) breakage of glass or safety glazing material that is part of a dwelling or other structure and (ii) damage to covered property by glass that is part of a dwelling or other structure. This coverage does not increase the limit of liability that applies to the damaged covered property. Insurers may exclude loss if the dwelling was vacant.

D. Insurers shall provide coverage for the expenses incurred for the removal of debris of covered property damaged by a covered cause of loss and the expense for the removal of fallen trees that damage covered property. Expenses for debris removal are included within the limit of liability applicable to the damaged property.

E. Insurers shall provide coverage for contractual fire department service charges and volunteer fire department service charges as follows:

1. Contractual fire department service charges where the fire department is called to save or protect insured property from a covered cause of loss. Insurers may limit this coverage

to a residence premises not located within the limits of a city, municipality, or fire protection district furnishing fire department services.

2. Fire department service charges made by volunteer fire departments pursuant to § 38.2-2130 of the Code of Virginia.

3. Insurers shall provide at least \$250 of coverage for each type of fire department service charges.

4. Insurers may not apply a deductible to the coverages in subdivisions 1 and 2 of this subsection.

F. Insurers shall offer ordinance or law coverage, subject to the exclusions or limitations within this chapter, pursuant to § 38.2-2124 of the Code of Virginia at the dwelling limit of liability within the policy or as an endorsement. This limit of liability is in addition to the limit of liability applicable to the dwelling. Insurers may make other limits of liability available for insureds to purchase. When ordinance or law coverage is provided within the policy or as an endorsement, subdivision A 3 of 14VAC5-341-70 does not apply.

G. Insurers shall provide coverage of at least 10% of the dwelling limit of liability for the increase in necessary living expenses when the dwelling is uninhabitable due to a covered cause of loss. Insurers shall provide coverage of at least 20% of the household and personal property limit of liability for condominium units.

1. Insurers shall provide this coverage for the time reasonably required to return the dwelling to a habitable condition or for the insured's household to become settled in any permanent quarters.

2. Insurers shall provide additional living expense coverage for at least two weeks while a civil authority limits access to the residence premises as a result of damage to neighboring premises by a covered cause of loss.

3. Insurers may exclude living expenses that do not continue.

4. This coverage is not limited by the expiration date of the policy.

[5. Insurers may not apply a deductible to this coverage.]

H. Insurers shall provide coverage of at least 10% of the dwelling limit of liability for the fair rental value of [a any] part of the dwelling or other [~~structures~~ structure]. Insurers shall provide coverage of at least 20% of the household and personal property limit of liability for condominium units.

1. Insurers shall provide this coverage for the time reasonably required to restore the dwelling or other structures to a tenantable condition following damage caused by a covered cause of loss.

2. Insurers shall provide fair rental value coverage for at least two weeks while a civil authority limits access to the residence premises as a result of damage to neighboring premises by a covered cause of loss.

3. Insurers may exclude expenses that do not continue.

4. Insurers may exclude coverage for loss or expense due to cancellation of a lease or agreement.

5. This coverage is not limited by the expiration date of the policy.

6. Insurers may not apply a deductible to this coverage.

I. Insurers shall provide coverage for damage to trees, shrubs, plants, or lawns caused by fire, lightning, explosion, riot, civil commotion, aircraft, or vehicles not owned or operated by a resident of the residence premises. When expanded or open causes of loss are provided by the policy, insurers shall also include coverage for damage to trees, shrubs, plants, or lawns caused by vandalism and malicious mischief, and actual or attempted burglary.

1. Insurers shall provide a limit of liability for this coverage of at least 5.0% of the dwelling limit of liability.

2. Insurers may limit the amount of coverage to no more than \$250 for each tree, shrub, or plant on the residence premises. The limit of coverage includes debris removal coverage when the tree, plant, or shrub does not cause damage to covered property.

J. Insurers shall provide coverage for loss or damage to property while removed or being removed from the residence premises because the property is endangered by a covered cause of loss.

1. Coverage is provided for damage from any cause subject to the exclusions and limitations permitted in this chapter.

2. Insurers shall provide this coverage for at least 30 days for each removal.

3. This coverage is not limited by the expiration date of the policy.

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

K. Insurers shall provide coverage for the cost of making reasonable repairs to protect covered property from further damage when the repairs are directly attributable to damage caused by a covered cause of loss. The repairs are included as part of the amount of the loss.

L. If expanded or open causes of loss are provided by the policy, insurers shall pay the cost incurred to tear out and replace the part of the dwelling or other structure necessary to gain access to the system or appliance from which the water or steam escaped if a loss to the dwelling or other structures is caused by water or steam escaping from a system or appliance. Insurers may exclude loss to the system or appliance from which the water or steam escapes.

M. Insurers shall provide coverage for direct physical loss to the dwelling, other structures, and household and personal property involving collapse of a dwelling or other structure or any part of a dwelling or other structure:

1. Caused by one or more of the following:

a. The causes of loss in subsection C of 14VAC5-341-60;

b. Hidden decay;

c. Hidden insect or vermin damage;

d. Weight of contents, equipment, animals, or people;

e. Weight of rain that collects on a roof; or

f. Use of defective materials or methods in construction, remodeling, or renovation if the collapse occurs during the construction, remodeling, or renovation.

2. 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 subdivisions 1 b through 1 f of this subsection unless the loss is a direct result of the collapse of a building.

3. Collapse does not include settling, cracking, shrinking, bulging, or expansion. [A building that is in danger of falling down or caving in is not in a state of collapse.]

4. This coverage does not increase the limit of liability applicable to the damaged covered property.

5. Insurers may exclude collapse when providing only basic causes of loss set forth in subsection B of 14VAC5-341-60.

14VAC5-341-50. Optional coverage for household and personal property.

A. Insurers may offer coverage for household and personal property. If offered:

1. Insurers shall provide coverage for household and personal property on the residence premises that is owned or used by an insured.

2. At the request of the named insured at the time of loss, insurers shall provide coverage for household and personal property owned by a:

a. Guest while the property is on the residence premises or

b. Residence employee while the property is on the residence premises.

B. Insurers shall provide coverage for the insured's property (i) on the residence premises during an occasional rental or (ii) on the part of the residence premises occupied by roomers, boarders, or tenants.

C. Insurers shall provide coverage for household and personal property while it is being moved to the insured's new principal residence within the United States. Insurers shall provide coverage for property while it is being moved for 30 days from the date that moving the property begins. The household and personal property limit of liability applies to property being moved to another location. If the move began during the policy term, coverage may not be limited by the expiration of the policy.

D. Insurers shall provide coverage for the following types of household and personal property at limits of at least the following:

1. \$500 total per loss on cemetery property on or off the residence premises including monuments, headstones, grave markers, and urns.

2. \$100 total per loss on coin collections, medals, gold, platinum, and silver, except goldware and gold-plated ware shall not be deemed to be gold and silverware and silver-plated ware shall not be deemed to be silver.

3. \$500 total per loss on passports, tickets, or stamp collections.

4. \$1,000 total per loss on watercraft, trailers used with watercraft, and watercraft furnishings, equipment, and outboard motors. This limit does not apply to rowboats or canoes.

5. \$500 on trailers, semi-trailers, and campers not otherwise covered in this chapter.

14VAC5-341-60. Causes of loss.

A. Insurers shall provide, at a minimum, the basic causes of loss in subsection B of this section. If an insurer provides expanded causes of loss, the causes of loss may be no less favorable than the causes of loss in subsections B and C of this section. If an insurer provides open causes of loss, the causes of loss may be no less favorable than the causes of loss in subsection D of this section. The same causes of loss shall apply to the dwelling and other structures. Insurers may offer basic, expanded, or open causes of loss for household and personal property.

B. When providing basic causes of loss, insurers shall provide coverage for direct loss caused by the following:

1. Fire or lightning.

2. Windstorm or hail. Insurers may exclude loss to:

a. The interior of the dwelling or other structure or the household and personal property within caused by rain, snow, sand, or dust unless the rain, snow, sand, or dust enters through an opening caused by the force of wind or hail;

b. Windmills, wind pumps, or towers; crop silos or contents; or metal smokestacks;

c. Grain, hay, straw, or other crops, when outside;

d. Overhead structures, including supports and screening, constructed principally of cloth, metal, fiberglass, or plastic erected to provide protection from the elements;

e. Signs;

f. Satellite dishes; radio or television antennas, including lead-in wiring, masts, or towers;

g. Fences; seawalls or property line and other free-standing walls;

h. Greenhouses, hothouses, slathouses, trellises, pergolas, cabanas, or outdoor equipment pertaining to the service of the residence premises;

i. Wharves, docks, piers, boathouses, bulkheads, or other structures located over or partially over water and the household and personal property on or within;

j. Property damaged by water from sprinklered equipment or from other piping, unless the equipment or piping was damaged as a direct result of wind or hail; or

k. Watercraft while not inside a fully enclosed building. This provision does not apply to rowboats or canoes.

3. Explosion.

4. Riot or civil commotion.

5. Aircraft.

6. Vehicles.

7. Sudden or accidental damage from smoke or soot, other than smoke from agricultural smudging or industrial operations.

C. Insurers may offer the following expanded causes of loss. If provided, coverage shall be for direct loss to the covered property from the causes of loss listed in subsection B of this section and the following causes of loss:

1. Vandalism, malicious mischief, and burglary. Insurers may exclude loss if the dwelling was vacant. If a covered cause of loss ensues, insurers shall provide coverage for the ensuing loss.

2. Falling objects. Insurers may exclude loss to:

a. Property within the dwelling or other structure that is caused by a falling object unless the falling object first damages the exterior of the roof or walls of the dwelling or other structure; or

b. The falling object itself.

3. Weight of ice, snow, or sleet that damages the (i) dwelling, (ii) other structure, or (iii) household and personal property contained in a dwelling or other structure if the weight of ice, snow, or sleet first damages the dwelling or other structure. Insurers may exclude loss to:

a. Awnings and their supports; or

b. Fences, pavements, patios, swimming pools, foundations, retaining walls, bulkheads, piers, wharves, or docks.

4. Sudden and accidental tearing apart, cracking, burning, or bulging of a steam or hot water heating system, or of an appliance for heating water, but excluding loss caused by or resulting from freezing.

5. Freezing of plumbing, heating, or air conditioning systems, and domestic appliances. Insurers may exclude loss caused by or resulting from freezing while a dwelling is under

construction, vacant, or unoccupied for a period in excess of four consecutive days unless the insured has (i) exercised due diligence in maintaining heat in the dwelling or other structure or (ii) drained the systems and appliances and shut off the water supply.

6. Accidental discharge, leakage, or overflow of water or steam from within a plumbing, heating, or air conditioning system, or domestic appliance. This does not include loss caused by or resulting from freezing.

7. Sudden and accidental injury from electrical currents artificially generated to electrical appliances, devices, fixtures, and wiring.

D. Insurers may offer open causes of loss. If provided, insurers shall provide coverage for direct loss to the dwelling and other structures and may exclude direct loss caused by any of the following:

1. Wear and tear; marring or scratching; deterioration; inherent vice; latent defect; mechanical breakdown; rust, mold, or wet or dry rot; pollutants, smog, smoke from agricultural smudging or industrial operations; settling, cracking, shrinkage, bulging, or expansion of pavements, patios, foundations, walls, floors, roofs, or ceilings; or birds, vermin, rodents, insects, or animals owned or kept by an insured. If a covered cause of loss ensues, insurers shall provide coverage for the ensuing loss.

2. Vandalism and malicious mischief, burglary, or glass breakage if the dwelling was vacant. If a covered cause of loss ensues, insurers shall provide coverage for the ensuing loss.

3. Continuous or repeated seepage or leakage of water or steam [from within a plumbing, heating, or air conditioning system or domestic appliance] over a period of weeks, months, or years. This exclusion does not apply to household and personal property.

4. Windstorm, hail, ice, snow, or sleet to any of the following property:

- a. Overhead structures, including supports and screening, constructed principally of cloth, metal, fiberglass, or plastic, erected to provide protection from the elements;
 - b. Outdoor radio or television antennas including the lead-in wiring, masts, or towers;
 - c. Fences;
 - d. Seawalls or property line and other free-standing walls;
 - e. Greenhouses, hothouses, slathouses, trellises, pergolas, or cabanas;
 - f. Outdoor equipment pertaining to the service of the residence premises; or
 - g. Wharves, docks, piers, boathouses, bulkheads, or other structures located over or partially over water and the household and personal property on or within.
5. Theft of property that is not an integral part of the dwelling or other [~~structure~~ structure] at the time of loss or from a dwelling or other structure that is under construction.
6. Collapse, except as required by subsection M of 14VAC5-341-40.

14VAC5-341-70. Permitted exclusions.

A. For all causes of loss, [regardless of any other cause of loss or event contributing concurrently or in any sequence to the loss,] insurers may exclude loss caused directly or indirectly by any of the following:

1. Water, as follows:

- a. Flood, ground surface water, waves, seiche, tidal water or tidal waves, overflow of a body of water, or spray from any of these [, whether natural or manmade];
- b. Water that backs up through sewers or drains;
- c. Water that overflows or is discharged from a sump pump or other type of system designed to remove subsurface water that is drained from the foundation area;

d. Water below the surface of the ground including water that exerts pressure on or flows, seeps, or leaks through (i) sidewalks; (ii) driveways; (iii) foundations; (iv) swimming pools; (v) walls; (vi) basements or floors; or (vii) doors, windows, or other openings; or

e. Material carried or moved by water referred to in subdivisions 1 a, 1 b, and 1 c of this subsection.

The exclusions for water loss in subdivisions 1 a through 1 e of this subsection do not apply to an ensuing loss caused by fire or explosion.

2. Earth movement, natural or man-made, including earthquake, volcanic eruption, landslide, mudflow, or other earth movement caused by sinking, rising, shifting, or expansion. Insurers shall provide coverage for an ensuing loss caused by fire, explosion, or breakage of glass that is a part of the dwelling or other [~~structures~~ structure].

3. Enforcement of ordinances or laws regulating the construction, repair, or demolition of dwellings or other structures. Insurers shall provide coverage when an ordinance or law requires the use of safety glass in replacement of damaged glass that is a part of the dwelling or other [~~structures~~ structure].

4. Interruption of power or other utility service furnished to the residence premises if the interruption takes place away from the residence premises. Insurers shall provide coverage for the ensuing loss if a covered cause of loss ensues on the residence premises because of the power interruption.

5. Enemy attack by armed forces including action taken by military, naval, or air forces in resisting an actual or immediately impending enemy attack, including invasion, insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating, or defending against the event; order of

civil authority except acts of destruction at the time of and for preventing the spread of fire, provided that the fire did not originate from an excluded cause of loss.

6. Nuclear reaction, nuclear radiation, or radioactive contamination as set forth in § 38.2-2102 of the Code of Virginia.

7. Freezing, thawing, or by the pressure of ice, snow, or water to fences, pavements, patios, swimming pools, foundations, retaining walls, bulkheads, piers, wharves, or docks.

8. The exclusions in subdivisions 1 through 7 of this subsection apply [even] if one or more of the following concurrently contribute to the loss:

a. Weather conditions;

b. Acts or decisions including the failure to act or decide of a person, group, organization, or governmental body;

c. Faulty, inadequate, or defective:

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

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

(3) Materials used in repair, construction, renovation, or remodeling; or

(4) Maintenance.

B. Insurers may exclude direct loss caused by:

1. An intentional act by a person insured under the policy that was directed or committed by that person, but only with respect to that person.

2. Neglect of the insured to use all reasonable means to protect the property during and after a loss.

C. Insurers may exclude coverage for the following types of property:

1. Accounts, bills, currency including virtual or digital, deeds, evidences of debt, money, scrip, stored value cards, smart cards, securities, bullion, manuscripts; letters of credit, bank notes, or notes other than bank notes;
2. Aircraft and parts except insurers shall provide coverage for (i) drones without cameras and drones that are not capable of carrying people or cargo; or (ii) hobby aircraft or model aircraft that is not capable of carrying people or cargo;
3. Animals, birds, or fish;
4. Business property; [except household and personal property is not business property unless the property is in that part of the residence premises rented and occupied for home-sharing] ;
5. Electronic equipment that is permanently installed in a motor vehicle;
6. Tapes, wires, records, discs, or other media used with electronic equipment in a motor vehicle while the property is in or on a motor vehicle;
7. Motor vehicles, motorized bicycles, and hovercraft except (i) vehicles used to service the residence premises, (ii) utility trailers that are not licensed for road use, and (iii) electric mobility devices designed to assist an individual that has a disability;
8. Property of (i) tenants [and ,] (ii) roomers and boarders not related to the insured [, and (iii) home-share occupants during the period of their home-sharing rental] ;
9. Property rented to others, except as provided in subsection B of 14VAC5-341-50;
10. Property that is unlawful to own or possess under state or federal law; or
11. Property that is separately described and specifically insured by this insurance or other insurance.

14VAC5-341-80. Loss settlement provisions.

A. Insurers shall include loss settlement provisions in accordance with this section.

B. When providing only basic causes of loss for the dwelling and other structures, insurers may provide loss settlement on an actual cash value basis. When providing actual cash value loss settlement, insurers shall apply actual cash value loss settlement as follows:

1. Subject to the limit of liability, insurers may pay the smaller of the following amounts:

- a. Cost to repair or replace with like kind and quality; or
- b. Actual cash value of the damaged property.

2. Insurers may apply actual cash value loss settlement to:

- a. Household and personal property;
- b. Outdoor radio and television antennas; satellite dishes;
- c. Awnings; or
- d. Property described under subsections A and B of 14VAC5-341-40, and permanently installed flooring (including wall-to-wall carpeting) when providing only basic causes of loss set forth in subsection B of 14VAC5-341-60.

C. If the loss settlement provision in subsection B of this section does not apply, insurers shall apply replacement cost less settlement as follows:

1. Insurers shall apply replacement cost loss settlement to the dwelling and other structures, including permanently installed flooring. Wall-to-wall carpeting is permanently installed flooring.

2. Insurers may limit replacement cost settlement to the following:

- a. The limit of liability applicable to the dwelling or other structures;

b. The replacement cost of the dwelling or other structures or a part of the dwelling or other [structures structure] on the residence premises and intended for the same occupancy and use; or

c. The amount spent in repairing or replacing the dwelling or other structures or a part of the dwelling or other [structures structure] and intended for the same occupancy and use.

3. The insured may assert a claim for the actual cash value of the dwelling or other structures without prejudicing the insured's right to make further claim for the difference between the actual cash value and the replacement cost in accordance with § 38.2-2119 B of the Code of Virginia. The claim for the difference must be made within six months of (i) the last date on which the insured received a payment for actual cash value or (ii) date of entry of a final order of a court of competent jurisdiction declaratory of the right of the insured to full replacement cost, whichever shall last occur.

4. When the repair or replacement cost is \$2,500 or less, insurers shall be liable for the full cost of repair or replacement before the repair or replacement has been completed.

5. Insurers may apply an insurance-to-value ratio for replacement cost loss settlement as follows:

a. Insurers may require an insurance-to-value ratio of no more than 80% before full replacement cost loss settlement applies.

b. If the insurance-to-value ratio is less than 80% for the damaged dwelling or other structure, an insurer may limit its liability for loss to the larger of the following:

(1) The actual cash value of that part of the dwelling or other [structures structure] ;

or

(2) That proportion of the full cost of repair or replacement without deduction for depreciation of that part of the dwelling or other structure damaged or destroyed that the whole amount of insurance applicable to the dwelling or other structure for the cause of loss bears to 80% of the full replacement cost of the dwelling or other structure.

c. In calculating the 80% insurance-to-value ratio, insurers shall disregard the cost of (i) excavations; (ii) underground flues and pipes; (iii) underground wiring and drains; and (iv) brick, stone, and concrete foundations, piers, and other supports that are below the under surface of the lowest basement floor, or where there is no basement, that are below the surface of the ground inside the foundation walls.

6. Insurers may provide replacement cost loss settlement on household and personal property as authorized by § 38.2-2119 B of the Code of Virginia.

D. Insurers may offer functional replacement cost loss settlement for the property described in subsections A and B of 14VAC5-341-40, under the conditions outlined in this subsection.

1. Functional replacement cost is only permitted at the option of the insured.

2. Insurers may not apply functional replacement cost loss settlement to property that qualifies for an amount of insurance equal to 80% or more of the full replacement cost of the dwelling or other structure.

3. Insurers shall provide the notice required by § 38.2-2119 C of the Code of Virginia.

4. Insurers may limit functional replacement cost loss settlement to the following:

a. The limit of liability applicable to the dwelling or other structures;

b. The amount necessary to repair or replace the damaged property with functionally equivalent property at a lower cost than would be required to replace the damaged property with material of like kind and quality; or

c. The amount spent in repairing or replacing the dwelling or other structure or part of the dwelling or other structure intended for the same occupancy and use.

E. Insurers shall determine loss to property that is part of a pair or set in a reasonable and fair proportion of the total value of the pair or set.

F. Insurers shall adjust losses with the named insured and shall pay the named insured unless another payee is specifically named.

G. Insurers shall restore the limits of liability after a loss [~~is paid~~].

H. Insurers may apply a property deductible unless prohibited or otherwise limited in this chapter. Insurers may apply a special property deductible for the following causes of loss (i) wind, (ii) hail, or (iii) theft. No more than one deductible may be applied to a loss. The amount of any property deductible may not exceed 10% of the dwelling limit of coverage.

I. Insurers may (i) take all or part of the damaged property at the agreed or appraised value or (ii) repair, rebuild, or replace the damaged property with other of like kind and quality within a reasonable time. Within 30 days after receiving the insured's proof of loss, the insurer shall provide notice to the insured of the insurer's decision to (i) take the property at the agreed or appraised value or (ii) repair, rebuild, or replace the damaged property.

14VAC5-341-90. Policy conditions.

A. Insurers shall include the following statutory conditions:

1. The nuclear clause set forth in § 38.2-2102 of the Code of Virginia;

2. The conditions set forth § 38.2-2104 of the Code of Virginia;

a. Assignment of the policy.

b. The time that coverage begins and ends.

3. The conditions set forth in § 38.2-2105 of the Code of Virginia:

a. Abandonment.

b. Appraisal.

c. [~~Mortgagees~~ Mortgagee] interests and obligations.

d. Pro rata liability.

e. Requirements in case loss occurs.

f. Suit.

g. When loss payable.

B. Insurers shall include the following conditions:

1. If an insurer adopts revisions of the forms or endorsements that would broaden coverage currently provided without additional premium charge, the insurer shall automatically apply the broadened coverage from the effective date of the revisions.

2. If a named insured dies, insurers shall modify the definition of insured as follows:

a. The named insured includes:

(1) The spouse, if not already a named insured and if a resident of the household at the time of the death; and

(2) The legal representative with respect to the residence premises and property of the deceased insured at the time of the death.

b. Insured also includes:

(1) Members of the deceased's household who were insured at the time of the named insured's death, but only while residents of the residence premises; and

(2) Persons having proper temporary custody of the insured property until the appointment and qualification of the legal representative.

3. Insurers may not invalidate the policy if the insured waives, in writing, before a loss any right of recovery against a party for loss occurring on the residence premises. If not waived, the insurer may require from the insured an assignment of all right of recovery against a party for loss to the extent that the insurer made payment.

4. Terms or conditions in the policy that are less favorable than those provided for in this chapter or the applicable statutes are construed to conform to this chapter and those statutes.

5. Insurers shall include the relevant termination provisions in §§ 38.2-2113 and 38.2-2114 of the Code of Virginia in the policy. In addition, the following apply:

a. Return premium calculations resulting from an insurer-initiated termination shall be pro rata.

b. Terminations for non-payment of premium shall be calculated pro rata.

c. Return premium calculations resulting from an insured-initiated termination may be short rate except the penalty may not be more than 10% of the pro rata premium for the expired time.

d. Insurers may not refuse to renew the policy except in accordance with the provisions of §§ 38.2-2113 and 38.2-2114 of the Code of Virginia.

C. Insurers may include any of the following conditions. Insurers may:

1. Restrict the application of the policy to loss during the policy term.

2. Void the entire policy (i) if, whether before or after the loss, an insured has willfully concealed or misrepresented any material fact or circumstance concerning the insurance or the interest of the insured in the insurance or (ii) in the case of fraud or false swearing by the insured relating to the insurance.
3. Require the insured to notify the police if loss is by theft.
4. Require that coverage under the policy is excess over a service agreement, home warranty, or similar service warranty.
5. Require that a bailee for hire may not benefit under the policy.
6. Elect to waive a policy provision. Any waiver of a policy provision by the insurer must be in writing.
7. Exclude coverage, refuse to pay claims, or refuse to provide benefits under a policy if those actions would expose the insurer to a violation of applicable trade or economic sanctions, laws, or regulations, including those administered and enforced by the U.S. Treasury Department's Office of Foreign Assets Control.

Chapter 342

Rules Governing Standards for the Content of Homeowners Insurance Policies

14VAC5-342-10. Scope and applicability.

A. This chapter sets forth the standards of content for policies of homeowners insurance, including policies insuring owner-occupied condominium units. This chapter applies to insurers licensed to do business in Virginia and issuing policies of homeowners insurance and condominium unit owners insurance pursuant to Chapter 21 (§ 38.2-2100 et seq.) of Title 38.2 of the Code of Virginia.

B. Compliance with this chapter is required for policies delivered or issued for delivery in Virginia with effective dates on and after July 1, 2023. Insurers and rate service organizations shall submit filings for compliance with this chapter no later than December 31, 2022.

C. Pursuant to § 38.2-130 of the Code of Virginia, homeowners insurance policies are indivisible package policies that insure owner-occupied dwellings.

D. This chapter does not apply to policies that:

1. Are lender-placed;

2. Insure owner-occupied farms;

3. Insure manufactured homes as defined in § 46.2-100 of the Code of Virginia, except for policies insuring manufactured homes as defined in § 46.2-653.1 of the Code of Virginia;

4. Primarily insure the personal property of renters;

5. Are issued pursuant to Chapter 27 (§ 38.2-2700 et seq.) of Title 38.2 of the Code of Virginia; or

6. Are issued pursuant to Chapter 48 (§ 38.2-4800 et seq.) of Title 38.2 of the Code of Virginia.

E. Insurers shall file with the commission all policies and endorsements for approval before use.

F. Policies and endorsements shall not be less favorable than the provisions set forth in this chapter. Insurers may provide broader and more favorable coverages, terms and conditions than those set forth in this chapter. Insurers may use any policy language that is not less favorable to the insured and complies with provisions of this chapter.

14VAC5-342-20. Severability.

If a provision of this chapter or its application to a person or circumstance is for any reason held to be invalid by a court, the remainder of this chapter and the application of the provisions to other persons or circumstances shall not be affected.

14VAC5-342-30. Definitions.

The following words and terms when used in this chapter shall have the following meanings unless the context indicates otherwise:

"Actual cash value" means the amount equal to the replacement cost minus depreciation of damaged or stolen property at the time of the loss.

"Aircraft" means a machine or device capable of atmospheric flight, including hobby or model aircraft, drones, self-propelled missiles, and spacecraft.

"Bodily injury" means bodily harm, sickness, or disease, including care, loss of services, and resulting death.

"Business" means a trade, profession, or occupation whether full-time, part-time, or occasional activity, including (i) farming, (ii) the rental of the whole or a part of the residence premises by an insured, (iii) the business use of a part of the insured premises, or (iv) home-sharing.

"Business" shall not include:

1. The occasional rental of the whole or a part of the residence premises for dwelling purposes;
2. The rental or holding for rental of a part of the residence premises for no more than two roomers or boarders for use as a primary residence;
3. The rental of a part of the residence premises as a private garage;

4. The rental of a part of the residence premises as an office, school, or studio; or

5. The insured's use of the residence premises for-remote work under an agreement with the insured's employer.

"Commission" means the State Corporation Commission.

"Condominium unit" means a dwelling as defined in § 55.1-1900 of the Code of Virginia.

"Covered watercraft" means a (i) sailing vessel with or without auxiliary power that is less than 26 feet in length; (ii) a vessel that is powered by an engine with less than 26 horsepower; and (iii) rowboats and canoes.

"Dwelling" means any residential structure specifically named in the policy.

"Farms" or "farming" means the use of land and buildings primarily for agricultural purposes with the objective of raising animals to produce food for sale or distribution to the public and growing crops for sale or distribution to the public.

"Fixtures" means permanently installed components of the dwelling or other structures including wells; plumbing systems; pumps; air conditioning equipment, systems, and parts; heating equipment, systems, and parts; hot water heaters; lighting systems; or built-in appliances and other components where removal would deface or damage the dwelling.

"Functional replacement cost" means the cost to repair or replace the damaged dwelling or other structures with less costly common construction materials and methods that are functionally equivalent to materials and methods used in the original construction.

"Home-sharing" means rental [~~or offering for rental~~ of the whole or a part of] the residence premises [~~or a part of the residence premises~~] for lodging purposes [~~made available~~] through an online-enabled application, website, or digital network [~~. Home-sharing is not occasional rental as defined in this section~~ during the policy term (i) for more than seven consecutive or random

days or (ii) that generates revenue of more than \$2500] . An individual occupying the residence premises through home-sharing is not a roomer, boarder, tenant, or guest.

"Hovercraft" means a self-propelled air cushioned vehicle that can travel over land and water.

"Insured" means:

1. Any person named as an insured in the policy, and if residents of the named insured's household, the named insured's spouse if not a named insured, and the relatives of either;
2. Other persons younger than 21 years of age in the care of an insured; and
3. Under personal liability and medical payments coverage:
 - a. A person having custody or possession of an insured's pet, unless the custody or possession is in the course of the person's business or without the insured's permission;
 - b. A person using or having custody or possession of an insured's covered watercraft unless the use, custody, or possession is in the course of the person's business or without the insured's permission; and
 - c. Residence employees while engaged in the duties of their employment with respect to a motor vehicle, recreational motor vehicle, hovercraft, or covered watercraft insured under the policy.

"Insured premises" means:

1. Under property coverage, any residence premises specifically named in the policy; and
2. Under personal liability and medical payments coverages:
 - a. Any residence premises specifically named in the policy;

b. Any premises not owned by an insured [~~except and~~] where an insured is temporarily residing;

c. A residence premises acquired by the named insured or named insured's spouse during the policy term;

d. Individual or family cemetery plots or burial vaults owned by the named insured;

e. Unimproved land, other than land used for farming, owned by or rented to an insured; and

f. Land, other than land used for farming, owned by or rented to an insured on which a dwelling is being built as a residence for the insured.

"Medical payments" means expenses for necessary medical, surgical, x-ray, dental services, prosthetic devices, ambulance, hospital, professional nursing, rehabilitation, pharmaceuticals, and funeral services.

"Motor vehicle" means a vehicle that is self-propelled or designed for self-propulsion and is designed or licensed for use on public roads.

"Occasional rental" means [~~in any one policy term, (i)~~] rental of the [~~residence premises whole~~] or a part of the residence premises for [~~up to~~] lodging purposes during a policy term (i) for [~~seven~~] or fewer consecutive or random] days [~~, whether consecutive or random, or~~] (ii) [~~rental of the residence premises~~] that generates revenue of up to \$2,500 [~~, or (iii) a combination of clauses (i) and (ii) of this definition~~] . Occasional rental is not home-sharing as defined in this section.

"Occurrence" means an accident, including continuous or repeated exposure to the same generally harmful conditions that results in bodily injury or property damage during the policy term.

"Pollutant" means solid, liquid, gaseous, thermal, or radioactive irritants or contaminants, including acids, alkalis, chemicals, fumes, vapors, and waste.

"Property damage" means injury to or destruction of tangible property and loss of use of tangible property.

"Recreational motor vehicle" means a vehicle designed for recreational use off public roads and not subject to motor vehicle registration.

"Replacement cost" means the cost to repair or replace the damaged or stolen property with material of like kind and quality without deduction for depreciation.

"Residence employee" means an employee of an insured who provides maintenance or domestic services for the residence premises or who performs similar duties elsewhere except in connection with an insured's business.

"Residence premises" means (i) a dwelling, other structures, and grounds at the location named in the policy; and (ii) that part of any other building occupied by the named insured or spouse for residential purposes.

"Theft" means an act of stealing or attempt to steal, including loss of property from a known place under circumstances when a probability of theft exists.

"Vacant" means a dwelling (i) that has not been occupied as a residence for more than 30 consecutive days immediately before a loss and (ii) where most of the named insured's personal property has been removed such that the dwelling is not functional as a customary place of residence. A dwelling is not occupied if the dwelling is being used without the permission of an insured. A dwelling under construction or being remodeled, repaired, or renovated is not vacant.

"Vandalism" or "malicious mischief" means the willful and malicious damage to or destruction of the property excluding loss by pilferage, theft, burglary, or larceny.

14VAC5-342-40. Mandatory property coverages.

A. Insurers shall provide coverage to the dwelling on the residence premises including fixtures.

1. Insurers shall also provide coverage for materials and supplies while located on the residence premises and intended for use in construction, alteration, or repair of the dwelling or other structures.

2. For a dwelling that is a condominium unit, insurers shall provide a limit of liability of at least \$5,000 for the dwelling and fixtures that are the responsibility of the condominium unit owner.

B. Insurers shall provide coverage for other structures and the fixtures of other structures on the residence premises.

1. Insurers shall provide a limit of liability of at least 10% of the dwelling limit of liability.

2. Insurers may exclude coverage for other structures that are used for business or rented or held for rental unless the structure is (i) rented to roomers, boarders, or tenants of the dwelling or (ii) rented for use solely as a private garage.

3. For condominium units, insurers shall provide coverage for other structures and fixtures of other structures that are the responsibility of the condominium unit owner.

C. Insurers shall provide coverage for household and personal property owned or used by an insured while it is anywhere in the world.

1. Insurers shall provide a limit of liability for household and personal property coverage that is at least 50% of the dwelling limit of liability. For condominium units, the limit of liability for household and personal property shall be determined by the insured and the insurer.

2. At the request of the named insured at the time of loss, insurers shall provide coverage for household and personal property owned by a:

a. Guest while in a residence occupied by an insured;

b. Residence employee while the property is in a residence occupied by an insured;
and

c. Residence employee while the residence employee is engaged in the service of an insured and the property is in the physical custody of the residence employee.

3. Insurers shall provide coverage for the insured's property (i) on the residence premises during an occasional rental; or (ii) on the part of the residence premises occupied by roomers, boarders, or tenants.

4. Insurers shall provide coverage for household and personal property while it is being moved to the insured's new principal residence within the United States. Insurers shall provide coverage for property while it is being moved for 30 days from the date that moving the property begins. The household and personal property limit of liability applies to property being moved to another location. If the move began during the policy term, coverage may not be limited by the expiration of the policy.

5. Insurers shall provide coverage for household and personal property while it is usually located away from the residence premises. Insurers shall provide a limit of liability for this coverage that is at least 10% of the limit of liability specified for household and personal property, but not less than \$1,000.

6. Insurers shall provide coverage for the following types of household and personal property at limits of at least the following:

a. \$500 total per loss on cemetery property on or off the residence premises, including monuments, headstones, grave markers, and urns.

b. \$100 total per loss on coin collections, medals, gold, platinum, and silver, provided, goldware and gold-plated ware shall not be deemed to be gold and silverware and silver-plated ware shall not be deemed to be silver.

c. \$500 total per loss on passports, tickets, or stamp collections.

d. \$1,500 total per loss for theft of jewelry, precious and semi-precious stones, and furs, and articles containing fur that represent its principal value; if open causes of loss are provided, insurers may also apply this limit to misplacing or losing this property.

e. \$500 total per loss for theft of guns and related accessories; if open causes of loss are provided, insurers may also apply this limit to misplacing or losing this property.

f. \$1,000 total per loss on watercraft, trailers used with watercraft, and watercraft furnishings, equipment, and motors. This limit does not apply to rowboats or canoes.

g. \$500 on trailers, semi-trailers, and campers not otherwise covered in this chapter.

D. Insurers shall provide coverage for the expenses incurred for the removal of debris of covered property damaged by a covered cause of loss and the expense for the removal of fallen trees that damage covered property.

1. Expenses for debris removal are included within the limit of liability applicable to the damaged property, except as provided in subdivision 2 of this subsection.

2. When the amount payable for the damage to the property plus the expense of debris removal exceeds the limit of liability for the damaged property, insurers shall provide an additional 5.0% of the limit of liability applicable to the damaged covered property for debris removal expenses.

3. Insurers may not apply depreciation to debris removal expenses.

E. Insurers shall provide coverage for contractual fire department service charges and volunteer fire department service charges as follows:

1. Contractual fire department service charges where a fire department is called to save or protect insured property from a covered cause of loss. Insurers may limit this coverage to a residence premises not located within the limits of a city, municipality, or fire protection district furnishing fire department services.

2. Fire department service charges made by volunteer fire departments pursuant to § 38.2-2130 of the Code of Virginia.

3. Insurers shall provide at least \$250 of coverage for each type of fire department service charges.

4. Insurers may not apply a deductible or depreciation to the coverages in subdivisions 1 and 2 of this subsection.

F. Insurers shall offer ordinance or law coverage, subject to the exclusions or limitations within this chapter, pursuant to § 38.2-2124 of the Code of Virginia at the dwelling limit of liability within the policy or as an endorsement. This limit of liability is in addition to the limit of liability applicable to the dwelling. Insurers may make other limits of liability available for insureds to purchase. Insurers may not apply depreciation to this coverage. When ordinance or law coverage is provided within the policy or as an endorsement, subdivision C 1 c of 14VAC5-342-60 does not apply.

G. Insurers shall offer coverage for water that backs up through [sewer sewers] or drains, subject to the exclusions or limitations within this chapter, pursuant to § 38.2-2120 of the Code of Virginia at the dwelling limit of liability within the policy or as an endorsement. This limit of liability is in addition to the limit of liability applicable to the dwelling. Insurers may make other limits of liability available for insureds to purchase. Insurers may not apply depreciation to this coverage.

When coverage for water that backs up through sewers or drains is provided within the policy or as an endorsement, subdivision C 1 a (2) of 14VAC5-342-60 does not apply.

H. Insurers shall provide coverage of at least 20% of the dwelling limit of liability for the increase in necessary living expenses when the dwelling is uninhabitable due to a covered cause of loss. Insurers shall provide coverage of at least 20% of the household and personal property limit of liability for condominium units.

1. Insurers shall provide this coverage for the time reasonably required to return the dwelling to a habitable condition or for the insured's household to become settled in any permanent quarters.

2. Insurers shall provide additional living expense coverage for at least two weeks while a civil authority limits access to the residence premises as a result of damage to neighboring premises by a covered cause of loss.

3. Insurers may exclude living expenses that do not continue.

4. This coverage is not limited by the expiration date of the policy.

5. Insurers may not apply a deductible to this coverage.

I. Insurers shall provide coverage of at least 20% of the dwelling limit of liability for the fair rental value of [a any] part of the dwelling or other [~~structures~~ structure] . Insurers shall provide at least 20% of the household and personal property limit of liability for condominium units.

1. Insurers shall provide this coverage for the time reasonably required to restore the dwelling or other structures to a tenantable condition following damage caused by a covered cause of loss.

2. Insurers shall provide fair rental value coverage for at least two weeks while a civil authority limits access to the residence premises as a result of damage to neighboring premises by a covered cause of loss.

3. Insurers may exclude expenses that do not continue.

4. Insurers may exclude coverage for loss or expense due to cancellation of a lease or agreement.

5. This coverage is not limited by the expiration date of the policy.

6. Insurers may not apply a deductible to this coverage.

J. Insurers shall provide coverage for damage to trees, shrubs, plants, or lawns caused by fire, lightning, explosion, riot, civil commotion, vandalism, malicious mischief, theft, aircraft, or vehicles not owned or operated by a resident of the [residence] premises.

1. Insurers shall provide a limit of liability for this coverage of at least 5.0% of the dwelling limit of liability.

2. Insurers may limit the amount of coverage to no more than \$500 for each tree, shrub, or plant on the premises. The limit of coverage includes debris removal coverage when the tree, plant, or shrub does not cause damage to covered property.

K. Insurers shall provide coverage for loss or damage to property while removed or being removed from the residence premises because the property is endangered by a covered cause of loss.

1. Coverage is provided for damage from any cause subject to the exclusions and limitations permitted in this chapter.

2. Insurers shall provide this coverage for at least 30 days for each removal.

3. This coverage is not limited by the expiration date of the policy.

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

L. Insurers shall provide coverage for the cost of making reasonable repairs to protect covered property from further damage when the repairs are directly attributable to damage caused by a covered cause of loss. The repairs are included as part of the amount of the loss.

M. Insurers shall pay the cost incurred to tear out and replace the part of the dwelling or other structure necessary to gain access to the system or appliance from which the water or steam escaped if a loss to the dwelling or other structures is caused by water or steam escaping from a system or appliance. Insurers may exclude loss to the system or appliance from which the water or steam escapes. Insurers may not apply depreciation to this coverage.

N. Insurers shall provide coverage for direct physical loss to the dwelling, other structures, and household and personal property involving collapse of a dwelling or other structure or any part of a dwelling or other structure:

1. Caused by one or more of the following:

a. The causes of loss in subsection C of 14VAC5-342-50;

b. Hidden decay;

c. Hidden insect or vermin damage;

d. Weight of contents, equipment, animals, or people;

e. Weight of rain that collects on a roof; or

f. Use of defective materials or methods in construction, remodeling, or renovation if the collapse occurs during the construction, remodeling, or renovation.

2. 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 subdivisions 1 b through 1 f of this subsection unless the loss is a direct result of the collapse of a building.

3. Collapse does not include settling, cracking, shrinking, bulging, or expansion. [A building that is in danger of falling down or caving in is not in a state of collapse.]

4. This coverage does not increase the limit of liability applicable to the damaged covered property.

14VAC5-342-50. Causes of loss.

A. 1. Insurers shall provide open causes of loss for the dwelling and other structures.

2. Insurers shall provide coverage for direct loss to the dwelling and other structures on the residence premises subject to the exclusions and limitations permitted in this chapter.

B. 1. Insurers shall provide either open causes of loss or named causes of loss for household and personal property.

2. Insurers shall provide coverage for direct loss to household and personal property subject to the exclusions and limitations permitted in this chapter.

C. When named causes of loss for household and personal are provided, insurers shall provide coverage for direct loss caused by the following:

1. Fire or lightning.

2. Windstorm or hail.

a. Insurers may exclude loss to the interior of the dwelling or other structure or the household and personal property within caused by rain, snow, sand, or dust unless the rain, snow, sand, or dust enters through an opening caused by the force of wind or hail; and

b. Insurers may exclude loss to watercraft while not inside a fully enclosed building.

This exclusion does not apply to rowboats or canoes.

3. Explosion.

4. Riot or civil commotion.

5. Aircraft.

6. Vehicles.

7. Sudden and accidental damage from soot or smoke, other than smoke from agricultural smudging or industrial operations.

8. Vandalism or malicious mischief.

9. Falling objects. Insurers may exclude loss to:

a. Property within a dwelling or other structure caused by a falling object unless the falling object first damages the exterior of the roof or walls of the dwelling or other structure; or

b. The falling object itself.

10. Weight of ice, snow, or sleet that damages household and personal property contained in a dwelling or other structure if the weight of ice, snow, or sleet first damages the dwelling or other structure.

11. Sudden and accidental tearing apart, cracking, burning, or bulging of a steam or hot water heating system, or of an appliance for heating water, but excluding loss caused by or resulting from freezing.

12. Freezing of plumbing, heating, or air conditioning systems, and domestic appliances.

13. Accidental discharge, leakage, or overflow of water or steam from within a plumbing, heating, or air conditioning system, or domestic appliance.

14. Sudden and accidental injury from electrical currents artificially generated to electrical appliances, devices, fixtures, and wiring.

15. Theft of household and personal property, except insurers may exclude coverage for loss by theft:

a. If committed by an insured;

b. In or to a dwelling or other structure under construction, or of materials and supplies for use in the construction, unless the dwelling is occupied;

c. If committed by (i) roomers, (ii) boarders, or (iii) tenants, employees of the tenants, or members of the tenants' household;

d. Of money, bullion, silver, gold, platinum, coin collections, medals, bank notes, letters of credit, notes other than bank notes, passports, tickets, stamp collections, jewelry, silverware, goldware, pewterware, silver-plated ware, gold-plated ware, or furs while the part of the residence premises customarily occupied exclusively by an insured is rented to others;

e. Of household and personal property in a location other than the residence premises that is owned, rented, or occupied by an insured, except (i) while an insured is temporarily residing at that location and (ii) property of a student who is an insured if the student has been at that location at any time during the 45 days immediately before a loss; or

f. From the unauthorized use of a credit card or debit card; or loss by forgery or alterations of a written promise, order, or direction to pay a sum certain in money.

16. Breakage of glass that is a part of the dwelling or other [structures structure] if it results in damage to household and personal property. Insurers may exclude this coverage if the dwelling was vacant.

14VAC5-342-60. Exclusions applicable to property coverages.

A. For policies providing open causes of loss, insurers may exclude direct loss to the dwelling, other structures, or household and personal property caused by any of the following:

1. Wear and tear; marring or scratching; deterioration; inherent vice; latent defect; mechanical breakdown; rust; mold; wet or dry rot; pollutants; smog; smoke from agricultural smudging or industrial operations; settling, cracking, shrinkage, bulging, or expansion of pavements, patios, foundations, walls, floors, roofs, or ceilings; or birds, vermin, rodents, insects, or animals owned or kept by an insured. If a covered cause of loss ensues, insurers shall provide coverage for the ensuing loss.

2. Theft in or to a dwelling under construction, or of materials or supplies for use in the construction, until construction is completed and the residence premises is occupied.

3. Vandalism and malicious mischief or glass breakage if the dwelling on the insured premises was vacant. If a covered cause of loss ensues, insurers shall provide coverage for the ensuing loss.

4. Collapse, except as required by subsection N of 14VAC5-342-40.

B. For policies providing open causes of loss, insurers may exclude direct loss to household and personal property caused by any of the following:

1. Breakage of eyeglasses, glassware, statuary, marbles, bric-a-brac, porcelains, and similar fragile articles, except jewelry, watches, bronzes, cameras, and photographic lenses. This exclusion shall not apply to loss caused by or resulting from the causes of loss in subsection C of 14VAC5-342-50, earthquake, and water not otherwise excluded.

2. Dampness of atmosphere or extremes of temperature unless the loss is directly caused by rain, snow, sleet, or hail.

3. Refinishing, renovating, or repairing property other than watches, jewelry, and furs.

4. From the unauthorized use of a credit card or debit card; or loss by forgery or alterations of a written promise, order, or direction to pay a sum certain in money.

5. Destruction or seizure by order of any government or public authority.

6. Collision, sinking, swamping, or stranding of watercraft, trailers used with watercraft, and watercraft furnishings, equipment, and motors. This exclusion does not apply to collision involving a motor vehicle.

C. For all causes of loss, insurers may:

1. ~~Exclude~~ Regardless of any other cause of loss or event contributing concurrently or in any sequence, exclude] loss caused directly or indirectly by any of the following:

a. Water, as follows:

(1) Flood, ground surface water, waves, seiche, tidal water or tidal waves, overflow of a body of water, or spray from any of these [, whether natural or manmade] ;

(2) Water that backs up through sewers or drains;

(3) Water that overflows or is discharged from a sump pump or other type of system designed to remove subsurface water that is drained from the foundation area;

(4) Water below the surface of the ground including water that exerts pressure on or flows, seeps, or leaks through (i) sidewalks; (ii) driveways; (iii) foundations; (iv) swimming pools; (v) walls; (vi) basements or floors; or (vii) doors, windows, or other openings;

(5) Material carried or moved by water referred to in subdivisions 1 a (1), 1 a (2), and 1 a (3) of this subsection; or

(6) The exclusions for water loss in subdivisions 1 a (1) through 1 a (5) of this subsection do not apply to:

(a) A loss by theft; or

(b) An ensuing loss caused by fire or explosion.

b. Earth movement, natural or manmade, including earthquake, volcanic eruption, landslide, mudflow, or other earth movement caused by sinking, rising, shifting, or expansion. Insurers shall provide coverage for:

(1) A loss by theft; or

(2) An ensuing loss caused by fire, explosion, or breakage of glass that is a part of the dwelling or other [~~structures~~ structure].

c. Enforcement of ordinances or laws regulating the construction, repair, or demolition of dwellings or other structures. Insurers shall provide coverage when an ordinance or law requires the use of safety glass in replacement of damaged glass that is a part of the [~~dwellings~~ dwelling] or other [~~structures~~ structure].

d. Interruption of power or other utility service furnished to the insured premises if the interruption takes place away from the insured premises. Insurers shall provide coverage for the ensuing loss if a covered cause of loss ensues on the insured premises because of the power interruption.

e. Enemy attack by armed forces including action taken by military, naval, or air forces in resisting an actual or immediately impending enemy attack, invasion, insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental

authority in hindering, combating, or defending against the event; order of civil authority except acts of destruction at the time of and for preventing the spread of fire, provided that the fire did not originate from an excluded cause of loss.

f. Nuclear reaction, nuclear radiation, or radioactive contamination as set forth in § 38.2-2102 A of the Code of Virginia.

g. The exclusions in subdivisions 1 a through 1 f of this subsection apply [even] if one or more of the following concurrently contribute to the loss:

(1) Weather conditions;

(2) Acts or decisions, or the failure to act or decide, of a person, group, organization, or governmental body; or

(3) Faulty, inadequate, or defective:

(a) Planning, zoning, development, surveying, or siting;

(b) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, or compaction;

(c) Materials used in repair, construction, renovation, or remodeling; or

(d) Maintenance.

2. Exclude direct loss caused by:

a. Freezing of or by discharge, leakage, or overflow from plumbing, heating, or air conditioning systems or domestic appliances. This exclusion applies only to a dwelling that is vacant, under construction, or unoccupied for four or more consecutive days, and the insured has failed to (i) exercise due diligence to maintain heat in the dwelling or other structures, or (ii) drain the systems and appliances and shut off the water supply.

b. Continuous or repeated seepage or leakage of water [or steam from within a plumbing, heating, or air conditioning system or domestic appliance] over a period of weeks, months, or years. This exclusion does not apply to household and personal property.

c. Freezing, thawing, or by the pressure or weight of ice or water to fences, pavements, patios, swimming pools, foundations, retaining walls, bulkheads, piers, wharves, or docks.

d. Windstorm or hail to the following property (i) overhead structures, including supports and screening, constructed principally of cloth, metal, fiberglass, or plastic and erected to provide protection from the elements; (ii) fences; (iii) seawalls; (iv) property line or other free-standing walls; (v) greenhouses, hothouses, slathouses, trellises, pergolas, or cabanas; (vi) wharves, docks, piers, boathouses, bulkheads, or other similar structures located over or partially over water and the property on or within these structures; or (vii) outdoor equipment pertaining to the service of the residence premises.

e. Neglect of the insured to use all reasonable means to protect the property during and after a loss.

f. An intentional act by a person insured under the policy that was directed or committed by that person, but only with respect to that person.

D. Insurers may exclude coverage for the following types of property:

1. Accounts, bills, or currency including virtual or digital, deeds, evidences of debt, money, scrip, stored value cards, smart cards, securities, bullion, manuscripts, letters of credit, bank notes, or notes other than bank notes;

2. Aircraft and parts except insurers shall provide coverage for (i) drones without cameras and drones that are not capable of carrying people or cargo and (ii) hobby aircraft or model aircraft that is not capable of carrying people or cargo;

3. Animals, birds, or fish;

4. Business property [, except household and personal property is not business property unless the property is in that part of the residence premises rented and occupied for home-sharing] ;

5. Electronic equipment that is permanently installed in a motor vehicle;

6. Tapes, wires, records, discs, or other media used with electronic equipment in a motor vehicle while the property is in or on a motor vehicle;

7. Motor vehicles, motorized bicycles, and hovercraft; except (i) vehicles used to service the residence premises, (ii) utility trailers that are not licensed for road use, and (iii) electric mobility devices designed to assist an individual that has a disability;

8. Property of (i) tenants [and;] (ii) roomers and boarders not related to the insured [, and (iii) home-sharing occupants during the period of their home-sharing rental] ;

9. Property rented to others except as provided in subdivision C 3 of 14VAC5-342-40;

10. Property that is unlawful to own or possess under state or federal law; or

11. Property that is separately described and specifically insured by this insurance or other insurance.

14VAC5-342-70. Loss settlement condition.

A. Insurers shall include loss settlement provisions in accordance with this section.

B. Insurers shall apply actual cash value loss settlement as follows:

1. Subject to the limit of liability, insurers may pay the smaller of the following amounts:

- a. Cost to repair or replace with like kind and quality; or
- b. Actual cash value of the damaged property.

2. Insurers may apply actual cash value loss settlement to:

- a. Household and personal property;
- b. Outdoor radio and television antennas; satellite dishes; or
- c. Awnings.

C. Insurers shall apply replacement cost loss settlement as follows:

1. Insurers shall apply replacement cost loss settlement to property described under subsections A and B of 14VAC5-342-40, including permanently installed flooring. Wall-to-wall carpeting is permanently installed flooring.

2. Insurers may limit replacement cost loss settlement to the following:

- a. The limit of liability applicable to the dwelling or other [~~structure~~ structures] ;
- b. The replacement cost of the dwelling or other [~~structure~~ structures] or a part of the dwelling or other structure on the residence premises and intended for the same occupancy and use; or
- c. The amount spent in repairing or replacing the dwelling or other [~~structure~~ structures] , or a part of the dwelling or other structure and intended for the same occupancy and use.

3. The insured may assert a claim for the actual cash value of the dwelling or other [~~structure~~ structures] without prejudicing the insured's right to make further claim for the difference between the actual cash value and the replacement cost in accordance with §

38.2-2119 B of the Code of Virginia. The claim for the difference must be made within six months of (i) the last date on which the insured received a payment for actual cash value or (ii) date of entry of a final order of a court of competent jurisdiction declaratory of the right of the insured to full replacement cost, whichever shall last occur.

4. When the repair or replacement cost is \$2,500 or less, insurers shall be liable for the full cost of repair or replacement before the repair or replacement has been completed.

5. Insurers may apply an insurance-to-value ratio for replacement cost loss settlement as follows:

a. Insurers may require an insurance-to-value ratio of no more than 80% before full replacement cost loss settlement applies.

b. If the insurance-to-value is less than 80% for a dwelling or other structure, an insurer may limit its liability for loss to the larger of the following:

(1) The actual cash value of that part of the dwelling or other [~~structures~~ structure] ;
or

(2) That proportion of the full cost of repair or replacement without deduction for depreciation of that part of the dwelling or other structure damaged or destroyed that the whole amount of insurance applicable to the dwelling or other structure for the cause of loss bears to 80% of the full replacement cost of the dwelling or other structure.

c. In calculating the 80% insurance-to-value ratio, insurers shall disregard the cost of (i) excavations; (ii) underground flues and pipes; (iii) underground wiring and drains; and (iv) brick, stone, and concrete foundations, piers, and other supports that are below the under surface of the lowest basement floor, or where there is no basement that are below the surface of the ground inside the foundation walls.

6. Insurers may provide replacement cost loss settlement on household and personal property as authorized by § 38.2-2119 of the Code of Virginia.

D. Insurers may offer functional replacement cost loss settlement for the property described in subsections A and B of 14VAC5-342-40, under the conditions outlined in this subsection.

1. Functional replacement cost is only permitted at the option of the insured.

2. Insurers may not apply functional replacement cost loss settlement to property that qualifies for an amount of insurance equal to 80% or more of the full replacement cost of the dwelling or other structure.

3. Insurers shall provide the notice required by § 38.2-2119 C of the Code of Virginia.

4. Insurers may limit functional replacement cost loss settlement to the following:

a. The limit of liability applicable to the dwelling or other [~~structure~~ structures] ;

b. The amount necessary to repair or replace the property with functionally equivalent property at a lower cost than would be required to replace the property with material of like kind and quality; or

c. The amount spent to repair or replace the dwelling or other structure or part of the dwelling or other structure intended for the same occupancy and use.

E. Insurers shall determine loss to property that is part of a pair or set in a reasonable and fair proportion of the total value of the pair or set.

F. Insurers shall adjust losses with the named insured and shall pay the named insured unless another payee is specifically named.

G. Insurers shall restore the limits of liability after a loss [~~is paid~~].

H. Insurers may apply a property deductible unless prohibited or otherwise limited in this chapter. Insurers may apply a special property deductible for the following causes of loss (i) wind,

(ii) hail, or (iii) theft. No more than one deductible may be applied to a loss. The amount of any property deductible may not exceed 10% of the dwelling limit of coverage.

I. Insurers may (i) take all or part of the damaged property at the agreed or appraised value or (ii) repair, rebuild, or replace the damaged property with other of like kind and quality within a reasonable time. Within 30 days after receiving the insured's proof of loss, insurers shall provide notice to the insured of the insurer's decision to (i) take the property at the agreed or appraised value or (ii) repair, rebuild, or replace the damaged property.

14VAC5-342-80. Conditions applicable to property coverage.

A. Insurers shall include the following statutory conditions:

1. The nuclear clause set forth in § 38.2-2102 of the Code of Virginia.

2. The conditions set forth in § 38.2-2104 of the Code of Virginia:

a. Assignment of the policy.

b. The time that coverage begins and ends.

3. The conditions set forth in § 38.2-2105 of the Code of Virginia:

a. Abandonment.

b. Appraisal.

c. Mortgagee interests and obligations.

d. Pro rata liability.

e. Requirements in case loss occurs.

f. Suit.

g. When loss payable.

B. Insurers may include any of the following conditions:

1. The insured shall notify the police when loss is by theft.

2. A bailee for hire shall not benefit under the policy.

14VAC5-342-90. Personal liability coverage.

A. Insurers shall provide personal liability coverage as follows:

1. Insurers shall pay on behalf of the insured all sums that the insured is legally obligated to pay as damages for bodily injury or property damage caused by a covered occurrence.

2. Insurers shall defend a suit against the insured seeking damages for bodily injury or property damage, even if any of the allegations of the suit are groundless, false, or fraudulent.

3. Insurers shall investigate any claim or suit and may settle any claim or suit as it deems expedient.

4. Insurers shall not be obligated to pay a claim or judgment after the limit of liability has been exhausted by payment of judgments or settlements.

B. In addition to the limit of liability applicable to personal liability coverage, insurers shall provide coverage for any of following personal liability claims expenses:

1. All expenses incurred by the insurer and all costs taxed against an insured in a suit defended by the insurer;

2. All premiums on appeal bonds required in a suit; premiums on bonds to release attachments in a suit for an amount not more than the applicable limit of liability of the policy; and the cost of bail bonds required of an insured because of an occurrence to which the policy applies, of at least \$250 per bail bond, except the insurer shall have no obligation to apply for or furnish the bonds;

3. Pre-judgment interest incurred;

4. Post-judgment interest on the part of a judgment that does not exceed the limit of the insurer's liability; and

5. Reasonable expenses incurred by an insured of at least \$50 per day. Reasonable expenses include (i) loss of earnings except loss of other income, (ii) vacation time, and (iii) other benefit loss because of an insured's attendance at hearings or trials or assistance with the investigation as requested.

C. In addition to the limit of liability applicable to personal liability coverage, insurers shall provide coverage for the following:

1. Insurers shall pay for damage to property of others caused by an insured during the policy period at the actual cash value or the cost to repair or replace the damaged property with other property of like kind and quality.

a. Insurers may limit this coverage to \$250 per occurrence.

b. Insurers may exclude damage to property of others:

(1) Caused intentionally by an insured 13 years of age or older;

(2) Rented to an insured;

(3) Owned by or rented to (i) roomers, (ii) boarders, (iii) tenants, or (iv) residents of the insured's household;

(4) Arising out of (i) an act or omission in connection with a premises owned, rented, or controlled by an insured other than the insured premises; (ii) business pursuits or professional services; or (iii) the ownership, maintenance, operation, use, loading, or unloading of a vehicle, trailer or semi-trailer, farming machinery or equipment, aircraft, or watercraft; or

(5) If the property is covered elsewhere under the policy.

2. Insurers shall pay expenses incurred by an insured at the time of an occurrence for first aid to others for bodily injury covered under the policy.

14VAC5-342-100. Medical payments coverage.

A. Insurers shall provide medical payments coverage in accordance with this chapter. This coverage applies:

1. While the person is on the insured premises with the permission of an insured.

2. While the person is elsewhere, if the bodily injury:

a. Arises out of a condition on the insured premises or the ways immediately adjoining;

b. Is caused by the activities of an insured or by a residence employee during the residence employee's employment by the insured;

c. Is caused by an animal owned by or in the care of an insured; or

d. Is sustained by a residence employee and arises out of the residence employee's employment by the insured.

B. Insurers shall provide coverage for reasonable medical expenses incurred to each person injured within one year from the date of the occurrence.

14VAC5-342-110. Exclusions applicable to personal liability and medical payments coverage.

A. Insurers may exclude losses under personal liability coverage for:

1. Liability assumed by the insured under contracts or agreements that are not in writing.

This exclusion does not apply to liability that the insured would have had without a contract or agreement.

2. Liability assumed by the insured under a contract or agreement relating to the insured's business.

3. The insured's share of any loss assessment charged against all members of any property owners' association.

4. Bodily injury to a person covered or required to be covered under a workers' compensation or other similar law.

5. Damage to property owned by the insured.

6. Damage to property of others in the care, custody, or control of the insured.

7. Sickness, disease, or death of a residence employee unless written claim is made or suit is brought against the insured within 36 months after the end of the policy term.

B. Insurers may exclude losses under medical payments coverage:

1. To a person covered or required to be covered under a workers' compensation or other similar law;

2. To any person covered as an insured;

3. To a person, except a residence employee, regularly residing on the insured premises;

4. To a residence employee if the bodily injury occurs off the insured premises unless the injury arises out of the residence employee's employment by an insured; or

5. To a person on the insured premises because an insured's business is conducted on the premises or professional services are rendered on the premises.

C. Insurers may exclude occurrences applicable to personal liability and medical payments coverages arising from:

1. Aircraft. Insurers shall provide coverage for (i) drones without cameras and drones that are not capable of carrying people or cargo or (ii) hobby aircraft or model aircraft that are not capable of carrying people or cargo.

2. Motor vehicles, recreational motor vehicles, or hovercraft. Insurers shall provide coverage for:

a. Vehicles primarily used in servicing the residence premises while on or off the residence premises;

b. Golf carts used for golfing purposes within a golfing facility, including crossing public roads to access other parts of the golfing facility;

c. Recreational motor vehicles or hovercraft on an insured premises; and

d. Motor vehicles held in dead storage on the residence premises.

3. Watercraft that is powered by an engine with more than 25 horsepower and sailing vessels more than 26 feet in length with or without auxiliary power. Insurers shall provide coverage for bodily injury or property damage occurring on the insured premises.

4. Rendering of or failing to render professional services.

5. Business pursuits of an insured except for incidental business activities (i) conducted by an insured who is younger than 21 years of age, (ii) that produce revenues of no more than \$2,500 during the policy period, or (iii) a combination of clauses (i) and (ii) of this subdivision.

6. Any premises, owned, rented, or controlled by an insured other than the insured premises.

7. An intentional act by a person insured under the policy that was directed or committed by that person, but only with respect to that person.

8. War, invasion, insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating, or defending against any of these events.

9. Smuggling or trafficking.

10. Sexual molestation, corporal punishment, or physical or mental abuse.

11. Transmission of a communicable disease by an insured.

12. Manufacture, delivery, use, sale, transfer, or possession of property that is unlawful.

13. Manufacture, delivery, use, sale, transfer, or possession of a controlled substance, except for the legitimate use of prescription drugs by a person following the orders of a licensed medical provider.

14. Discharge of carbon monoxide pursuant to § 38.2-235 of the Code of Virginia.

15. Bodily injury to an insured as defined in subdivisions 1 and 2 of the definition of insured in 14VAC5-342-30.

16. Entrustment or supervision by an insured of any excluded aircraft, motor vehicle, recreational motor vehicle, hovercraft, or watercraft.

17. Vicarious liability for the actions of a minor using any excluded aircraft, motor vehicle, recreational motor vehicle, hovercraft, or watercraft.

18. Nuclear reaction, radiation, or radio-active contamination.

14VAC5-342-120. Conditions applicable to personal liability and medical payments coverage.

A. An insurer may limit its liability for personal liability coverage and medical payments coverage as follows:

1. For personal liability coverage, the limit of liability that applies to an occurrence is the total limit of the insurer's liability under personal liability coverage for all damages as the result of an occurrence.

2. For medical payments coverage, insurers may apply a limit of liability per person and a limit of liability for two or more persons as the result of an occurrence.

3. For personal liability and medical payments, the limit of liability applies separately to each insured against whom claim is made or suit is brought for an occurrence but does not increase the limit of liability that applies to an occurrence.

B. If an occurrence, claim, or suit occurs, insurers may require an insured to comply with any of the following:

1. To provide notice, in writing, as soon as practicable, containing details sufficient to establish a notice of claim.

2. If claim is made or suit is brought against an insured, to promptly send to the insurer every demand, notice, summons, or other process received by the insured or the representative of the insured.

3. To (i) cooperate with the insurer; (ii) at the request of the insurer, assist in making settlements, in the conduct of suits, and in enforcing a right of contribution or indemnity against a person or organization who may be liable to the insured; (iii) attend hearings and trials; (iv) give and secure evidence; and (v) assist in obtaining the attendance of witnesses.

4. To obtain permission of the insurer before making a voluntary payment, assuming an obligation, or incurring expenses, other than first aid expenses.

5. Under damage to property of others, to:

a. Submit a sworn proof of loss within 60 days after an occurrence unless extended by the insurer.

b. Exhibit damaged property if within the insured's control.

C. For claims under medical payments coverage, insurers may require:

1. An injured person or someone on the injured person's behalf to provide details about the claim, in writing if requested.

2. An injured person or someone on the injured person's behalf to execute authorizations enabling the insurer to get copies of medical reports and records.

3. An injured person to submit to examinations by a medical professional selected by the insurer when and as often as the insurer reasonably requires.

D. For claims under medical payments coverage, insurers may pay the injured person or the person rendering medical services. Payment under medical payments coverage for each occurrence:

1. May reduce the amount payable for a covered injury; and

2. Is not an admission of liability by an insured or the insurer.

E. With respect to a suit under the policy, the insurer may:

1. Require that the insured not bring suit or action against the insurer unless the insured has complied with all the provisions of the policy.

2. Provide that no person or organization may join the insurer as a party to an action against the insured.

3. Require that the amount of the insured's obligation to pay has been determined by (i) judgment against the insured after trial or (ii) written agreement of the claimant and the insurer.

F. The insurer shall provide that its obligations under the policy are not relieved by the bankruptcy or insolvency of the insured or the insured's estate.

G. If execution on a judgment against the insured or the insured's personal representative is returned unsatisfied in an action brought to recover damages for injury or for loss or damage during the policy term, then an action may be maintained against the insurer for the amount of the judgment not exceeding the amount of the applicable limit of coverage.

H. If more than one policy applies [on a primary basis] to an occurrence, the insurer shall pay that proportion of the loss that the limit of liability of the policy bears to the total amount of insurance that applies to the loss. Except, insurers may provide liability coverage on an excess basis for vehicles or watercraft to which the policy applies. This condition does not apply to medical payments coverage.

14VAC5-342-130. Policy Conditions.

A. Insurers may restrict the application of the policy to loss or an occurrence during the policy term.

B. Insurers may void the entire policy (i) if, whether before or after a loss, the insured has willfully concealed or misrepresented any material fact or circumstance concerning the insurance or the interest of the insured in the insurance or (ii) in the case of any fraud or false swearing by the insured relating to the insurance.

C. If an insurer adopts any revision to its forms or endorsements that would broaden coverage currently provided without additional premium charge, the insurer shall automatically apply the broadened coverage from the effective date of the revisions.

D. If a named insured dies, insurers shall modify the definition of insured in 14VAC5-342-30 as follows:

1. The named insured includes:

a. The spouse, if not already a named insured and if residing in the household at the time of the death; and

b. The legal representative with respect to the insured premises and property of the deceased insured at the time of death.

2. Insured also includes:

a. Members of the deceased's household who were insured at the time of the named insured's death but only while residents of the insured premises; and

b. Persons having proper temporary custody of the insured property until the appointment and qualification of the legal representative.

E. Insurers may not invalidate the policy if the insured waives, in writing, before a loss any right of recovery against a party for loss occurring on the insured premises. If not waived, the insurer may require from the insured an assignment of all right of recovery against a party for a loss or occurrence to the extent that the insurer made payment.

F. Terms or conditions in the policy that are less favorable than those provided for in this chapter or the applicable statutes are construed to conform to this chapter and those statutes.

G. Insurers shall include the relevant termination provisions in §§ 38.2-2113 and 38.2-2114 of the Code of Virginia in the policy. In addition, the following apply:

1. Return premium calculations resulting from an insurer-initiated termination shall be pro rata.

2. Terminations for non-payment of premium shall be calculated pro rata.

3. Return premium calculations resulting from an insured-initiated termination may be a short rate calculation, except the penalty may not be more than 10% of the pro rata premium for the expired time.

4. Insurers may refuse to renew the policy in accordance with the provisions of §§ 38.2-2113 and 38.2-2114 of the Code of Virginia.

H. If an insurer elects to waive a policy provision, the waiver must be in writing.

I. Insurers may require that coverage under the policy is excess over a service agreement, home warranty, or similar service warranty.

J. Insurers may exclude coverage, refuse to pay claims, or refuse to provide benefits under a policy if those actions would expose the insurer to a violation of applicable trade or economic sanctions, laws, or regulations, including those administered and enforced by the U.S. Treasury Department's Office of Foreign Assets Control.