

Q. Before we move on, now that we are talking about RCV, can you please explain RCV? I am not asking about a live loss, but rather, what should agents explain to their clients as far as what the policy pays for, in the case of RCV, in the event that a covered peril is affected by the flood? Is it the Program's intention concerning RCV to restore the loss to its pre-loss condition?

A. "The policy pays upon the Proximate Cause ... the Domino Theory of insurance ... The unbroken chain of events. Because the original cause was flooding, as defined, (his slide stated the policy language - 2 or more acres or two adjacent properties) the loss would be covered under the policy."

Q. In other words, is the policy intended to restore the RCV loss to its pre-loss condition?

A. Well, the policy can never do that because the policy always contains a deductible.

Q. But notwithstanding the deductible, in regards to covered perils, will the line item be restored to its pre-loss condition?

A. Yes.

I was witness to and
concur with the above
questions and answers as
stated at a Flood Seminar
at CSC's Hanham, Maryland
location on 21 July 2004.

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