



## ADDITIONAL SECURED PARTY'S INTEREST COVERAGE

For an additional premium, *we* provide coverage under this endorsement subject to the *terms* contained in the General Policy Provisions.

### COVERAGE

The Secured Party Coverage under this policy is extended to cover the secured party against direct loss sustained by impairment of its security interest caused by:

1. Collision.
2. Conversion, embezzlement or secretion by an *insured*.
3. Flood or other rising water from outside the mobile home.
4. Earthquake.

### SPECIAL CONDITIONS

#### 1. *Additional definitions.*

##### a. Collision means:

- 1) Collision of the mobile home with another object, or with the vehicle to which it is attached.
- 2) Upset of such mobile home.

##### b. Conversion, Embezzlement or Secretion includes:

- 1) Intentional damage to the mobile home by an *insured*.
- 2) Inability to repossess the mobile home because:
  - (a) *We* have been unable to locate the mobile home for a period of 30 days after notice of loss, or
  - (b) In spite of a properly perfected security interest, the secured party has been unable to recover the mobile home from a third party to which it has been transferred without consent.
- 3) Partial as well as total loss of the mobile home.

##### c. Impairment means that as a result of the covered loss the value of the mobile home is less than the security interest of the secured party.

##### d. Outstanding Balance means the balance due on the date of the loss under the finance agreement but not including:

- 1) Installments more than 30 days past due at date of loss;
- 2) Unearned interest, financing and carrying charges; or
- 3) Penalties of any type added after inception of finance agreement.

##### e. Date of Loss is the date of repossession, or if the mobile home is not recovered, 30 days after Notice of Loss.

#### 2. *Attachment of Coverage.*

Coverage under this endorsement attaches as of the date of the endorsement but in no event before the date of perfection of a valid and legally enforceable finance agreement on the mobile home.

#### 3. *Default of Insured.*

This coverage applies only when the security interest has become impaired and:

- a. The *insured* has defaulted in payments due under the finance contract and the secured party has repossessed the mobile home; or
- b. With respect to loss caused by conversion, embezzlement or secretion, the *insured* has defaulted in payments due under the finance agreement and the secured party has made every reasonable effort to repossess the mobile home.

### HOW MUCH WE PAY FOR LOSS OR CLAIM

*How Much We Pay for Loss or Claim* is replaced by the following with respect to this coverage only.

#### 1. *Our* liability under this coverage is limited to the lesser of the following amounts:

- a. The actual cash value of the mobile home less salvage;
- b. What it would cost to repair or replace the mobile home with materials of equivalent kind and quality; or
- c. The amount of the security interest as represented by the outstanding balance.

2. Where there has been a conversion, embezzlement or secretion of the mobile home and it is found within 60 days after Notice of Loss without any physical damage, *we* may pay:
  - a. Expenses incurred in locating and recovering the property;
  - b. Expenses incurred in transporting the mobile home to the location shown below which is nearest to the point of recovery:
    - 1) the business address of the secured party;
    - 2) the address of the selling dealer;
    - 3) the address of the last owner known to the secured party; or
    - 4) the address of the *insured* shown on the Declarations.
3. *We* have the option to:
  - a. Pay the loss in money;
  - b. Pay the cost of repairing the mobile home; or
  - c. Rebuild, repair or replace with property of equivalent kind and quality, to the extent practicable, within a reasonable time.
4. If the secured party's interest has been satisfied by the selling dealer at the time of loss under a repurchase or recourse agreement, *we* will settle the loss with the selling dealer in place of the secured party.

## WHAT SECURED PARTY MUST DO IN CASE OF LOSS

*What You Must Do in Case of Loss* is replaced by the following with respect to this coverage only.

1. **Notice.**  
When the secured party becomes aware of anything that indicates there might be a claim under this coverage he shall:
  - a. Promptly give *us* or *our* agent written notice;
  - b. Send to *us* all records pertaining to the security transaction; and
  - c. Notify the police if the loss involves conversion, embezzlement or secretion.
2. **Recovery and Protection of Property.**
  - a. Take all reasonable steps to protect the mobile home to avoid further damage; and
  - b. Make a reasonable effort to repossess the mobile home.
3. **Proof of Loss.**  
The secured party shall:
  - a. Submit a sworn statement of loss within 60 days after date of loss containing the following information:
    - 1) the time, place and circumstances of the loss;
    - 2) the outstanding balance due under the finance agreement;
    - 3) other policies of insurance that may cover the loss;
    - 4) in the case of a partial loss, an inspection report itemizing the loss as of the date of repossession and certified by the person who repossessed the mobile home.
4. **Subrogation.**  
Subrogation is replaced by the following with respect to this coverage only:  
*We* waive *our* right to subrogation against the secured party except for actions resulting from fraud by the secured party.  
*We* waive any right to subrogation against the *insured* except actions resulting from fraud, conversion, embezzlement, secretion or other willful wrongdoing by the *insured*.

## ADDITIONAL CONDITIONS

1. The secured party's protection under this coverage is not invalidated by an act or neglect of the *insured* or a transfer of title of ownership in the mobile home which occurs after the *insured* has defaulted in payments under the finance agreement.
2. The annual premium charged under this policy for each mobile home is a minimum charge to be retained in full by *us*. Pro rata cancellation may be allowed when new insurance is written by *us* within 30 days covering a different mobile home for the same *insured*. Pro rata cancellation is allowed when the policy is cancelled at *our* request.