

HOME·GUARD®

SPECIAL FORM

| HOMEOWNERS POLICY |

HOME-GUARD® 3 – INDEX

This policy is a legal contract between “you” and “us”. It consists of:

1. “Your” policy Declarations
2. The policy Provisions
3. Any Special Provisions, Endorsements, and Schedules, which “we” issue with “your” policy.

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HOME-GUARD® 3 – SPECIAL FORM

AGREEMENT

“We” agree with “you”, in return for “your” premium payment, to provide insurance subject to all the terms of this policy. The coverages provided, the limits of “our” liability, and the premiums are shown in the Declarations and are further explained by the terms of this policy.

DEFINITIONS

The terms defined in the policy and any endorsements appear in quotation marks (“ ”) or in **bold** type.

1. “You” and “your” mean the Named Insured shown in the Declarations and the spouse of the Named Insured if living in the same household.

2. “We”, “us”, and “our” mean the Association or Company providing this insurance.

3. “Actual cash value” means the amount it would cost to repair or replace covered property, at the time of loss or damage, with material of like kind and quality, less depreciation.

Depreciation means a reduction in value of the covered property as the result of wear and tear, age, or technological or economic obsolescence. Depreciation will not apply to the repair of covered property unless the repair improves or prolongs the useful life or results in an increase in the monetary value of the covered property. Depreciation also applies to labor and materials.

4. “Aircraft Liability”, “Hovercraft Liability”, “Motor Vehicle Liability”, “Recreational Vehicle Liability”, and “Watercraft Liability”, subject to the provisions in **b.** below, mean the following:

a. Liability for “bodily injury” or “property damage” arising out of the:

- (1) Ownership of such vehicle or craft by an “insured”;
- (2) Maintenance, occupancy, operation, use, loading or unloading of such vehicle or craft by any person;
- (3) Entrustment of such vehicle or craft by an “insured” to any person;
- (4) Failure to train or supervise or negligent training or supervision of any person involving such vehicle or craft by any “insured”; or
- (5) Vicarious liability, whether or not imposed by law, for the actions of a minor child involving such vehicle or craft.

b. For the purpose of this definition:

- (1) Aircraft means any contrivance used or designed for flight, except model or hobby aircraft not used or designed to carry people or cargo;
- (2) Hovercraft means a motorized ground effect vehicle propelled or lifted by air and includes, but is not limited to, flarecraft and air cushion vehicles;
- (3) Watercraft means a craft principally designed to be propelled on or in water by wind, engine power, or electric motor;
- (4) Motor vehicle means a “motor vehicle” as defined in **10.** below; and
- (5) Recreational vehicle means a “recreational vehicle”, as defined in **15.** below.

5. “Bodily injury” means bodily harm, sickness, or disease and includes resulting death.

“Bodily injury” also includes mental or physical anguish, pain, or suffering, but only if accompanied by physical symptoms of harm to the body of the person. Infliction of emotional distress, loss of society, or loss of consortium suffered by a spouse, child, or parent is not a separate “bodily injury” under this policy and must be included in the claim of the person sustaining physical harm to the body.

6. “Business”

a. “Business” means:

- (1) Any full-time, part-time, or occasional trade, profession, occupation, or other activity performed for money or other compensation; or
- (2) The rental or holding for rental of any premises by any “insured”, except as described in paragraph **b.** below.

b. “Business” does not mean:

- (1) Occasional rental or holding for rental of the “residence premises” for use as a dwelling;
- (2) Rental or holding for rental of part of the “residence premises” for use as a dwelling, unless the rental is to more than three individuals or one family unit;
- (3) Activities conducted by any “insured” if the gross receipts from those activities do not exceed \$2,000 in the calendar year in which a loss occurs or the calendar year immediately preceding;

- (4) Rental or holding for rental of part of the “residence premises” as a garage to be used for other than “business” purposes; or
- (5) Newspaper delivery, caddying, babysitting, lawn care, and similar incidental activities conducted by any “insured” under the age of 19.

7. “Insured” means:

- a. “You” and any resident of “your” household who is:
 - (1) Related to “you” by blood, marriage, or adoption; or
 - (2) A legal ward, foster child, or foreign exchange student.
- b. A student who is unmarried and financially dependent, if the student lived with “you” immediately before leaving to attend school and qualifies as a full-time student as defined by the school, provided the student is under the age of:
 - (1) 25 and “your” relative; or
 - (2) 21 and are in “your” care or in the care of “your” resident relatives.
- c. Under Section II
 - (1) Any person or organization legally responsible for animals or watercraft owned by any “insured” in a. or b. above, but “we” will cover the person or organization only with respect to those animals or watercraft. “We” will not cover any person or organization using or having custody of animals or watercraft for their sole benefit, in the course of any “business” or without the oral or written permission of the owner; or
 - (2) With respect to any vehicle to which this policy applies:
 - (a) Persons while engaged in “your” employ or that of any person included in a. or b. above; or
 - (b) Other persons using the vehicle on an “insured premises” with “your” consent.

Under both Sections I and II, when the word an or any immediately precedes the word “insured”, the words an “insured” together mean one or more “insureds”.

Under any of the preceding paragraphs, “your” child is not an “insured” if a judicial decree places primary custody or care of the child in control of another person and the child was not in the care of the “insured” and was not on the “insured premises” at the time of the “occurrence”. This exception does not apply if the judicial decree requires “you” provide liability insurance for the child.

8. “Insured premises” means:

- a. The “residence premises”;
 - b. The part of other premises, other structures, and grounds used by “you” as a residence; and
 - (1) Which is shown in the Declarations; or
 - (2) Which is acquired by “you” during the policy period for “your” use as a residence;
 - c. Any premises used by “you” in connection with a premises described in a. and b. above;
 - d. Any part of a premises:
 - (1) Not owned by an “insured”; and
 - (2) Where an “insured” is temporarily residing;
 - e. Vacant land, other than farm land, owned by, or rented to an “insured”;
 - f. Land owned by or rented to an “insured” on which a one- to four-family dwelling, a townhouse, or a row house is being built as a residence for an “insured”;
 - g. Individual or family cemetery plots or burial vaults of an “insured”; or
 - h. Any part of a premises occasionally rented to an “insured” for other than “business” use.
9. “Low power recreational vehicle” means a vehicle which is battery powered, designed for off-road use only, and marketed as a child’s toy. A “low power recreational vehicle” does not include a motorized bicycle, moped, all-terrain vehicle, snowmobile, or motorized golf-cart, regardless of its speed capability.
10. “Motor vehicle” means:
- a. A motorized land vehicle designed for travel on public roads or subject to motor vehicle registration or a compulsory financial responsibility law or regulation issued by a government agency;
 - b. Any trailer or semitrailer designed for travel on public roads or subject to motor vehicle registration. A watercraft, camper, home or utility trailer not being towed by or carried on a vehicle is not a “motor vehicle”; or
 - c. Any vehicle while being towed by or carried on a vehicle included in a. or b. above.

11. “Occurrence” means an accident, as perceived from the viewpoint of a reasonable person, causing unexpected “bodily injury” or “property damage” during the policy period. Continuous or repeated exposure to substantially the same harmful conditions, whether producing single or multiple instances of “bodily injury” or “property damage”, constitutes a single “occurrence”.

12. "Personal injury" means injury, other than "bodily injury", arising out of one or more of the following offenses:
- False arrest, detention, or imprisonment;
 - Malicious prosecution;
 - Libel, slander, or defamation of character;
 - Invasion of the right of private occupancy, wrongful eviction, or wrongful entry; or
 - Oral, televised, videotaped, electronic, or written publication of material that violates a person's right of privacy.
13. "Pollutant" means any:
- Gasoline, diesel, kerosene, or other fuel for a motorized vehicle or heating appliance, including any post-combustion by-products;
 - Petroleum-based lubricant;
 - Anti-freeze;
 - Vehicle tires;
 - Paint;
 - Pesticide;
 - Herbicide;
 - Fertilizer;
 - Animal or human waste;
 - Ink;
 - Mercury; or
 - Other solid, liquid, gaseous, or thermal irritant or contaminant.
14. "Property damage" means physical injury to or destruction of tangible property. "Property damage" does not include loss of use unless the property has been physically injured or destroyed.
15. "Recreational vehicle" means:
- An all-terrain vehicle;
 - A dune buggy;
 - A motorized golf cart;
 - A moped;
 - A motorcycle;
 - A motor scooter;
 - A snowmobile; or
 - Any other motorized land vehicle that is designed for recreational use off public roads.
- "Recreational vehicle" does not mean a "low power recreational vehicle".
16. "Residence employee" means an employee of an "insured" whose duties are in connection with the maintenance or use of the "residence premises", including household or domestic services, or who performs similar duties elsewhere not in connection with an "insured's" "business".
17. "Residence premises" means the one- to four-family house, the townhouse, or the row house where "you" reside and which is shown in the Declarations as the "residence premises". It includes other structures and grounds at that location.
- However, if the "residence premises" is a townhouse or a row house, it includes only other structures and grounds at that location that are used or occupied solely by "your" household for residential purposes.
18. "Vermin" means an animal of a type that is prone to enter or burrow into or under a structure to seek food or shelter, including but not limited to:
- Armadillos;
 - Bats;
 - Opossums;
 - Porcupines;
 - Raccoons;
 - Skunks;
 - Snakes;
 - Squirrels; or
 - Woodchucks.
19. "Wild or exotic animal" means any class of animal that:
- Does not generally live in a human residence or within close proximity to humans;
 - Is typically displayed in a zoo; or
 - Is primarily found in a wild and untamed state.
- "Wild or exotic animals" include but are not limited to amphibians and reptiles such as snakes, crocodiles, and alligators; arachnids such as scorpions and poisonous spiders; mammals such as lions, tigers, bears, monkeys, and wolves; and any hybrid or wild and tame classes of animals such as a wolf/dog hybrid.
- A "wild or exotic animal" does not include any parrot, hamster, gerbil, or animal raised for the agricultural purpose of food or milk production.

DEDUCTIBLE

Loss from each occurrence to insured property shall be adjusted separately and the deductible, if any, shown in the Declarations shall be deducted from the amount of loss. The deductible will apply unless a different amount is shown on an endorsement.

In the event of loss to two or more items of covered property arising from the same occurrence, the highest deductible applicable will be subtracted from the total loss.

SECTION I – PROPERTY COVERAGES

A. Coverage A – Dwelling

1. “We” cover:
 - a. The dwelling on the “residence premises” shown in the Declarations, including structures attached to the dwelling; and
 - b. Materials and supplies located on or next to the “residence premises” used to construct, alter or repair the dwelling or other structures on the “residence premises”.
2. “We” do not cover land, including land on which the dwelling is located.

B. Coverage B – Other Structures

1. “We” cover other structures on the “residence premises” set apart from the dwelling by clear space. This includes structures connected to the dwelling by only a fence, utility line, or similar connection.
2. “We” do not cover:
 - a. Land, including land on which the other structures are located;
 - b. Other structures rented or held for rental to any person not a tenant of the dwelling, unless used solely as a private garage;
 - c. Other structures from which any “business” is conducted; or
 - d. Other structures used to store “business” property. However, “we” do cover a structure that contains “business” property solely owned by an “insured” or a tenant of the dwelling provided that “business” property does not include gaseous or liquid fuel, other than fuel in a permanently installed fuel tank of a vehicle or craft parked or stored in the structure.

C. Coverage C – Personal Property

1. Covered Property

“We” cover personal property owned or used by an “insured” while it is anywhere in the world. After a loss and at “your” request, “we” will cover personal property owned by:

- a. Others while the property is on the part of the “residence premises” occupied by an “insured”; or
- b. A guest or a “residence employee”, while the property is in any residence occupied by an “insured”.

2. Limit For Property At Other Locations

a. Other Residences

“Our” limit of liability for personal property that is usually located at an “insured’s” residence, other than the “residence premises”, is 10% of the limit of liability for Coverage C, or \$1,000, whichever is greater. However, this limitation does not apply to personal property:

- (1) Moved from the “residence premises” because it is being repaired, renovated, or rebuilt and is not fit to live in or store property in; or
- (2) In a newly acquired principal residence for 30 days from the time “you” begin to move the property there.

b. Self-Storage Facilities

“Our” limit of liability for personal property owned or used by an “insured” and located in a self-storage facility is 10% of the limit of liability for Coverage C, or \$1,000, whichever is greater. However, this limitation does not apply to personal property:

- (1) Moved from the “residence premises” because it is:
 - (a) Being repaired, renovated or rebuilt; and
 - (b) Not fit to live in or store property in; or
- (2) Usually located in an “insured’s” residence other than the “residence premises”.

3. Special Limits Of Liability

The special limit for each category shown below is the total limit for each loss for all property in that category. These special limits do not increase the Coverage C limit of liability.

- a. \$250 on money, bank notes, bullion, gold other than goldware, silver other than silverware, platinum other than platinumware, coins, medals, scrip, stored value cards, and smart cards.
- b. \$1,500 on securities, accounts, deeds, evidences of debt, letters of credit, notes other than bank notes, manuscripts, personal records, passports, tickets, and stamps. This dollar limit applies to these categories regardless of the medium (such as paper or computer software) on which the material exists.

This limit includes the cost to research, replace, or restore the information from the lost or damaged material.

- c. \$1,500 on watercraft of all types, including their trailers, furnishings, equipment, and outboard engines or motors.

- d. \$1,500 on trailers not used with watercraft.
- e. \$1,500 for loss by theft of jewelry, watches, furs, precious and semiprecious stones.
- f. \$2,500 for loss by theft of firearms and related equipment.
- g. \$2,500 for loss by theft of silverware, silver-plated ware, goldware, gold-plated ware, platinumware, platinum-plated ware, and pewterware. This includes flatware, hollowware, tea sets, trays, and trophies made of or including silver, gold, or pewter.
- h. \$2,500 on property, on the "residence premises", used primarily for "business" purposes.
- i. \$500 on property, away from the "residence premises", used primarily for "business" purposes.
- j. \$1,500 – Collectibles and Fine Arts.
- k. \$1,000 – Golf Carts.
- l. \$1,500 on portable electronic equipment that:
 - (1) Reproduces, receives or transmits audio, visual or data signals;
 - (2) Is designed to be operated by more than one power source, one of which is a "motor vehicle's" electrical system; and
 - (3) Is in or upon a "motor vehicle".
- m. \$250 on antennas, tapes, wires, records, discs, or other media that are:
 - (1) Used with electronic equipment that reproduces, receives or transmits audio, visual or data signals; and
 - (2) In or upon a "motor vehicle".
- n. \$10,000 on lawn, garden, agricultural, or utility tractors; and lawn mowers, including their trailers, accessories, parts, and tires.
- o. \$1,500 on electronic data processing equipment and the recording or storage media used with the equipment. Recording or storage media will be covered only up to:
 - (1) The retail value of the media, if preprogrammed; or
 - (2) The retail value of the media in blank or unexposed form, if blank or self-programmed.
- p. \$1,000 on "motor vehicle" parts and accessories used, or intended to be used on a "motor vehicle", while not attached to the vehicle.
- q. \$1,000 on "recreational vehicle" parts and accessories used, or intended to be used on a "recreational vehicle", while not attached to the vehicle. This does not apply to golf carts.

4. Property Not Covered

"We" do not cover:

- a. Articles separately described and specifically insured, regardless of the limit for which they are insured, in this or other insurance;
- b. Animals, birds, or fish;
- c. "Motor vehicles" including but not limited to stock cars, racing cars, or "recreational vehicles". This includes their accessories, equipment, and parts, whether or not these items are attached to the "motor vehicle" or "recreational vehicle", except as provided under **3. Special Limits Of Liability**;
- d. Aircraft meaning any contrivance used or designed for flight including any parts whether or not attached to the aircraft.

"We" do cover model or hobby aircraft not used or designed to carry people or cargo;

- e. Hovercraft and parts. Hovercraft means a motorized ground effect vehicle propelled or lifted by air and includes, but is not limited to, flarecraft and air cushion vehicles;
- f. Property of roomers, boarders, and other tenants, except property of roomers and boarders related to an "insured";
- g. Property in an apartment regularly rented or held for rental to others by an "insured", except as provided under **ADDITIONAL PROPERTY COVERAGE 10. Landlord's Furnishings**;
- h. Property rented or held for rental to others off the "residence premises";
- i. "Business" data, including such data stored in:
 - (1) Books of account, drawings, or other paper records; or
 - (2) Computers and related equipment.

"We" do cover the cost of blank recording or storage media, and of prerecorded computer programs available on the retail market;

- j. Credit cards, electronic fund transfer cards or access devices used solely for deposit, withdrawal or transfer of funds except as provided under **ADDITIONAL PROPERTY COVERAGE 6. Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery, And Counterfeit Money**; or
- k. Water or steam.

D. Coverage D – Loss Of Use

The limit of liability for Coverage D is the total limit for the coverages in **1. Additional Living Expense**, **2. Fair Rental Value**, and **3. Civil Authority Prohibits Use** below.

1. Additional Living Expense

If a loss covered under Section I makes that part of the “residence premises” where “you” reside not fit to live in, “we” cover any necessary increase in living expenses incurred by “you” so that “your” household can maintain its normal standard of living.

“We” will pay for the lesser of:

- a. The shortest time required to repair or replace the damage or, if “you” permanently relocate, to find permanent alternative accommodations; or
- b. One year from the date of loss.

2. Fair Rental Value

If a loss covered under Section I makes that part of the “residence premises” rented to others or held for rental by “you” not fit to live in, “we” cover the fair rental value of such premises less any expenses that do not continue while it is not fit to live in.

Payment will be for the shortest time required to repair or replace such premises.

3. Civil Authority Prohibits Use

If a civil authority prohibits “you” from use of the “residence premises” as a result of direct damage to neighboring premises by a Peril Insured Against, “we” cover the loss as provided in **1. Additional Living Expense**, and **2. Fair Rental Value** above for no more than two weeks.

4. Loss Or Expense Not Covered

“We” do not cover loss or expense due to cancellation of a lease or agreement.

The periods of time under **1. Additional Living Expense**, **2. Fair Rental Value**, and **3. Civil Authority Prohibits Use** above are not limited by expiration of this policy.

SECTION I – ADDITIONAL PROPERTY COVERAGES

1. Debris Removal

- a. “We” will pay “your” reasonable expense for the removal of:
 - (1) Debris of covered property if a Peril Insured Against that applies to the damaged property causes the loss; or

- (2) Ash, dust or particles from a volcanic eruption that has caused direct loss to a building or property contained in a building.

This expense is included in the limit of liability that applies to the damaged property. If the amount to be paid for the actual damage to the property plus the debris removal expense is more than the limit of liability for the damaged property, an additional 5% of that limit is available for such expense.

- b. “We” will pay “your” reasonable expense, up to \$1,000 for the removal from the “residence premises” of:

- (1) “Your” trees felled by the peril of Windstorm or Hail or Weight of Ice, Snow or Sleet; or
- (2) A neighbor’s trees felled by Peril Insured Against under Coverage C.;

Provided the trees:

- (1) Damage a covered structure; or
- (2) Do not damage a covered structure, but:
 - (a) Block a driveway on the “residence premises” which prevents a “motor vehicle” or property, from entering or leaving the “residence premises”; or
 - (b) Block a ramp or other fixture designed to assist a handicapped person to enter or leave the dwelling building.

The \$1,000 limit is the most “we” will pay in any one loss, regardless of the number of fallen trees. No more than \$500 of this limit will be paid for removal of any one tree.

This coverage is additional insurance.

2. Reasonable Repairs

- a. “We” will pay the reasonable cost incurred by “you” for the necessary measures taken solely to protect covered property that is damaged by a Peril Insured Against from further damage.
- b. If the measures taken involve repair to other damaged property, “we” will only pay if that property is covered under this policy and the damage is caused by a Peril Insured Against. This coverage does not:
 - (1) Increase the limit of liability that applies to the covered property; or
 - (2) Relieve “you” of “your” duties, in case of a loss to covered property, as described under **SECTION I – CONDITIONS, B. Your Duties After A Loss**, paragraph 4.

3. Trees, Shrubs, And Other Plants

"We" cover trees, shrubs, plants, or lawns, on the "residence premises", for loss caused by the following Perils Insured Against:

- a. Fire or Lightning;
- b. Explosion;
- c. Riot or Civil Commotion;
- d. Aircraft;
- e. Vehicles not owned or operated by a resident of the "residence premises";
- f. Vandalism or Malicious Mischief; or
- g. Theft.

"We" will pay up to 5% of the limit of liability that applies to the dwelling for all trees, shrubs, plants, or lawns. No more than \$500 of this limit will be paid for any one tree, shrub, or plant. "We" do not cover trees, shrubs, or plants grown for "business" purposes or located more than 100 feet from the insured dwelling.

This coverage is additional insurance.

4. Fire Department Service Charge

"We" will pay up to the amount shown in the Declarations for "your" liability assumed by contract or agreement for fire department charges incurred when the fire department is called to save or protect covered property from a Peril Insured Against.

This coverage is additional insurance. No deductible applies to this coverage.

5. Property Removed

"We" insure covered property against direct loss from any cause while being removed from a premises endangered by a Peril Insured Against and for no more than 30 days while removed.

This coverage does not change the limit of liability that applies to the property being removed.

6. Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery, And Counterfeit Money

- a. "We" will pay up to \$500 for:
 - (1) The legal obligation of an "insured" to pay because of the theft or unauthorized use of credit cards issued to or registered in an "insured's" name;
 - (2) Loss resulting from theft or unauthorized use of an electronic fund transfer card or access device used for deposit, withdrawal or transfer of funds, issued to or registered in an "insured's" name;
 - (3) Loss to an "insured" caused by forgery or alteration of any check or negotiable instrument; and

- (4) Loss to an "insured" through acceptance in good faith of counterfeit United States or Canadian paper currency.

All loss resulting from a series of acts committed by any one person or in which any one person is concerned or implicated is considered to be one loss.

This coverage is additional insurance. No deductible applies to this coverage.

- b. "We" do not cover:
 - (1) Use of a credit card, electronic fund transfer card, or access device:
 - (a) By a resident of "your" household;
 - (b) By a person who has been entrusted with either type of card or access device; or
 - (c) If an "insured" has not complied with all terms and conditions under which the cards are issued or the devices accessed; or
 - (2) Loss arising out of "business" use or dishonesty of an "insured".

7. Loss Assessment

- a. "We" will pay up to \$1,000 for "your" share of loss assessment charged during the policy period against "you", as owner or tenant of the "residence premises", by a corporation or association of property owners. The assessment must be made as a result of direct loss to property, owned by all members collectively, of the type that would be covered by this policy if owned by "you", caused by a Peril Insured Against under Coverage A, other than:

- (1) Earthquake; or
- (2) Land shock waves or tremors before, during or after a volcanic eruption.

The limit of \$1,000 is the most "we" will pay with respect to any one loss, regardless of the number of assessments. "We" will only apply one deductible, per unit, to the total amount of any one loss to the property described above, regardless of the number of assessments.

- b. "We" do not cover assessments charged against "you" or a corporation or association of property owners by any governmental body.
- c. **H. Policy Period** under **SECTIONS I AND II – CONDITIONS** does not apply to this coverage.

This coverage is additional insurance.

8. Collapse

- a. With respect to this Additional Property Coverage:
- (1) Collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its current intended purpose.
 - (2) A building or any part of a building that is in danger of falling down or caving in is not considered to be in a state of collapse.
 - (3) A part of a building that is standing is not considered to be in a state of collapse even if it has separated from another part of the building.
 - (4) A building or any part of a building that is standing is not considered to be in a state of collapse even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage, or expansion.
- b. "We" insure for direct physical loss to covered property involving collapse of a building or any part of a building if the collapse was caused by one or more of the following:
- (1) The Perils Insured Against named under Coverage C;
 - (2) Decay that is hidden from view, unless the presence of such decay is known to an "insured" prior to collapse;
 - (3) Insect or "vermin" damage that is hidden from view, unless the presence of such damage is known to an "insured" prior to collapse;
 - (4) Weight of contents, equipment, animals, or people;
 - (5) Weight of rain which collects on a roof; or
 - (6) Use of defective material or methods in construction, remodeling, or renovation if the collapse occurs during the course of the construction, remodeling, or renovation.
- c. Loss to an awning, fence, patio, deck, pavement, swimming pool, underground pipe, flue, drain, cesspool, septic tank, foundation, retaining wall, bulkhead, pier, wharf, or dock is not included under **b.(2)** through **(6)** above, unless the loss is a direct result of the collapse of a building or any part of a building.
- d. This coverage does not increase the limit of liability that applies to the damaged covered property.

9. Glass Or Safety Glazing Material

- a. "We" cover:
- (1) The breakage of glass or safety glazing material which is part of a covered building, storm door, or storm window;
 - (2) The breakage of glass or safety glazing material which is part of a covered building, storm door, or storm window when caused directly by earth movement; and
 - (3) The direct physical loss to covered property caused solely by the pieces, fragments, or splinters of broken glass or safety glazing material which is part of a building, storm door, or storm window.
- b. This coverage does not include loss:
- (1) To covered property which results because the glass or safety glazing material has been broken, except as provided in **a.(3)** above; or
 - (2) On the "residence premises" if the dwelling has been vacant for more than 60 consecutive days immediately before the loss, except when the breakage results directly from earth movement as provided in **a.(2)** above. A dwelling being constructed is not considered vacant.
- c. This coverage does not increase the limit of liability that applies to the damaged property.

10. Landlord's Furnishings

"We" will pay up to \$2,500 for "your" appliances, carpeting, and other household furnishings, in each apartment on the "residence premises" regularly rented or held for rental to others by an "insured", for loss caused by a Peril Insured Against in Coverage C, other than Theft.

This limit is the most "we" will pay in any one loss regardless of the number of appliances, carpeting, or other household furnishings involved in the loss.

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

11. Ordinance Or Law

- a. "You" may use up to 10% of the limit of liability that applies to Coverage A for the increased costs "you" incur due to the enforcement of any ordinance or law which requires or regulates:
- (1) The construction, demolition, remodeling, renovation, or repair of that part of a covered building or other structure damaged by a Peril Insured Against;

(2) The demolition and reconstruction of the undamaged part of a covered building or other structure, when that building or other structure must be totally demolished because of damage by a Peril Insured Against to another part of that covered building or other structure; or

(3) The remodeling, removal, or replacement of the portion of the undamaged part of a covered building or other structure necessary to complete the remodeling, repair, or replacement of that part of the covered building or other structure damaged by a Peril Insured Against.

b. "You" may use all or part of this ordinance or law coverage to pay for the increased costs "you" incur to remove debris resulting from the construction, demolition, remodeling, renovation, repair, or replacement of property as stated in a. above.

c. "We" do not cover:

(1) The loss in value to any covered building or other structure due to the requirements of any ordinance or law; or

(2) The costs to comply with any ordinance or law which requires any "insured" or others to test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize, or in any way respond to, or assess the effects of, "pollutants" in or on any covered building or other structure.

This exclusion applies whether or not the irritant or contaminant has any function with respect to "your" property or "business".

This coverage is additional insurance.

12. Grave Markers

"We" will pay up to \$5,000 for grave markers, including mausoleums, on or away from the "residence premises" for loss caused by a Peril Insured Against under Coverage C.

This coverage does not increase the limits of liability that apply to the damaged covered property.

13. Refrigerated Products

Subject to a \$250 deductible, "we" will pay up to \$1,000 for damage to personal property located on the "insured premises". Any additional amount shown in the Declarations for this item shall be excess over this coverage.

The damaged property must be owned by any "insured" and the loss caused by change in temperature resulting from:

- a. Interruption of electrical service to refrigeration equipment caused by damage to the generating or transmission equipment; or
- b. Mechanical or electrical breakdown of the refrigeration equipment.

Coverage applies only if the freezer or refrigerated unit had been maintained in proper working order prior to the loss.

The Power Failure exclusion does not apply to this coverage. This coverage does not increase the limit of liability for Coverage C.

SECTION I – PERILS INSURED AGAINST

A. Coverage A – Dwelling and Coverage B – Other Structures

"We" insure against direct physical loss to property described under Coverages A and B, except loss excluded below and under **SECTION I – EXCLUSIONS**.

1. **Collapse** – "We" do not pay for loss involving:

- a. Collapse; or
- b. Impairment of structural integrity, including but not limited to sagging, bowing, bending, leaning, or inadequacy or load bearing capacity;

except as provided under **ADDITIONAL PROPERTY COVERAGE 8. Collapse**;

2. **Freezing, Discharge, Leakage Or Overflow** – Subject to the exceptions stated in a. and b. below, "we" do not pay for loss caused by freezing of a plumbing, heating, air conditioning or automatic fire protective sprinkler system, waterbed, or of a household appliance, or by discharge, leakage or overflow from within the system or appliance caused by freezing.

This provision does not apply if "you" have used reasonable care to:

- a. Maintain heat in the building; or
- b. Shut off the water supply and drain all systems and appliances of water.

However, if the building is protected by an automatic fire protective sprinkler system, "you" must use reasonable care to continue the water supply and maintain heat in the building for coverage to apply.

For purposes of this provision a plumbing system or household appliance does not include a sump, sump pump, or related equipment or a roof drain, gutter, downspout, or similar fixtures or equipment;

3. **Freezing, Thawing, Pressure, Or Weight Of Ice Or Water** – “We” do not pay for loss caused by freezing, thawing, pressure, or weight of ice or water, whether driven by wind or not, to a:

- a. Fence, pavement, patio, or swimming pool;
- b. Footing, foundation, bulkhead, wall, or any other structure or device that supports all or part of a building, or other structure;
- c. Retaining wall or bulkhead that does not support all or part of a building or other structure; or
- d. Pier, wharf, or dock;

4. **Theft** – “We” do not pay for theft in or to a dwelling under construction, or of materials and supplies for use in the construction until the dwelling is finished and occupied;

5. **Vandalism Or Malicious Mischief** – “We” do not pay for:

- a. Loss caused by vandalism or malicious mischief; or
- b. Any ensuing loss caused by any intentional and wrongful act committed in the course of the vandalism or malicious mischief,

if the dwelling has been vacant for more than 60 consecutive days immediately before the loss. A dwelling being constructed is not considered vacant;

6. “We” do not pay for loss caused by any of the following:

- a. Wear and tear, marring, deterioration;
- b. Mechanical breakdown, latent defect, inherent vice or any quality in property that causes it to damage or destroy itself;
- c. Smog, rust or other corrosion, wet or dry rot, mold or contamination;
- d. Smoke from agricultural smudging or industrial operations;
- e. Discharge, dispersal, seepage, migration, release, or escape of “pollutants” unless the discharge, dispersal, seepage, migration, release, or escape is itself caused by a Peril Insured Against named under Coverage C;
- f. Settling, shrinking, bulging, or expansion, including resultant cracking of bulkheads, pavements, patios, footings, foundations, walls, floors, roofs, or ceilings;

g. Birds, “vermin”, rodents, or insects including waste and odors, except as provided under **ADDITIONAL PROPERTY COVERAGE 8. Collapse**;

h. Animals owned or kept by an “insured”; or

i. Water, humidity, moisture, or vapor, resulting from or caused by:

- (1) Continuous or repeated discharge, seepage, or leakage of water; or
- (2) The presence or condensation of humidity, moisture, or vapor;

over a period of weeks, months, or years, unless no “insured” knew of or could reasonably be expected to suspect such discharge, seepage, or leakage of water or the presence or condensation of humidity, moisture, or vapor.

Exception to A.6.

Unless the loss is otherwise excluded, “we” cover loss to property covered under Coverage A or B resulting from an accidental discharge or overflow of water or steam from within a:

- (i) Storm drain or water, steam, or sewer pipe, off the “residence premises”; or
- (ii) Plumbing, heating, air conditioning, automatic fire protective sprinkler system, waterbed, or household appliance on the “residence premises”. This includes the cost to tear out and replace any part of a building, or other structure, on the “residence premises”, but only when necessary to repair the system or appliance. However, such tear out and replacement coverage only applies to other structures if the water or steam causes actual damage to a building on the “residence premises”.

“We” do not cover loss to the system, waterbed, or appliance from which this water or steam escaped.

For purposes of this provision, a plumbing system or household appliance does not include a sump, sump pump, or related equipment or a roof drain, gutter, down spout, or similar fixtures or equipment.

Under **SECTION I – EXCLUSIONS, A.3. Water Damage**, paragraphs a. and e. that apply to surface water and water below the surface of the ground do not apply to loss by water covered under **A.6.** above.

Under **A.2.** through **A.6.** above, any ensuing loss to property described in Coverages A and B not precluded by any other provision in this policy is covered.

B. Coverage C – Personal Property

“We” insure against direct physical loss to the property described in Coverage C caused by any of the following perils unless the loss is excluded in **SECTION I – EXCLUSIONS**.

1. Fire Or Lightning

2. Windstorm Or Hail

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

This peril does not cover loss to the property contained in a building caused by rain, snow, sleet, sand, or dust unless the direct force of wind or hail damages the building causing an opening in a roof or wall and the rain, snow, sleet, sand, or dust enters through this opening.

3. Explosion

4. Riot Or Civil Commotion

5. Aircraft

This peril includes self-propelled missiles and spacecraft.

6. Vehicles means impact by a vehicle.

7. Smoke

This peril means sudden and accidental damage from smoke, including the emission or puffback of smoke, soot, fumes, or vapors from a boiler, furnace, or related equipment.

This peril does not include loss caused by smoke from agricultural smudging or industrial operations.

8. Vandalism Or Malicious Mischief

9. Theft

a. This peril includes attempted theft and loss of property from a known place when it is likely that the property has been stolen.

b. This peril does not include loss caused by theft:

- (1) Committed by an “insured”;
- (2) In or to a dwelling under construction or of materials, and supplies for use in the construction until the dwelling is finished and occupied;
- (3) From that part of a “residence premises” rented by an “insured” to someone other than another “insured”; or
- (4) That occurs off the “residence premises” of:
 - (a) Trailers, semitrailers and campers;

(b) Watercraft of all types, and their furnishings, equipment, and outboard engines or motors; or

(c) Property while at any other residence owned by, rented to, or occupied by an “insured”, except while an “insured” is temporarily living there. Property of an “insured” who is a student is covered while at the residence the student occupies to attend school as long as the student has been there at any time during the 90 days immediately before the loss.

10. Falling Objects

This peril does not include loss to property contained in a building unless the roof or an outside wall of the building is first damaged by a falling object. Damage to the falling object itself is not included.

11. Weight Of Ice, Snow, Or Sleet

This peril means weight of ice, snow, or sleet which causes damage to property contained in a building.

12. Accidental Discharge Or Overflow Of Water Or Steam

a. This peril means accidental discharge or overflow of water or steam from within a plumbing, heating, air conditioning, automatic fire protective sprinkler system, waterbed, or from within a household appliance.

b. This peril does not include loss:

- (1) To the system, waterbed, or appliance from which the water or steam escaped;
- (2) Caused by or resulting from freezing except as provided in Peril 14. Freezing;
- (3) On the “residence premises” caused by accidental discharge or overflow which occurs off the “residence premises”; or
- (4) Caused by continuous or repeated seepage or leakage.

c. In this peril, a plumbing system or household appliance does not include a sump, sump pump, or related equipment or a roof drain, gutter, downspout, or similar fixtures or equipment.

d. Under **SECTION I – EXCLUSIONS, A.3. Water Damage**, paragraphs a. and e. that apply to surface water and water below the surface of the ground do not apply to loss by water covered under this peril.

13. Sudden And Accidental Tearing Apart, Cracking, Burning, Or Bulging

This peril means sudden and accidental tearing apart, cracking, burning, or bulging of a steam or hot water heating system, an air conditioning or automatic fire protective sprinkler system, or an appliance for heating water.

“We” do not cover loss caused by or resulting from freezing under this peril.

14. Freezing

a. This peril means freezing of a plumbing, heating, air conditioning, or automatic fire protective sprinkler system or of a household appliance but only if “you” have used reasonable care to:

- (1) Maintain heat in the building; or
- (2) Shut off the water supply and drain all systems and appliances of water.

However, if the building is protected by an automatic fire protective sprinkler system, “you” must use reasonable care to continue the water supply and maintain heat in the building for coverage to apply.

b. In this peril, a plumbing system or household appliance does not include a sump, sump pump or related equipment or a roof drain, gutter, downspout, or similar fixtures or equipment.

15. Sudden And Accidental Damage From Artificially Generated Electrical Current

16. Volcanic Eruption

This peril does not include loss caused by earthquake, land shock waves, or tremors.

SECTION I – EXCLUSIONS

A. “We” do not insure for loss caused directly or indirectly by any of the following. Such loss is excluded regardless of any other cause or event contributing concurrently or in any sequence to the loss, unless coverage is provided by endorsement or elsewhere in this policy. These exclusions apply whether or not the loss event results in widespread damage or affects a substantial area.

1. Ordinance Or Law

Ordinance or law means any code, ordinance, or law:

a. Requiring or regulating the construction, demolition, remodeling, renovation, or repair of property, including removal of any resulting debris. This Exclusion **A.1.a.** does not apply to the amount of coverage that may be provided under **ADDITIONAL PROPERTY COVERAGE 11. Ordinance Or Law;**

- b. The requirements of which result in a loss in value to property; or
- c. Requiring any “insured” or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, “pollutants”.

This exclusion applies whether or not the irritant or contaminant has any function with respect to “your” property or “business”.

This Exclusion **A.1.** applies whether or not the property has been physically damaged.

2. Earth Movement

Earth movement means:

- a. Earthquake, including land shock waves or tremors before, during or after a volcanic eruption;
- b. Landslide, mudslide, or mudflow;
- c. Subsidence or sinkhole; or
- d. Any other earth movement including earth sinking, rising, or shifting;

caused by or resulting from human or animal forces or any act of nature unless direct loss by fire or explosion ensues and then “we” will pay only for the ensuing loss.

This Exclusion **A.2.** does not apply to loss by theft.

3. Water Damage

Water damage means:

- a. Flood, surface water, waves, overflow of any body of water, or their spray, regardless of cause and whether or not driven by the wind;
- b. Tsunami, storm surge, tidal surge, tidal wave, tidal water, storm tide, or their spray, whether or not driven by the wind or caused by earthquake;
- c. Mudslide or mudflow;
- d. Water or water-borne material which backs up or overflows from sewers or drains or which overflows or is discharged from a sump, sump pump, or related equipment;
- e. Water or water-borne material below the ground surface pressing on, or flowing or seeping through:
 - (1) Foundations, patios, walls, floors, or paved surfaces;
 - (2) Basements, whether finished or not;
 - (3) Doors, windows, or other openings; or

- f. Damage to piers, docks, or boat hoists caused by waves, whether or not driven by the wind.

This Exclusion **A.3.** applies, whether or not the loss is caused by or resulting from:

- a. Human or animal forces or any act of nature; or
- b. The failure of any dam, levee, seawall, or any other boundary or containment system.

Direct loss by fire, explosion, or theft resulting from water damage is covered.

4. Power Failure

Power failure means the failure of power or other utility service if the failure takes place off the “residence premises”. But if the failure results in a loss, from a Peril Insured Against on the “residence premises”, “we” will pay for the loss caused by that peril.

5. Neglect

Neglect means neglect of an “insured” to use all reasonable means to save and preserve property at and after the time of a loss or when property is threatened by a Peril Insured Against.

6. War

War includes the following and any consequence of any of the following:

- a. Undeclared war, civil war, insurrection, rebellion, or revolution;
- b. Warlike act by a military force or military personnel; or
- c. Destruction, seizure or use for a military purpose.

Discharge of a nuclear weapon will be deemed a warlike act even if accidental.

7. Nuclear Hazard

This Exclusion **A.7.** pertains to nuclear hazard to the extent set forth under **SECTION I – CONDITIONS, M. Nuclear Hazard Clause.**

8. Intentional Loss

Intentional loss means any loss arising out of any act an “insured” commits or conspires to commit with the intent or expectation to cause a loss.

In the event of such loss, no “insured” is entitled to coverage, even “insureds” who did not commit or conspire to commit the act causing the loss.

9. Governmental Action

Governmental action means the destruction, confiscation, or seizure of property described under Coverage **A**, **B**, or **C** by order of any governmental or public authority.

This exclusion does not apply to such acts ordered by any governmental or public authority that are taken at the time of a fire to prevent its spread, if the loss caused by fire would be covered under this policy.

10. Moving and Demolition

“We” do not pay for any loss to a building in the process of being moved or torn down.

11. Illegal Substance

Illegal substance means the sale, manufacture, delivery, transfer, storage, or packaging by any “insured” of any substance defined as controlled or illegal by any federal, state, or local law, regulation, or ordinance.

12. Sound Equipment

“We” do not pay for:

- a. Any device or instrument, including any accessories or antennas, for the transmitting, recording, receiving or reproduction of sound or electronic signal which may be operated by power from the electrical system while in or upon a “motor vehicle” or “recreational vehicle”; or
- b. Any tape, wire, record, disc or other medium, for use with any such device or instrument while any of this property is in or upon a “motor vehicle” or “recreational vehicle”;

except as provided under **Coverage C – Personal Property 3. Special Limits Of Liability.**

- B. “We” do not insure for loss to property described in Coverages **A** and **B** caused by any of the following. However, any ensuing loss to property described in Coverages **A** and **B** not precluded by any other provision in this policy is covered.

- 1. Weather conditions. However, this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in **A.** above to produce the loss.
- 2. Acts or decisions, including the failure to act or decide, of any person, group, organization, or governmental body.
- 3. Faulty, inadequate, or defective:
 - a. Planning, zoning, development, surveying, siting;
 - b. Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
 - c. Materials used in repair, construction, renovation, or remodeling; or
 - d. Maintenance;

of part or all of any property whether on or off the “residence premises”.

SECTION I – CONDITIONS

A. Insurable Interest And Limit Of Liability

Even if more than one person has an insurable interest in the property covered, “we” will not be liable in any one loss:

1. To an “insured” for more than the amount of such “insured’s” interest at the time of loss; or
2. For more than the applicable limit of liability.

B. Your Duties After A Loss

In case of a loss to covered property, “we” have no duty to provide coverage under this policy if the failure to comply with the following duties is prejudicial to “us”. These duties must be performed either by “you”, an “insured” seeking coverage, or a representative of either:

1. Give prompt notice to “us” or “our” agent;
2. Notify the police as soon as practicable in case of loss by theft or vandalism or malicious mischief;
3. Notify the credit card or electronic fund transfer card or access device company in case of loss as provided under **ADDITIONAL PROPERTY COVERAGE 6. Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery, And Counterfeit Money**;
4. Protect the property from further damage. If repairs to the property are required, “you” must:
 - a. Make reasonable and necessary repairs to protect the property; and
 - b. Keep an accurate record of repair expenses;
5. Cooperate with “us” in the investigation of a claim;
6. Prepare an inventory of damaged personal property showing the quantity, description, “actual cash value”, and amount of loss. Attach all bills, receipts, and related documents that justify the figures in the inventory;
7. As often as “we” reasonably require:
 - a. Show the damaged property;
 - b. Provide “us” with records and documents “we” request and permit “us” to make copies;
 - c. Submit to examination under oath, while not in the presence of another “insured”, and sign the same; and
 - d. Permit “us” to take samples of damaged property for inspection, testing, and analysis;
8. Send to “us”, within 60 days after “our” request, “your” signed, sworn proof of loss which sets forth, to the best of “your” knowledge and belief:
 - a. The time and cause of loss;

- b. The interests of all “insureds” and all others in the property involved and all liens on the property;
 - c. Other insurance which may cover the loss;
 - d. Changes in title or occupancy of the property during the term of the policy;
 - e. Specifications of damaged buildings and detailed repair estimates;
 - f. The inventory of damaged personal property described in **6.** above;
 - g. Receipts for additional living expenses incurred and records that support the fair rental value loss; and
 - h. Evidence or affidavit that supports a claim under **ADDITIONAL PROPERTY COVERAGE 6. Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery, And Counterfeit Money**, stating the amount and cause of loss.
9. If “we” make payment after loss, “you” or any “insured” must assist “us” in enforcing any right of contribution, indemnity, subrogation, or other claim against a person or entity responsible for causing the loss. This includes appearing at a deposition or trial and cooperating with any attorney retained by “us”.

C. Loss Settlement

1. Personal Property

- a. Personal property, except as noted in **1.b.** will be settled at replacement cost without deduction for depreciation. Payment will not exceed the smallest of the following amounts:
 - (1) Replacement cost at the time of the loss;
 - (2) The full cost of repair or restoration;
 - (3) The limit of liability applying to personal property; or
 - (4) Any special limits of liability stated in this policy or by endorsement.
- b. The following personal property will be settled at “actual cash value” at the time of loss:
 - (1) Antiques, fine arts, paintings, and similar articles whose age or history contribute to their value;
 - (2) Memorabilia, souvenirs, collector items, and similar articles whose age or history contributes to their value;
 - (3) Articles not maintained in good or workable condition; and
 - (4) Articles that are outdated, obsolete, or in storage.

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For these items “we” will not pay more than the smallest of the following amounts:

- (i) The “actual cash value” of the covered property at the time of loss;
- (ii) The cost to repair or replace that part of the covered property with property of like kind and quality, less depreciation.

Depreciation means a reduction in value of the covered property as the result of wear and tear, age, or technological or economic obsolescence. Depreciation will not apply to the repair of covered property unless the repair improves or prolongs the useful life or results in an increase in the monetary value of the covered property. Depreciation also applies to labor and materials;

- (iii) The limit of liability applicable to the covered property; or
- (iv) Any special limits of liability stated in the policy or by endorsement.

2. Dwelling and Other Structures will be settled at replacement cost without deduction for depreciation, subject to the following:

- a.** If at the time of loss the amount of insurance in this policy on the damaged building is 80 percent or more of the full replacement cost of the building immediately prior to the loss, “we” will pay the cost of repair or replacement, without deduction for depreciation, but not exceeding the smallest of the following amounts:

- (1) The limit of liability under this policy applying to the building;
- (2) The replacement cost of that part of the building damaged for equivalent construction and use on the same premises; or
- (3) The amount actually and necessarily spent to repair or replace the damaged building.

- b.** If at the time of loss the amount of insurance in this policy on the damaged building is less than 80 percent of the full replacement cost of the building immediately prior to the loss, “we” will pay the larger of the following amounts, but not exceeding the limit of liability under this policy applying to the building:

- (1) The “actual cash value” of that part of the building damaged; or
- (2) The amount of insurance on the building divided by 80 percent of its full replacement cost times the amount of the loss.

- c.** In determining the amount of insurance required to equal 80 percent of the full replacement cost of the building immediately prior to the loss, “you” shall disregard the value of:

- (1) Excavations, footings, foundations, piers and other supports below the undersurface of the lowest basement floor or, where there is no basement, below the surface of the ground inside the foundation walls; and
- (2) Underground flues, pipes, wiring, and drains.

- 3.** “We” will pay no more than the “actual cash value” of the damage until actual repair or replacement is complete. Once actual repair or replacement is complete, “we” will settle the loss as noted in **1.** and **2.** above.

However, if the cost to repair or replace the damage is both:

- a.** Less than 5% of the amount of insurance in this policy on the building; and
- b.** Less than \$2,500;

“we” will settle the loss as noted in **2.a.** and **b.** above whether or not actual repair or replacement is complete.

- 4.** “You” may disregard the replacement cost loss settlement provisions and make a claim for the “actual cash value” of the loss to buildings and personal property before repairs are made. A claim for any additional amount payable under this coverage must be made within 180 days after the date of loss.

D. Loss To A Pair Or Set

In case of loss to a pair or set “we” may elect to:

- 1.** Repair or replace any part to restore the pair or set to its value before the loss; or
- 2.** Pay the difference between “actual cash value” of the property before and after the loss.

E. Appraisal

If “you” and “we” fail to agree on the amount of the loss, either may make a written demand for an appraisal of the loss. Each party will choose a competent and impartial appraiser and notify the other of the appraiser’s identity within 20 days after the demand is received. The appraisers will select a competent and impartial umpire. If they cannot agree upon an umpire within 15 days, “you” or “we” may ask a judge or court of record in the city or county where the “residence premises” is located to select an umpire.

The appraisers shall then appraise the loss, stating separately "actual cash value" and loss to each item. If the appraisers submit a written report of an agreement to "us", the amount agreed upon shall be the amount of loss. If they cannot agree, they will submit their differences to the umpire, who shall issue an award within thirty days after receipt of the appraisers' submission of their differences. A decision agreed to by any two shall establish the amount of loss and shall be final and nonappealable.

Each party will pay the appraiser it chooses, and the parties will share equally the umpire's fee and other expenses of the appraisal.

Under no circumstance will an appraisal be used to interpret policy terms, determine causation, or determine whether or not a loss is covered under this policy.

F. Other Insurance And Service Agreement

If a loss covered by this policy is also covered by:

1. Other insurance, "we" will pay only the proportion of the loss that the limit of liability that applies under this policy bears to the total amount of insurance covering the loss; or
2. A service agreement, this insurance is excess over any amounts payable under any such agreement. Service agreement means a service plan, property restoration plan, home warranty, or other similar service warranty agreement, even if it is characterized as insurance.

G. Suit Against Us

No action can be brought against "us" unless there has been full compliance with all of the terms under Section I of this policy and the action is started within one year after the date of loss.

H. Our Option

If "we" give "you" written notice within a reasonable period after "we" receive "your" signed, sworn proof of loss, "we" may repair or replace any part of the damaged property with material or property of like kind and quality.

I. Loss Payment

1. Except as provided in 3. below, "we" will adjust all losses with "you". "We" will pay "you" unless some other person is named in the policy or is legally entitled to receive payment. Loss will be payable 30 days after "we" receive "your" proof of loss and:
 - a. Reach an agreement with "you";
 - b. There is an entry of a final judgment; or
 - c. There is a filing of an appraisal award with "us".

2. "We" may:

- a. Pay the loss in money; or
- b. Rebuild, repair, or replace the property. "We" must give "you" written notice of "our" intent to do so within 30 days after "we" receive an acceptable proof of loss.

If "we" pay the loss in money, "we" may take all or part of the damaged property at the agreed or appraised value. Property paid for or replaced by "us" becomes "ours".

3. Damage To Personal Property Of Others – At "our" option, a covered loss may be adjusted with and paid:

- a. To "you" on behalf of the owner; or
- b. To the owner. If "we" pay the owner, "we" do not have to pay an "insured".

J. Abandonment Of Property

"We" need not accept any property abandoned by an "insured".

K. Mortgage Clause

As used in this paragraph, mortgagee includes a trustee or a seller under a contract of sale agreement and mortgage includes a contract of sale.

1. If a mortgagee is named in this policy, any loss payable under Coverage **A** or **B** will be paid to the mortgagee and "you", as interests appear. If more than one mortgagee is named, the order of payment will be the same as the order of precedence of the mortgages.
2. If "we" deny "your" claim, that denial will not apply to a valid claim of the mortgagee, if the mortgagee:
 - a. Notifies "us" of any change in ownership, occupancy or substantial change in risk of which the mortgagee is aware;
 - b. Pays any premium due under this policy on demand if "you" have neglected to pay the premium; and
 - c. Submits a signed, sworn statement of loss within 60 days after receiving notice from "us" of "your" failure to do so. **SECTION I – CONDITIONS E. Appraisal, G. Suit Against Us, and I. Loss Payment** also apply to the mortgagee.
3. If "we" decide to cancel or not to renew this policy, the mortgagee will be notified at least 10 days before the date cancellation or nonrenewal takes effect.

4. If “we” pay the mortgagee for any loss and deny payment to “you”:
 - a. “We” are subrogated to all the rights of the mortgagee granted under the mortgage on the property; or
 - b. At “our” option, “we” may pay to the mortgagee the whole principal on the mortgage plus any accrued interest. In this event, “we” will receive a full assignment and transfer of the mortgage and all securities held as collateral to the mortgage debt.
5. Subrogation will not impair the right of the mortgagee to recover the full amount of the mortgagee’s claim.

L. No Benefit To Bailee

“We” will not recognize any assignment or grant any coverage that benefits a person or organization holding, storing or moving property for a fee regardless of any other provision of this policy.

M. Nuclear Hazard Clause

1. Nuclear hazard means any nuclear reaction, radiation, or radioactive contamination, all whether controlled or uncontrolled or however caused, or any consequence of any of these.
2. Loss caused by the nuclear hazard will not be considered loss caused by fire, explosion, or smoke, whether these perils are specifically named in or otherwise included within the Perils Insured Against.
3. This policy does not apply under Section I to loss caused directly or indirectly by nuclear hazard, except that direct loss by fire resulting from the nuclear hazard is covered.

N. Recovered Property

This applies if “we” pay for a loss and lost or damaged property is recovered or payment is made by those responsible for the loss.

“You” must inform “us” or “we” must inform “you” if either recovers property or receives payment. Proper costs incurred by either party are paid first.

At “your” option, “you” may keep the recovered property. If “you” keep the recovered property, the amount of the claim paid, or a lesser amount to which “we” agree, must be returned to “us”.

If the claim paid is less than the agreed loss due to a deductible or other limiting terms, the recovery is prorated between “you” and “us” based on the interest of each in the loss.

O. Volcanic Eruption Period

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

P. Increase Of Hazard

“We” will not pay for loss if any “insured” creates or knows of a condition that increases the chance of loss arising from a Peril Insured Against.

Q. Concealment Or Fraud

“We” may deny coverage if “you” or any “insured” has:

1. Intentionally concealed or misrepresented any material fact or circumstance;
2. Made false statements; or
3. Committed fraud relating to this insurance;

whether before or after any loss, accident, application for coverage, or claim for which coverage is sought under this policy.

R. Loss Payable Clause

If the Declarations show a loss payee for certain listed insured personal property, the definition of “insured” is changed to include that loss payee with respect to that property.

If “we” decide to cancel or not renew this policy, that loss payee will be notified in writing.

SECTION II – PERSONAL LIABILITY COVERAGES

A. Coverage E – Liability To Public

Subject to the limits shown in the Declarations for **Coverage E – Liability To Public** and the terms of this policy, “we” will pay compensatory damages for which any “insured” becomes legally liable as a result of “bodily injury” or “property damage” caused by an “occurrence” to which this coverage applies.

If suit is filed against any “insured” for legal damages covered under this policy, “we” will provide a defense using lawyers “we” choose. “We” may investigate and settle any claim or suit as “we” deem appropriate.

“WE” WILL NOT DEFEND OR INDEMNIFY ANY “INSURED” IF “OUR” LIMIT OF LIABILITY HAS BEEN EXHAUSTED THROUGH PAYMENT OF A JUDGMENT OR SETTLEMENT, TENDER OF THE REMAINDER OF THE POLICY LIMIT TO THE CLERK OF COURT IN AN INTERPLEADER SUIT OR BY ORDER OF COURT, OR ANY COMBINATION OF THE ABOVE. NO LEGAL DEFENSE OR INDEMNIFICATION WILL BE FURNISHED TO ANY “INSURED” IF COVERAGE FOR THE “BODILY INJURY” OR “PROPERTY DAMAGE” DOES NOT EXIST UNDER THIS POLICY.

B. Coverage F – Medical Payments To Public

Subject to the limits shown in the Declarations for **Coverage F – Medical Payments To Public** and the terms of this policy, “we” will pay the reasonable expenses incurred for necessary first aid, medical, surgical, hospital, licensed nursing, ambulance, x-ray, dental, and funeral services, prosthetic devices, eye glasses, hearing aids and pharmaceuticals. The “bodily injury” for which the expenses are to be paid must arise from an “occurrence” to which this coverage applies.

“We” reserve the exclusive right to determine the reasonableness and necessity of the expenses incurred. “We” will pay only those expenses incurred for services rendered within three years from the date of the “occurrence” causing “bodily injury” covered by this policy. Any action or investigation by “us” after the three year period does not waive the effect of the three year limitation.

Each person who sustains “bodily injury” is entitled to this protection when that person is:

1. On any “insured premises” with the permission of any “insured”; or
2. 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:
 - (1) Any “insured”, or
 - (2) A “residence employee” in the course of employment by any “insured”;
 - c. Is caused by an animal owned by or in the care of any “insured”; or
 - d. Is sustained by a “residence employee” arising out of and in the course of employment by any “insured”.

“We” may, at “our” option, pay the injured person or the party that renders the medical services. The rights of the injured person to receive payment from “us” may not be assigned to an insurance carrier, insurance plan, or self-insured organization. No payment to the injured person or other entity will be made by “us” if all of the expenses of the injured person have been paid by a separate insurance carrier, insurance plan, or self-insured organization.

If “we” make a payment under this **Coverage F – Medical Payments To Public** for services to or treatment of a minor, “we” may require any person prosecuting a claim on behalf of the minor to reimburse “us” the amounts paid if the minor or the minor’s estate recovers a settlement or judgment greater than the amount paid under this coverage.

Payment of this coverage is not an admission of liability by “us” or any “insured”.

SECTION II – ADDITIONAL LIABILITY COVERAGES

Except as noted, these coverages are subject to all the terms of **Coverage E – Liability To Public**. With the exception of **1. Claim And Legal Expenses**, **3. Damage To Property Of Others**, and **4. Loss Assessment**, these coverages do not increase the limit shown in the Declarations for **Coverage E – Liability To Public**.

1. Claim And Legal Expenses

“We” will pay, in addition to “our” limit of liability, the following expenses:

- a. All costs “we” incur in the settlement of any claim or defense of any suit;
- b. Interest on damages awarded in any suit “we” defend accruing after judgment is entered and before “we” have paid, offered to pay, or deposited in court that portion of the judgment which is not more than “our” limit of liability;
- c. Prejudgment interest which is required by law and awarded for damages against “you” on that part of a judgment “we” pay. If “we” make an offer to pay the applicable limit of liability, “we” will not pay any prejudgment interest based on that period of time after the offer is made;
- d. Premiums on appeal bonds required in any suit “we” defend. But “we” will not pay the premium for that portion of the amount of any appeal bond which is greater than the applicable limit of “our” liability;
- e. Loss of earnings to any “insured” up to \$250 per day, but not other income, when “we” ask an “insured” to help “us” investigate or defend any claim or suit; and
- f. Any other reasonable expenses incurred at “our” request, but not to include expenses incurred in a dispute with “us” over the application of this policy.

2. Contracts

“We” pay for “bodily injury” or “property damage” for which an “insured” is liable under a written contract relating to the “insured premises”. The coverage applies only if the date of the contract is prior to the date of the “bodily injury” or “property damage”, and the “bodily injury” or “property damage” occurred during the policy period.

“We” do not cover liability assumed under any contract or agreement in connection with any “business” of any “insured”.

3. Damage To Property Of Others

Regardless of any “insured’s” legal liability, “we” will pay, subject to the limit shown in the Declarations for **Damage To Property Of Others** and the terms of this policy, all sums arising out of any one “occurrence” for “property damage” to property owned by others if the “property damage” is caused by, or the property is in the care of, any “insured”.

"We" will, at "our" option, pay the "actual cash value" of the damaged property or repair or replace that part of the damaged property with property of like kind and quality, less depreciation. Depreciation means a reduction in value of the covered property as the result of wear and tear, age, or technological or economic obsolescence. Depreciation will not apply to the repair of covered property unless the repair improves or prolongs the useful life or results in an increase in the monetary value of the covered property. Depreciation also applies to labor and materials.

Subject to the Annual Aggregate, payments made under this coverage are in addition to the limit shown in the Declarations for **Coverage E – Liability To Public**.

4. Loss Assessment

- a. "We" will pay up to \$1,000 for "your" share of loss assessment charged against "you", as owner or tenant of the "residence premises", during the policy period by a corporation or association of property owners, when the assessment is made as a result of:
- (1) "Bodily injury" or "property damage" not excluded under any of the coverages of this policy; or
 - (2) Liability for an act of a director, officer, or trustee in the capacity as director, officer, or trustee, provided such person:
 - (a) Is elected by the members of a corporation or association of property owners; and
 - (b) Serves without deriving any income from the exercise of duties which are solely on behalf of a corporation or association of property owners.
- b. Regardless of the number of assessments, the limit of \$1,000 is the most "we" will pay for loss arising out of:
- (1) One "occurrence" including continuous or repeated exposure to substantially the same general harmful condition; or
 - (2) A covered act of a director, officer, or trustee. An act involving more than one director, officer, or trustee is considered to be a single act.
- c. "We" do not cover assessments charged against "you" or a corporation or association of property owners by any governmental body.

This coverage is additional insurance.

5. Pollution

- a. Subject to the terms of this policy, "we" will pay compensatory damages for legal liability arising from an administrative claim or lawsuit filed against any "insured" for "bodily injury" or "property damage" caused by any "pollutant". The "bodily injury" or "property damage" must arise from an "occurrence" to which this coverage applies. "We" will pay only if:
- (1) The "bodily injury" or "property damage" has been caused by the spreading of animal or human waste onto land for fertilization purposes by any "insured" including the transportation of the waste on public or private roads to or from the field for spreading by any "insured";
 - (2) A spray drift of, handling of, or application of agricultural chemicals applied by any "insured" on any "insured premises" causes "bodily injury" or "property damage" to a third person, but "we" will not pay if the chemicals are released from an aircraft;
 - (3) The "bodily injury" or "property damage" is caused by a hostile fire or heat, smoke, or fumes released by the burning of crop residues, excess vegetation, or trees by any "insured". A hostile fire means one which becomes uncontrollable or breaks out from where it was intended to be;
 - (4)
 - (a) A windstorm causes a farm implement, building, bin, container, lagoon, tank, or tank wagon to rupture, producing an immediate release of a "pollutant"; or
 - (b) The farm implement building, bin, container, lagoon, tank, or tank wagon ruptures as a result of an accidental collision, overturn, or breakage causing an immediate release, discharge, dispersal, or escape of a "pollutant".

With respect to this Additional Liability Coverage, farm implement means a vehicle which is not subject to motor vehicle or trailer registration, and is designed primarily for agricultural operations and for use off public roads.

"We" will not pay for any "bodily injury" if medical treatment is not rendered within 365 days of the date on which the "pollutant" first escaped or was discharged or for any "property damage" discovered more than 365 days after the "pollutant" first escaped or was discharged.

"Our" legal defense and indemnification obligations to any "insured" are stated in **Coverage E – Liability To Public**.

b. With the exception of the circumstances outlined in paragraphs (1) through (4), above, "we" do not cover any claim, loss, or suit:

- (1) Caused by any "pollutant" used, released, discharged, or dispersed by any "insured", if a reasonable person would know or understand that the use, release, discharge, or dispersal of any "pollutant" from, onto, or into land, water, air, or a building is contrary to law, statute, or ordinance or a violation of an administrative order or consent agreement;
- (2) Caused by a "pollutant" which enters the groundwater table and arising from continuous or repeated seepage or dispersal of any "pollutant" from a container, structure, or lagoon owned or controlled by any "insured" or from repeated application of animal or human waste or agricultural chemicals by any "insured".
- (3) Arising out of requests, demands, or orders that any "insured" or others test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize, or in any way respond to or assess the effects of the "pollutant"; or
- (4) By or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, or neutralizing, or in any way responding to or assessing the effects of a "pollutant".

c. The maximum amount that "we" will pay for any single "occurrence" with respect to coverage described in:

- (1) Paragraphs 5.a.(1), (2), and (3) above, is the limit of liability shown in the Declarations for **Coverage E – Liability To Public**. These coverages are subject to the annual aggregate.
- (2) Paragraph 5.a.(4) above, is:
 - (a) \$100,000 for any single "occurrence" in which a "pollutant" is released or discharged for all "bodily injury" and "property damage";
 - (b) \$300,000 for all "occurrences" in which a "pollutant" is released or discharged during any 12-month period beginning with the inception date of the policy or any anniversary of the inception date; or
 - (c) The limit of liability shown in the Declarations for **Coverage E – Liability To Public**, whichever is less.

"Our" limit of liability for an "occurrence" beginning in one policy period shall not be restored with respect to the same "occurrence" in any subsequent policy period.

SECTION II – EXCLUSIONS

A. Under Any Of The Coverages

1. "We" do not cover any "aircraft liability".

This exclusion does not apply to "bodily injury" sustained by a "residence employee" in the course of employment if no other coverage is available to the "insured".

2. "We" do not cover any "motor vehicle liability" unless at the time of the "occurrence", the involved "motor vehicle" is:
 - a. In dead storage on the "insured premises";
 - b. Used exclusively on the "insured premises";
 - c. Exempt from required registration for use on public roads or property by law or regulation issued by a government agency; or
 - d. A watercraft, camper, home, or utility trailer that is not towed by, carried on, or attached to a vehicle.

This exclusion does not apply to "bodily injury" sustained by a "residence employee" in the course of employment if no other coverage is available to the "insured".

3. "We" do not cover any "recreational vehicle liability" unless at the time of the "occurrence" the involved "recreational vehicle" is:
 - a. Being operated on the "insured premises";
 - b. A motorized golf cart while being used for golfing purposes or being driven by an "insured" directly between the golf course and the "insured premises"; or
 - c. Not owned, garaged, or maintained by any "insured".

With respect to a motorcycle, moped, gas scooter, or minibike, "we" do not cover "bodily injury" or "property damage" that occurs away from the "insured premises". This exclusion applies regardless of who owns and/or maintains the unit, or where it is garaged.

This exclusion does not apply to "bodily injury" sustained by a "residence employee" in the course of employment if no other coverage is available to the "insured".

4. "We" do not cover "watercraft liability" unless at the time of the "occurrence" the involved watercraft is:
 - a. On the "insured premises" or otherwise stored;

- b. A sailing vessel with overall length of 26 feet or less;
- c. A sailing vessel more than 26 feet long, but not owned by or rented to any "insured";
- d. Powered by an inboard, inboard-outdrive motor or out-board motor with 50 horsepower or less and is not a personal craft known as a jet ski, wet bike, or wave-runner; or
- e. Powered by a motor with more than 50 horsepower, but is not:
 - (1) Owned by or under long-term lease by any "insured"; or
 - (2) A personal craft known as a jet ski, wet bike, or wave-runner.

This exclusion does not apply to "bodily injury" sustained by a "residence employee" in the course of employment if no other coverage is available to the "insured".

- 5. "We" do not cover "watercraft liability" or "recreational vehicle liability" if the watercraft or "recreational vehicle" is being:
 - a. Operated in or used in practice for any prearranged or organized race, speed contest, or other competition;
 - b. Rented to others;
 - c. Used to carry persons or cargo for a charge; or
 - d. Used for any "business" purpose.

This exclusion does not apply to "bodily injury" sustained by a "residence employee" in the course of employment if no other coverage is available to the "insured".

- 6. "We" do not cover "hovercraft liability".
This exclusion does not apply to "bodily injury" sustained by a "residence employee" in the course of employment if no other coverage is available to the "insured".
- 7. "We" do not cover "bodily injury" or "property damage":
 - a. Arising out of the "business" activities of any "insured"; or
 - b. Occurring on the "insured premises", if the initial entry onto the property related to a "business" activity.
- 8. "We" do not cover "bodily injury" or "property damage" arising out of the rendering of, or failure to render, professional services or out of any occupation which is required to be licensed by a governmental body.
- 9. "We" do not cover "bodily injury" or "property damage" arising out of any condition of any premises:
 - a. Owned by any "insured";
 - b. Rented or leased to any "insured";

- c. Rented or leased to another person or entity by any "insured"; or
- d. In the care, custody, or control of any "insured";

which is not an "insured premises".

However, "we" will cover "bodily injury" to any "residence employee" arising out of and in the course of employment by any "insured".

- 10. "We" do not cover "bodily injury" or "property damage" which results from an act committed by any "insured":
 - a. In the course of or in the furtherance of any:
 - (1) Crime;
 - (2) Offense of a violent nature; or
 - (3) Physical abuse; or
 - b. If a reasonable person would expect or intend "bodily injury" or "property damage" to result from the act.

This exclusion applies regardless of whether such "insured" is charged with or convicted of a crime and even if:

- a. Such "insured" lacks the mental capacity to govern his or her conduct;
- b. The "bodily injury" or "property damage" is of a different kind or degree than was intended or could reasonably be expected to result from the act; or
- c. The "bodily injury" or "property damage" is sustained by a different person than was intended or could reasonably have been expected.

If this exclusion applies to any one "insured" due to the "insured's" act or omission, coverage is also excluded for all other persons or "insureds" seeking coverage under this policy.

- 11. "We" do not cover liability assumed under any contract or agreement except as provided under **ADDITIONAL LIABILITY COVERAGE 2. Contracts**.

- 12. "We" do not cover "bodily injury" or "property damage" arising out of war.

War includes the following and any consequence of any of the following:

- a. Undeclared war, civil war, insurrection, rebellion, or revolution;
- b. Warlike act by a military force or military personnel; or
- c. Destruction, seizure, or use for a military purpose.

Discharge of a nuclear weapon will be deemed a warlike act even if accidental.

13. "We" do not cover "bodily injury" or "property damage" when any "insured" is covered under any nuclear energy liability policy. This exclusion applies even if the limits of liability of that policy have been exhausted.

14. a. Except as provided under **ADDITIONAL LIABILITY COVERAGE 5. Pollution**, "we" do not cover any "bodily injury" or "property damage" arising from the use, release, or discharge of any "pollutant" from, onto, or into land, water, air, or a building;

b. "We" do not cover requests, demands, or orders that any "insured" or others test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize, or in any way respond to or assess the effects of the "pollutant"; or

c. "We" do not cover claims or suits by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, or neutralizing, or in any way responding to or assessing the effects of a "pollutant".

15. "We" do not cover "bodily injury" or "property damage" arising out of any communicable disease. For purposes of this exclusion, a communicable disease means an infectious disease transmitted from person to person, animal to person, or animal to animal by direct or airborne contact with an infected person or any animal or the discharge from that person or animal.

16. "We" do not cover any "bodily injury" or mental or emotional injury arising out of any:

a. Actual, alleged, or threatened sexual molestation or sexual harassment of a person by any "insured", whether or not the "insured" intended to commit the act of sexual molestation or sexual harassment;

b. Sexual act performed by any "insured";

c. Physical abuse; or

d. Corporal punishment.

If this exclusion applies to any one "insured" due to the "insured's" act or omission, coverage is also excluded for all other persons or "insureds" seeking coverage under the policy.

17. "We" do not cover "bodily injury" or "property damage" arising out of any use, sale, manufacture, delivery, transfer, or possession by any "insured" or by any person residing in an "insured premises" of controlled or illegal substances as defined by any federal, state, or local law, regulation, or ordinance. This exclusion does not apply to the legitimate use of prescription drugs by a person following the orders of a licensed physician.

Illegal Substance means:

a. The manufacture, storage, or packaging by any "insured" or other person in the "insured premises"; or

b. The delivery, transfer, or sale by any "insured", of any substance defined as controlled or illegal by any federal, state, or local law, regulation, or ordinance.

This exclusion applies if any "insured" or person residing in an "insured premises" is using or handling at the time of loss a constituent component of a controlled or illegal substance during or prefatory to the manufacture, storage, or packaging of that substance.

18. "We" do not cover "bodily injury" or "property damage" arising out of any act or omission of any "insured" as an officer, director, trustee, member, or agent of any corporation or other organization, not listed as an "insured" in the Declarations or endorsed on the policy as an Additional Insured, unless:

a. The corporation or organization is a not-for-profit entity which is not subject to either state or federal taxation;

b. The "insured" serves without compensation other than expense reimbursement from the corporation or organization;

c. The act or omission of the "insured" was within the scope of the "insured's" responsibilities as an officer, director, trustee, member, or agent of the corporation or organization; and

d. The act or omission of the "insured" does not constitute intentional, willful, wanton, or reckless conduct.

19. "We" do not cover "bodily injury" to "you" or any "insured".

20. "We" do not cover "property damage" to property owned by any "insured".

21. "We" do not cover any liability arising out of:

a. Inhaling, ingesting, or prolonged physical exposure to asbestos or goods or products containing asbestos;

b. The use of asbestos in constructing or manufacturing any good, product, or structure;

c. The removal of asbestos from any good, product, or structure; or

d. The manufacture, sale, transporting, storage, or disposal of asbestos or goods or products containing asbestos.

The coverage afforded by this policy does not apply to payment for the investigation or defense of any loss, injury, or damage or any cost, fine, or penalty or for any expense, claim, or suit related to any of the above.

22. "We" do not cover:
- a. Actual or alleged "bodily injury" that results directly or indirectly from the ingestion, inhalation, or absorption of lead in any form;
 - b. Actual or alleged "property damage" that results directly or indirectly from any form of lead;
 - c. Any loss, cost, or expense arising out of any request, demand, or order that any "insured" or others test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize or in any way respond to or assess the effects of lead; or
 - d. Any loss, cost, or expense arising out of any claim or suit by or on behalf of any governmental authority for damages resulting from testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, or neutralizing or in any way responding to or assessing the effects of lead.
23. "We" do not cover "bodily injury" that arises out of any:
- a. Refusal to employ;
 - b. Termination of employment;
 - c. Coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination, sexual misconduct, or other employment-related practices, acts, or omissions; or
 - d. Consequential "bodily injury" as a result of **a.**, **b.**, or **c.** above.

This exclusion applies if the "insured" is liable either as an employer or in any other capacity, or there is an obligation to fully or partially reimburse a third person for damages arising out of paragraphs **a.**, **b.**, **c.**, or **d.** above.

24. "We" do not cover any claim, suit, or action:
- a. For benefits any "insured" or any "insured's" insurer voluntarily provides or is required to provide under any workers' compensation, occupational disease, or any other similar law;
 - b. For damages against any "insured" for loss of support, services, society, or consortium to a spouse or related person arising out of "bodily injury" or death to any person who may file a claim for or is entitled to an award of damages or benefits under any workers' compensation, occupational disease, or any other similar law enacted to furnish compensation for the "bodily injury" or death of the injured person; or

- c. For civil or statutory damages against any "insured" arising from the failure of any "insured" to comply with the legal requirement to provide workers' compensation or occupational disease benefits or insurance coverage to a person sustaining "bodily injury" or death arising out of employment by any "insured".

25. "We" do not cover "property damage" to premises "you" sell, give away, or abandon if the "property damage" arises out of any part of those premises.
26. "We" do not cover any "bodily injury" or "property damage" arising out of the use of a farm, utility, or agricultural tractor if, at the time and place of an "occurrence", the tractor is:
- a. Registered or required to be registered for use on public roads or property;
 - b. Being operated in, or practicing for, any prearranged or organized race, tractor pull, speed contest or other competition;
 - c. Rented or leased to others; or
 - d. Used to carry persons or cargo for a charge.
27. "We" do not cover any "bodily injury" or property damage" arising out of a "wild or exotic animal" owned by or in the care, custody, or control of any "insured".
28. "We" do not cover a punitive or exemplary damages award, judgment, or settlement against any "insured". "We" will not pay any interest or expenses accruing on that portion of an award or judgment relating to the assessment of punitive or exemplary damages.

If a claim or suit is otherwise covered by this policy, "we" will defend any "insured" for any claim or suit in which punitive or exemplary damages are sought if the claim or suit also requests compensatory damages.

29. "We" do not cover any "bodily injury", "property damage", or other liability arising from:
- a. Inhaling, ingesting, or prolonged physical exposure to silica goods or products containing silica;
 - b. The use of silica in constructing or manufacturing any good, product, or structure;
 - c. The removal of silica from any good, product, or structure; or
 - d. The manufacture, sale, transporting, storage, or disposal of silica or goods or products containing silica.

For purposes of this exclusion, silica or silica-related dust means silicon dioxide (occurring in crystalline, amorphous, and impure forms), silicon carbide, silica particles, silica dust, silica compounds, or a mixture of silica and other dust particles.

The coverage afforded by this policy does not apply to payment for the investigation or defense of any loss, injury, or damage or any cost, fine, or penalty or for any expense, claim, or suit related to any of the above.

- 30. a.** “We” do not cover any claim, loss or lawsuit arising directly or indirectly out of any act or omission that violates or is alleged to violate:
- (1)** The Telephone Consumer Protect Act (TCPA), including any amendment of or addition of such law;
 - (2)** The CAN-SPAM Act of 2003, including any amendment of or addition to such law;
 - (3)** The Fair Credit Reporting Act (FCRA), and any amendment of or addition to such law, including the Fair and Accurate Credit Transaction Act (FACTA); or
 - (4)** Any federal, state, or local statute, ordinance, or regulation other than the TCPA, CAN-SPAM Act, or FCRA, and their amendments and additions, that prohibits or limits the printing, dissemination, disposal, collecting, recording, sending, transmitting, communicating, or distribution of material or information.
- b.** “We” do not cover any claim, loss, or lawsuit arising directly or indirectly out of an act or omission that violates or is alleged to have violated any statute, ordinance, regulation, or law identified in paragraph **a.** above.

“We” will not defend or indemnify any “insured” for a judgment or settlement with regard to any claim, lawsuit, or other legal or administrative proceeding in which any “insured” is alleged to have violated any statute, ordinance, regulation, or law identified in paragraphs **a.** and **b.** above.

This exclusion applies regardless of the actual or alleged mental state or intent of the person alleged to have violated the statutes, ordinances, regulations, and laws identified in paragraphs **a.** and **b.** above.

- 31.** “We” do not cover “bodily injury”, “property damage”, or “personal injury”:
- a.** Arising out of oral, written, televised, videotaped, or electronic publication of material:
- (1)** If done by or at the direction of any “insured” with knowledge of its falsity; or
 - (2)** Whose first publication took place before the effective date of this policy.

- b.** Arising directly or indirectly out of an act of electronic aggression, by an “insured”, which is communicated or transmitted:

- (1)** By means of electronic forum, including, but not limited to, an electronic bulletin board, an electronic chat room, a gripe site, a social networking site, a web site, or a web blog; or
- (2)** By other electronic means, including, but not limited to email, instant messaging, and text messaging.

For purposes of this exclusion, electronic aggression means any written or oral communication or video which harasses, bullies, or causes embarrassment or emotional distress to a person, as measured from the objective viewpoint of a reasonable person. The mental state or intent of any “insured” in communicating or transmitting the material is not relevant to the application of this exclusion.

- 32.** “We” do not cover “personal injury”:
- a.** Sustained by any person as a result of any offense directly or indirectly related to the employment of this person by an “insured”; or
 - b.** Caused by or at the direction of any “insured” with the knowledge that the act would violate the rights of another and would inflict “personal injury”.

B. Additional Exclusions Under Coverage E – Liability To Public

The following additional exclusions apply:

- 1.** “We” do not cover “property damage” to property rented to, leased to, occupied by, used by, or in the care, custody, or control of any “insured” or any persons living in the household of any “insured”.
However, “we” will cover “property damage” to such property caused by Fire, Smoke, or Explosion up to the limit shown in “your” Declarations.
- 2.** “We” do not cover any liability for “your” share of any loss assessment charged against all members of an association of property owners, except as provided under **ADDITIONAL LIABILITY COVERAGE 4. Loss Assessment.**

C. Additional Exclusions Under Coverage F – Medical Payments To Public

The following additional exclusions apply:

- 1.** “We” do not cover “bodily injury” to any “insured”. “We” also do not cover “bodily injury” to any person living on the “insured premises” or on any premises rented or leased by “you” to others, except a “residence employee”.
- 2.** “We” do not cover “bodily injury” from any nuclear reaction, radiation, or radioactive contamination or any consequence of any of these.

3. "We" do not cover any person while on or who enters the "insured premises" because of any "insured's" "business", or who is injured by an "occurrence" arising out of any "insured's" "business".
4. "We" do not cover "bodily injury" to a "resident employee" if the "bodily injury":
 - a. Occurs away from an "insured premises"; and
 - b. Does not arise out of or in the course of his or her employment by an "insured".

D. Additional Exclusions Under Additional Liability Coverage 3. Damage To Property Of Others

The following additional exclusions apply:

1. "We" do not cover "property damage" to property owned by or leased to an "insured"; or owned by, rented to, or leased to another resident of "your" household or a tenant of an "insured".
2. "We" do not cover "property damage" to property insured under Section I of this policy.
3. "We" do not cover "property damage":
 - a. Caused by wear and tear or a defect not immediately apparent to any "insured"; or
 - b. Resulting from mechanical, electrical, or structural breakdown or failure of the damaged property.

SECTION II – CONDITIONS

A. Limits Of Liability

The limits of liability shown in the Declarations apply subject to the following:

1. The liability limit stated for each "occurrence" under Coverage E is the maximum amount "we" will pay under that coverage for all "bodily injury" and "property damage" sustained by one or more persons in any one "occurrence";
2. The limit stated for each "occurrence" under **ADDITIONAL LIABILITY COVERAGE 3. Damage To Property Of Others** is the maximum amount "we" will pay under that coverage for all "property damage" sustained by one or more persons in any one "occurrence";
3. The limit stated for each person under Coverage F is the maximum amount "we" will pay under that coverage for medical expenses incurred by any one person in any one "occurrence"; and
4. The Annual Aggregate amount shown on the Declarations is the maximum amount "we" will pay for all losses that result in "bodily injury" or "property damage" occurring in a twelve month period beginning with the inception date of this policy or any anniversary of the inception date, regardless of the number of "occurrences", losses, claims, injured persons, damaged properties or "insureds".

"Our" limit of liability shall not be restored in any subsequent policy period with regard to a single "occurrence" or "occurrences".

B. Your Duties After A Loss

In the event of an "occurrence" that may give rise to a claim, or if a person makes a claim against an "insured" as a result of an "occurrence", "you" or another "insured" must perform the following duties:

1. Notify "us" or "our" agent as soon as possible. The notice must give:
 - a. "Your" name and policy number;
 - b. The time, place, and circumstances of the "occurrence"; and
 - c. The names and addresses of injured persons and witnesses;
2. Send "us" promptly any legal papers relating to any claim or suit.

If a judgment on the issue of liability or damages is entered against "you" or any "insured" before "we" are notified of the summons complaint, there is no coverage under this policy, regardless of whether "we" sustain prejudice as a consequence of the late notice of suit;

3. Cooperate with "us" and assist "us" in any matter relating to a claim or suit, including "our" request to supply documents and records relating to a claim or suit;
4. Assist "us" in enforcing any right of contribution, indemnity, or subrogation against any person or organization who may be liable to any "insured";
5. If a loss covered under **ADDITIONAL LIABILITY COVERAGE 3. Damage To Property Of Others** occurs, send "us", within 60 days of the loss, sworn proof of loss. The "insured" must protect the damaged property from any further loss. "We" will pay reasonable expenses incurred to protect the property. Any further loss due to "your" failure to protect the property will not be paid. The "insured" shall also exhibit the damaged property if within the "insured's" control.

After a loss or covered "occurrence", an "insured" may not make any payment, assume any obligation or expense, or retain an attorney, except at the "insured's" own cost. "We" will not reimburse an "insured" unless "our" written consent has been provided before the obligation or expense has been incurred. An "insured" may assume reasonable expenses to preserve property which has been damaged and which is the subject matter of the claim.

C. Duties Of An Injured Person Under Coverage F – Medical Payments To Public

The injured person or someone acting on behalf of the injured person will:

1. Give “us”, as soon as possible, written proof of claim under oath if required;
2. Submit to physical examinations at “our” expense by doctors “we” select as often as “we” may reasonably require; and
3. Authorize “us” to obtain medical and other records and bills.

D. Suit Against Us

“We” may not be sued unless there is full compliance with all the terms of this policy.

“We” may not be sued under **Coverage E – Liability To Public** until the obligation of any “insured” to pay is finally determined either by judgment against the person after actual trial or by written agreement of the person, the claimant, and “us”.

No one shall have any right to make “us” a party to a suit to determine the liability of an “insured”.

In the event an execution on a judgment against the “insured” is returned unsatisfied in an action by a person who is injured or whose property is damaged, the judgment creditor shall have a right of action against “us” to the same extent that such “insured” could have enforced the “insured’s” claim against “us” had such “insured” paid such judgment.

E. Bankruptcy

“We” are not relieved of any obligation under this policy because of the bankruptcy or insolvency of any “insured”.

F. Other Insurance – Liability To Public Coverage

This insurance is excess over any other valid and collectible insurance except a policy written specifically as excess over this insurance. However, if any other policy or policies of insurance provide excess coverage for the loss under the terms of an other insurance clause, “we” will pay “our” share of the loss. “Our” share is the proportion of the loss that the limit of “our” policy bears to the total of the limits of all the policies. “We” will not pay an amount in excess of “our” limits of liability.

G. Concealment Or Misrepresentation

“We” may deny coverage if “you” or any “insured” has:

1. Concealed or misrepresented any material fact or circumstance; or
2. Made false statements,

whether before or after any loss, “occurrence”, application for coverage, or claim for which coverage is sought under this policy.

SECTIONS I AND II CONDITIONS

A. Liberalization Clause

If any coverage under this policy is broadened without charge and prior to a loss during the policy period, this policy will automatically provide the broadened coverage when it becomes effective.

This Liberalization Clause does not apply to changes implemented with a general program revision that includes both broadenings and restrictions in coverage, whether that general program revision is implemented through introduction of:

1. A subsequent edition of this policy; or
2. An endorsement.

B. Waiver Or Change Of Policy Provisions

A waiver or change of a provision of this policy must be in writing by “us” to be valid. “Our” request for an appraisal or examination will not waive any of “our” rights.

C. Cancellation

The term cancel or cancellation in this provision refers to the termination of the policy during the policy term.

1. “You” or “your” agent, at “your” request, may cancel this policy at any time by:
 - a. Returning this policy to “us”; or
 - b. Mailing or delivering a written request for cancellation to “us”. Unless otherwise requested, the cancellation will be effective on the date “we” receive the policy or the request for cancellation.
2. “We” may cancel this policy for the reasons stated in this condition. The cancellation notice shall be mailed to the first Named Insured shown in the Declarations at the last mailing address known to “us”. Proof of mailing will be sufficient proof of notice.
 - a. When “you” have not paid the premium, “we” may cancel at any time by letting the first Named Insured know at least 10 days before the cancellation takes effect.
 - b. When this policy has been in effect for less than 60 days and is not a renewal with “us”, “we” may cancel for any reason by letting the first Named Insured know at least 30 days before the date cancellation takes effect.
 - c. When this policy has been in effect for 60 days or more, or at any time if it is a renewal with “us”, “we” may cancel for one or more of the following reasons:
 - (1) Discovery of fraud or material misrepresentation made by or with the knowledge of the Named Insured in obtaining, continuing, or presenting a claim under the policy;

- (2) Actions by the “insured” which substantially change or increase the risk insured;
- (3) The “insured” has acted in a manner which the “insured” knew or should have known was in violation or breach of a term or condition of the insurance policy or contract; or
- (4) The occurrence of a change in the risk that substantially increases a hazard insured against after the insurance coverage has been issued or renewed.

This can be done by letting the first Named Insured know at least 30 days before the date cancellation takes effect.

- 3. If this policy cancels, “we” will return no more than the prorated unused share of “your” premium.

D. Nonrenewal

“We” may elect not to renew this policy. “We” may do so by mailing written notice to the first Named Insured shown in the Declarations at the last mailing address known to “us” at least 30 days before the expiration date of this policy. Proof of mailing will be sufficient proof of notice.

E. Our Right To Recover Payment

- 1. “We” have the right to recover a payment made under this policy if:
 - a. “We” make a payment to any “insured” entitled to benefits under this policy; and
 - b. The “insured” has a legal right to recover damages from a third party.

After a payment is made by “us”, “you” or the person receiving the payment has no right to file a claim or lawsuit to collect the amount of “our” payment from a third party. “You” or the person receiving a payment under the policy may hire an attorney on “our” behalf to collect the amount of “our” payment.

“You” or the person receiving a payment under the policy must sign papers and do whatever is necessary to transfer the right to collect the amount of the payment to “us”. If “you” or the person receiving a payment under this policy release anyone responsible for causing a loss without “our” written consent, this policy has been breached and “we” may recover from such person the amounts paid by “us”. If “you” or the person receiving a payment under this policy recovers damages from a third party, the proceeds of the recovery must be held in trust and “we” must be reimbursed to the extent of “our” payment under the policy.

- 2. “We” do not have a right to recover a payment made:
 - a. Under Section I if, before the loss, “you” have waived in writing “your” right to recover damages from the responsible party; or
 - b. Under **ADDITIONAL LIABILITY COVERAGE 3. Damage To Property Of Others** or Coverage F under Section II.

F. Transfer Of Your Rights And Duties Under This Policy

Interest in this policy may not be transferred without “our” written consent. If the first Named Insured shown in the Declarations or the spouse of the “insured” residing in the same household dies, the policy will cover:

- 1. Any surviving member of the deceased’s household who was covered under this policy at the time of death, but only while a resident of the “residence premises”;
- 2. The legal representative of the deceased person while acting within the scope of duties of a legal representative; and
- 3. Any person having proper temporary custody of insured property until a legal representative is appointed.

G. Conformity To Statutes

Any provisions of this policy and endorsements attached to it which are in conflict with “your” state’s laws, are amended to comply with the minimum requirements of the law.

H. Policy Period

This policy applies to covered losses which occur during the policy period as shown in the Declarations, unless the policy has been canceled prior to the expiration of the policy period. In that case, the policy will apply only to covered losses occurring after the commencement of the policy period and before cancellation of the policy.

I. Inspection Of Property And Operations

“We” shall have the right to inspect “your” property and operations at any time. In doing so, “we” do not warrant that the property or operations are safe or healthful, or are in compliance with any law, rule, or regulation.

J. Time Of Interpretation

Any terms of coverage of this policy, including exclusions, shall be construed and applied based on the facts existing on the date of the “occurrence” causing “bodily injury” or “property damage”.

K. Automatic Termination

If “we” offer to renew or continue this policy and “you” or “your” representative does not accept this offer, this policy will automatically terminate at the end of the current policy period. Failure to pay the required renewal or continuation premium as “we” require, shall mean that “you” have not accepted “our” offer to continue the policy for the new policy period.

L. Representations

By accepting this policy, “you” agree:

1. The statements in the Declarations are accurate and complete;
2. Those statements are based upon representations “you” have made to “us”; and
3. “We” have issued this policy in reliance upon “your” representations.

M. Policy Authorities

When there is more than one Named Insured listed on this policy, any Named Insured has authority to act for all Named Insureds to cancel, non-renew, or change this policy, or settle a loss under this policy. A Named Insured is the only person entitled to provide “us” with instructions regarding loss settlement and payments. An Additional Named Insured, Additional Insured – Limited Interest, and all other “insureds” are not entitled to cancel, non-renew, or make any changes to this policy, except as expressly authorized by law. A power of attorney, guardian, or conservator of a Named Insured may instruct “us” to cancel, non-renew, or make a change to the policy on behalf of that Named Insured.

N. Policy Communications

“We” will convey all notices and correspondence pertaining to this policy to the first Named Insured at the last address known to “us” unless “we” receive a written request by a Named Insured to forward correspondence to a different address.