

ENDORSEMENT NO. HO-802
Effective
January 1, 2016

SECTION I – MANDATORY MEDIATION-ARBITRATION
ENDORSEMENT

This endorsement changes certain subparts to **SECTION I – CONDITIONS** in your policy. This endorsement also deletes any reference to **SECTION I – CONDITIONS, Subpart 12. Suit Against Us** in endorsement **HO-800 Time Limitations on Presenting a Claim and Conditions for a Suit Against Us Endorsement**. Please read this document carefully and keep it with your policy.

SECTION I – CONDITIONS

Subpart 12. is deleted and replaced by the following:

12. **Suit Against Us**. For a reduction in premium, the insured, and all persons making a claim of any kind under this policy of insurance, agree to the following terms as the exclusive process for resolving any dispute between you and us, arising from, through or by this policy:

If any part of your suit against us is based on a disagreement between you and us as to the value of your claim under this policy, you must first request and participate in the appraisal process set forth in this policy or endorsements thereto, unless we agree to waive the appraisal process.

If the dispute is not based on a disagreement between you and us as to the value of your claim under this policy, or if any dispute still exists following the conclusion of the appraisal process, the parties agree to first try and settle the dispute by mediation. The mediation will take place under the "Ethical Guidelines for Mediators" adopted by the Texas Supreme Court. We shall pay the reasonable costs of the mediation, including the mediator's fee. If the parties cannot agree on a mediator, either party may notify the other in writing of this failure and then you will choose one of the arbitration firms shown below to select the mediator within ten days of such notice. If you do not notify us of your choice within ten days, the mediation process will be deemed concluded without resolution, and the dispute will move to arbitration. The mediation can occur at any agreed location. If the parties cannot agree to a location, the mediator will choose.

If the parties cannot reach a complete resolution through mediation, then they further agree that any remaining dispute shall be concluded by arbitration. Either party may provide notice of arbitration to the other. You will be allowed to choose either one of the following firms to conduct the arbitration and provide us with notice of your selection. If you do not select an arbitration firm within ten days of notice, we will select the arbitration firm and notify you of the selection.

Arbitration Firms:

1. Conflict Solutions of Texas
Attn: "Property Claim Resolution"
6223 IH 10 West
San Antonio, TX 78201
Email: gbrin@csoftx.com. Subject line: Property Claim Resolution
2. American Arbitration Association ("AAA")
Case Filing Services
Attn: Texas Farm Bureau Insurance Appraisal
1101 Laurel Oak Road, Suite 100
Voorhees, New Jersey 08043
Email: casefiling@adr.org

Once an arbitration firm has been selected, we will notify the firm, pay any required administrative fees, and provide the firm all necessary contact information for you or your representative.

If AAA is selected as the arbitration firm, the arbitration shall be conducted under the AAA Consumer Arbitration Rules. Otherwise, the Federal Rules of Arbitration apply. Disputes shall be heard by a single arbitrator. The selected firm will appoint the arbitrator with the information received, and provide notice to **you** and **us** of the appointment. **We** will pay the fees and expenses of the arbitrator, including the cost of a facility for the arbitration hearing.

The arbitrator shall be experienced in insurance claims. The arbitration will occur in the county where the property made the basis of the dispute is located, unless the parties and the arbitrator can agree to another location. The arbitrator has final authority on the location of the hearing. The arbitrator may choose to conduct any hearings or meetings in person, by phone, or by written submission. Discovery shall be limited to the sharing of certain documents. Those documents are expert reports, engineering reports, damage estimates, contents lists, photographs, repair receipts or invoices, the contents of **our** claim file and any independent adjusting firm's claim file that are not privileged by law, payment logs or proof of payment by **us**, a copy of the insurance policy, and the contents of the underwriting file that are not privileged. Upon request, the arbitrator can expand discovery if necessary.

Unless required by law, neither party nor the arbitrator may disclose the results of any arbitration without the agreement of both parties.

If **you** refuse to participate in the arbitration, **we** will proceed without **you**, and an arbitration award will be made by the arbitrator.

Should the arbitrator find that any term of this endorsement is unenforceable; the remaining terms of the endorsement shall remain in force. **You** and **we** agree that the arbitrator is authorized to modify any aspect of this endorsement found to be unenforceable in such a way as to express the meaning of the endorsement that **you** and **we** intended.

If any dispute still existing after appraisal and mediation is small enough to qualify for resolution in a small claims court (Justice Court), either party may request to have the dispute resolved there instead of by arbitration. If both parties agree to use small claims court instead, then arbitration is not required.