HOMEOWNERS COVERAGE

The following Table of Contents shows how this Homeowners Coverage is organized. It will help “you” locate particular sections of this form.

TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agreement</td>
<td>2</td>
</tr>
<tr>
<td>Definitions</td>
<td>2</td>
</tr>
<tr>
<td>Property Coverages</td>
<td>4</td>
</tr>
<tr>
<td>Incidental Property Coverages</td>
<td>6</td>
</tr>
<tr>
<td>Perils Section</td>
<td>8</td>
</tr>
<tr>
<td>Exclusions Applicable to All Property Coverage</td>
<td>10</td>
</tr>
<tr>
<td>How Much “We” Pay For Loss or Claim -- Property</td>
<td>12</td>
</tr>
<tr>
<td>Payment of Loss or Claim</td>
<td>12</td>
</tr>
<tr>
<td>What “You” Must Do In Case of Loss -- Property Coverage</td>
<td>13</td>
</tr>
<tr>
<td>Conditions Applicable to Property Coverages Only</td>
<td>14</td>
</tr>
<tr>
<td>Liability and Medical Payment Coverages</td>
<td>16</td>
</tr>
<tr>
<td>Supplemental Payments</td>
<td>16</td>
</tr>
<tr>
<td>Exclusions That Apply to Liability and Medical Payment Coverage</td>
<td>16</td>
</tr>
<tr>
<td>How Much “We” Pay – Liability and Medical Payment Coverage</td>
<td>19</td>
</tr>
<tr>
<td>What “You” Must Do In Case Of Loss -- Liability</td>
<td>19</td>
</tr>
<tr>
<td>Conditions</td>
<td>20</td>
</tr>
<tr>
<td>Additional Coverage “You” May Buy</td>
<td>22</td>
</tr>
</tbody>
</table>

Endorsements and schedules may also apply. They are identified on the “declarations”.

Refer to the Definitions for words and phrases that have special meaning. These words and phrases are shown in quotation marks.
AGREEMENT

In return for “your” payment of the required premium, “we” provide the coverages described herein subject to all the “terms”.

DEFINITIONS

1. The words “you” and “your” mean the person or persons named as the “insured” on the “declarations”. This includes “your” spouse if a resident of “your” household. If a partnership or joint venture is designated in the “declarations” such partnership or joint venture are “insureds” but only with respect to the conduct of the “business” of the partnership or joint venture. If an organization other than a partnership or joint venture is listed as an “insured” in the “declarations”, then the “executive officers” and directors are “insureds” but only with respect to their duties as officers and directors of the corporation. Stockholders are also “insureds” but only with respect to the liability as stockholders of the corporation.

2. The words “we”, “us”, and “our” mean the company providing this policy.

3. “Bodily Injury” means bodily harm to a person and includes sickness, disease, or death.

   “Bodily Injury” does not mean bodily harm, sickness, disease, or death that arises out of:
   a. a communicable disease;
   b. the actual, alleged, or threatened sexual molestation of a person;
   c. mental or emotional injury, suffering, or distress that does not result from physical injury; or
   d. the use, sale, manufacture, delivery, transfer, or possession by any person of Controlled Substances as defined by the Federal Food and Drug Law at 21 U.S.C.A. Sections 811 and 812, including any amendments. Controlled Substances include but are not limited to cocaine, LSD, marijuana, and all narcotic or hallucinogenic drugs. However, this does not apply to the legitimate use of prescription drugs by a person following the orders of a licensed professional.

4. “Business” means a trade, a profession or an occupation including farming, all whether full or part time. This includes the rental of property to others. It does not include the occasional rental for residential purposes of the part of the “insured premises” normally occupied solely by “your” household.

   “Business” includes services regularly provided by any “insured” for the care of others and for which an “insured” is compensated. A mutual exchange of like services is not considered compensation.

   “Business” does not include the incidental activities that are usually performed by minors.

5. “Credit Card” means a card, plate, coupon book or other credit device existing for the purpose of obtaining money, property, labor or services on credit. This includes debit cards or fund transfer cards used to deposit, withdraw or transfer funds.

6. “Declarations” are all pages labeled “declarations”, supplemental “declarations”, or schedules which pertain to this policy.

7. “Executive officer” means a person holding any of the officer positions created by the charter, constitution, bylaws or any other similar governing document of the corporation.

8. “Insured” means:
   a. “you”;
   b. “your” relatives if residents of “your” household;
   c. persons under the age of 21 in “your” care or in the care of “your” resident relatives;
d. “your” legal representative, if “you” die while insured by this Policy. This person is an “insured” only for liability arising out of the “insured premises”. An “insured” at the time of “your” death remains an “insured” while residing on the “insured premises”;
e. persons using or caring for vehicles, watercraft, or animals owned by any “insured” as defined under a., b., or c. above and to which this policy applies (This does not include persons using or caring for vehicles, watercraft, or animals in the course of “business” or without the owner's consent.);
f. persons in the course of performing domestic duties that relate to the “insured premises”.

Each of the above is a separate “insured”, but this does not increase “our” “limit” nor affect applications of any of the exclusions in the policy.

9. “Insured Premises” means:
   a. the one- to four-family “residence” shown on the “declarations”. This includes structures or parts of buildings where “you” reside;
   b. all other premises shown on the “declarations”;
   c. all vacant land owned by or rented to any “insured”. This includes land where a “residence” is being built for the use of any “insured”;
   d. that part of a “residence”, acquired by “you” during the policy period, and to be used by “you”;
   e. “your” cemetery lots and “your” burial vaults or those of “your” resident relatives;
   f. private access ways immediately adjoining the “insured premises” which is described in the “declarations”;

10. “Limit” means the amount of coverage that applies as stated in the “declaration” of this policy.

11. “Motor Vehicle” means a “motorized vehicle”, a trailer or a semi-trailer, and all attached machinery or equipment, if:
   a. it is subject to “motor vehicle” registration;
   b. it is designed for use on public roads.

12. “Motorized Vehicle” means a self-propelled land or amphibious vehicle regardless of method of surface contact. This includes parts and equipment.

This does not include vehicles that are designed and used to assist the handicapped and are not required to be licensed for road use.

13. “Occurrence” means an accident, including repeated exposures to similar conditions, that results in “bodily injury” or “property damage”.

14. “Pollutant” means:
   a. any solid, liquid, gaseous, thermal, or radioactive irritant or contaminant, including acids, alkalis, chemicals, fumes, smoke, soot, vapor, and waste. Waste includes materials to be recycled, reclaimed, or reconditioned, as well as disposed of; or
   b. electrical or magnetic emissions, whether visible or invisible, and sound emissions.

15. “Property Damage” means physical injury to tangible property and includes loss of use of such property.

16. “Recreational Motor Vehicle” means a “motorized vehicle”, a trailer or attached equipment that is designed or is used for leisure time activities and which is not a “motor vehicle”.

17. “Residence” means a one- to four-family house, townhouse, rural house, or a one- or two-family mobile home used mainly for family residential purposes.

18. “Residence Employee” means a person employed by any “insured” to perform duties as they relate to “your” principal “residence”. This does not include any parts of a building or structure that is used for a “business”.

19. “Terms” means all provisions, limitations, exclusions, conditions and definitions used in this policy.
PROPERTY COVERAGES

PRINCIPAL PROPERTY COVERAGES

Each Principal Property Coverage applies only if a “limit” is shown on the “declarations” and is a direct physical loss by a listed peril and not excluded.

Coverage A -- “Residence”

“We” cover the “residence” on the “insured premises”. This includes additions and built-in components and fixtures and building materials and supplies located on the “insured premises” for use in construction of or to the “residence”.

“We” do not cover land, including the land on which covered property is located, underground water, or surface water.

“We” do not cover trees, plants, shrubs, or lawns; private power, light, or electric poles; wells or well pumps; irrigation systems; or outdoor antennas, except as provided under Incidental Property Coverages.

Coverage B -- Related Private Structures

“We” cover related private structures on the “insured premises” which are not attached to “your” “residence”. Structures that are connected to “your” “residence” by only a fence, a utility line, or a similar connection are not considered attached.

“We” cover fences, driveways, sidewalks, and other permanently installed outdoor fixtures that are within 250 feet of the “residence” covered under Coverage A.

“We” cover building materials and supplies located on the “insured premises” for use in construction of or to a related private structure covered under Coverage B.

“We” do not cover land, including the land on which covered property is located, underground water, or surface water.

“We” do not cover barns or other structures designed or used for farming.

“We” do not cover other structures designed or used for “business” purposes. However, this does not apply to structures:
1. rented to a tenant of the “residence” on the “insured premises” and not used for “business”;
2. used solely for private garage purposes.

“We” do not cover trees, plants, shrubs, or lawns; private power, light, or electric poles; wells or well pumps; irrigation systems; or outdoor antennas, except as provided under Incidental Property Coverages.

Coverage C -- Personal Property

1. “We” cover personal property owned by or in the care of any “insured”. Coverage for personal property usually on “residence” premises of any “insured” other than the “insured premises” is limited to 10% of the Coverage C “limit”.

2. “We” cover personal property in a newly acquired principal place of “residence”. The full Coverage C “limit” applies for 30 days from the date “you” begin to move. After that, coverage for personal property in a newly acquired principle place of “residence” is limited to 10% of the Coverage C “limit”. This coverage does not extend past the date on which the policy expires or the date on which the policy is terminated.

3. At “your” option, personal property owned by a guest or “residence employee” is covered while it is in that part of “residence” premises occupied by any “insured”.

4. Limitations on Certain Property -- The special “limits” shown below do not increase the Coverage C “limit”. The “limit” for each class is the total “limit” per “occurrence” for all items in that class.
   a. $250 on money, bank notes, bullion, gold other than goldware and gold-plated ware, silver other than silverware and silver-plated ware, platinum, coins and numismatic property.

Includes copyrighted material with permission of American Association of Insurance Services.
b. $1,500 on securities, stamps, philatelic property, bills, letters of credit, notes other than bank notes, tickets, accounts, deeds, evidence of debt, passports, and manuscripts.

c. $1,500 on watercraft including their trailers, furnishings, equipment, and motors.

d. $1,500 on dismounted camper bodies, campers, dismounted truck toppers and trailers not used with watercraft.

e. For loss by theft:
   1) $2,500 on jewelry, watches, precious and semiprecious stones, gems, and furs;
   2) $2,500 on silverware, goldware, pewterware, and items plated with gold or silver; and
   3) $2,500 on guns and items related to guns.

f. $2,500 on “motorized vehicles” used to service the “insured premises” and not designed or licensed for use on public roads.

g. “business” property up to the amounts shown below:
   1) $2,500 while on the “insured premises”;
   2) $250 while away from the “insured premises”.

5. Personal Property Not Covered -- “We” do not cover:

a. animals, birds, fish, or insects;

b. “motorized vehicles”, other than those subject to Limitations on Certain Property, including parts, equipment, and accessories;

c. aircraft, including their parts and equipment;

d. property of roomers and boarders who are not “insureds”;

e. trees, plants, shrubs, or lawns, except as provided under Incidental Property Coverages;

f. electronic devices, accessories, or antennas that may be operated from the electrical system of a “motorized vehicle”, farm equipment, or watercraft while in or on “motorized vehicle” farm equipment or watercraft. This includes films, tapes, wires, discs, records, or other media for use with such devices;

g. loss that results from “credit cards”, except as provided under Incidental Property Coverages;

h. farm personal property;

i. dismounted camper bodies, campers, dismounted truck toppers, trailers, other than those subject to Limitations on Certain Property;

j. private power, light, or electric poles; wells or well pumps; irrigation systems; or outdoor antennas, except as provided under Incidental Property Coverages;

k. land, including the land on which covered property is located, underground water, or surface water; or

l. property covered by scheduled insurance.

Coverage D -- Additional Living Costs and Loss of Rent

“We” pay the necessary and reasonable increase in living costs “you” incur to maintain the normal standard of living of “your” household if a part of the “insured premises” is made unfit for use by an insured loss. “We” pay only for the period of time reasonably required to make the “insured premises” fit for use or until “your” household is permanently relocated, whichever is less. This period of time is not limited by the policy period.

“We” pay for the rent “you” lose or the fair rental value if the part of the “residence” rented or held for rental to others is made unfit for use by an insured loss. “We” only pay for the period of time reasonably required to make the “residence” fit for use or until “your” household is permanently relocated, whichever is less. Loss of rent is the amount “you” would have received less the charges and expenses that do not continue while the “residence” is unfit for use. This period of time is not limited by the policy period.

“We” pay “your” additional living costs and loss of rent or fair rental value for up to two weeks if a premises neighboring the “insured premises” is damaged from a peril insured against by this policy and “you” may not, by order of civil authority, use the “insured premises”. This is not limited by the policy period.

“We” do not pay for loss of rent or costs due to the cancellation of a lease or an agreement.
INCIDENTAL PROPERTY COVERAGES

This form provides the following Incidental Property Coverages. They are subject to all of the “terms” of the applicable Coverages A, B, or C. These coverages provide additional insurance unless otherwise stated.

1. Emergency Removal -- This coverage does not increase the “limits” shown for the property being removed.

“We” pay for loss to property covered under Coverages A, B, or C that is moved from a premises to prevent a loss from perils insured against. The property is covered for direct physical loss not excluded, for up to 30 days. This coverage does not extend past the date on which this policy expires.

“We” pay up to $250 towing charge to move a covered mobile home that is in danger from a peril insured against.

2. Debris Removal -- “We” pay for the cost to remove the debris of property covered under Coverages A, B, or C after an insured loss. This includes the cost to remove volcanic ash, dust, or particulate matter that causes direct physical loss to property covered under Coverages A, B, or C.

“We” pay up to 10% of the “limit” that applies to the damaged property to cover debris removal. When the covered loss plus the increased cost of debris removal is more than the applicable “limit”, “we” will pay up to an extra 5% of the applicable “limit” to cover the cost of debris removal.

This coverage does not include costs to extract “pollutants” from land or water; or remove, restore, or replace polluted land or water.

“We” also pay the cost to remove fallen trees which cause damage to property covered under Coverages A, B, or C if:

a. the falling of the tree is caused by any of the perils that apply to Coverage C; and
b. coverage is not provided elsewhere by this form.

Regardless of the number of fallen trees, the most “we” will pay is $500 per “occurrence”.

3. Increased Cost -- Ordinance or Law -- “We” pay for the increased cost which results from the enforcement of a code, ordinance, or law which regulates the use, construction, repair, or demolition of property or the removal of its debris when loss to property covered under Coverages A or B is caused by a peril insured against.

“You” may apply up to 25% of the “limit” that applies to the damaged property to cover such increased costs. “We” will not pay more for direct physical loss to property and the increased costs combined than the “limit” that applies to the damaged property. However, when the covered loss plus the increased cost is more than the applicable “limit”, “we” will pay up to an extra 5% of the applicable “limit” to cover the increased cost which results from the enforcement of a code, ordinance, or law which regulates the use, construction, repair, or demolition of the property or the removal of its debris.

This coverage does not include costs to extract “pollutants” from land or water; or remove, restore, or replace polluted land or water.

4. Fire Department Service Charge -- “We” pay for charges assumed by “you” under a contract or agreement when a fire department is called to save or protect property covered under Coverages A, B, or C from a peril insured against.

The most “we” pay is $500 per “occurrence” unless a higher “limit” is shown on the “declarations”.

5. “Credit Card”, Forgery, and Counterfeit Money - - “We” pay for loss if an “insured”:

a. by law must pay for the unauthorized use of “credit cards” issued or registered in the name of an “insured”;

b. has a loss when checks, drafts, notes, or negotiable instruments are forged or altered; or

c. accepts in good faith counterfeit United States or Canadian paper money.

Includes copyrighted material with permission of American Association of Insurance Services.
The most “we” pay is $1,500 per “occurrence” unless a higher “limit” is shown on the “declarations”.

“We” do not pay for a loss if:

a. an “insured” has not complied with the rules under which the “credit card” was issued;
b. the loss is caused by the dishonesty of any “insured”;c. the loss results from the “business” of any “insured”; or
d. the loss occurs while a person who is not an “insured” has the “credit card” with the consent of any “insured”.

6. Trees, Plants, Shrubs, or Lawns -- “We” pay for direct physical loss to trees, plants, shrubs, or lawns on the “insured premises” caused by:
   a. fire or lightning, explosion, riot or civil commotion, aircraft, vandalism, theft; or
   b. vehicles if not owned or operated by an occupant of the “insured premises”.

   “You” may apply up to 10% of the Coverage C “limit” to cover trees, plants, shrubs, or lawns. “We” do not pay more than $500 for each tree, plant, or shrub. This includes the cost to remove the debris of the covered item.

   “We” do not cover trees, plants, shrubs, or lawns grown for “business”.

   “We” do not cover trees, plants, shrubs, or lawns located more than 250 feet from the “residence” covered under Coverage A.

7. Grave Markers -- “We” pay up to $1,500 for direct physical loss to grave markers and mausoleums of an “insured” caused by a peril that applies to Coverage C.

8. Collapse -- “We” pay for direct physical loss to property covered under Coverages A, B, and C involving the collapse of a building or a part of a building caused by the following:
   a. any of the perils insured against that apply to this form;
   b. hidden insect or vermin damage or hidden decay;
   c. weight of contents or people;
   d. weight of rain which collects on a roof; or
   e. the use of defective materials or methods in construction or repair if the collapse occurs during the course of construction or repair.

Under b. through e. above, unless the loss is the direct result of the collapse of a building, “we” do not pay for loss to awnings; swimming pools; fences; patios; paved areas; retaining walls; bulkheads; foundations; wharves; docks; piers; underground pipes, flues, and drains; cesspools; and septic tanks.

Collapse does not mean settling, cracking, shrinking, bulging, or expanding. This coverage does not increase the “limits” shown for the property covered.

9. Glass Breakage -- “We” pay for breakage of glass that is part of a structure covered under Coverages A or B. “We” also pay for loss to property covered under Coverages A, B, or C which is damaged by the breakage of glass that is part of a structure. However, “we” do not pay for loss if the “residence” is vacant for more than 60 days in a row just before the loss. A “residence” being built is not vacant.

This coverage does not increase the “limits” shown for the property covered.

10. Outdoor Antennas -- “We” pay for direct physical loss to outdoor antennas caused by a peril that applies to Coverage C. This includes satellite dish antennas and masts, towers, and lead-in wiring.

   The most “we” pay is $1,500 per “occurrence” unless a higher “limit” is shown on the “declaration”.

11. Well Pumps -- “We” pay for direct physical loss to well pumps caused by a peril that applies to Coverage C. This includes pump switch boxes, fuse boxes, control boards, and any other equipment attached to the pump for its operation.

   The most “we” pay is $1,500 per “occurrence” unless a higher “limit” is shown on the “declarations”.

Includes copyrighted material with permission of American Association of Insurance Services.
12. Private Power and Light Poles -- "We" pay for direct physical loss to private power and light poles caused by a peril that applies to Coverage C. This includes outdoor electrical wiring, switch boxes, fuse boxes, and any other outdoor electrical equipment mounted on panels or poles.

The most "we" pay is $1,500 per "occurrence" unless a higher “limit” is shown on the "declarations".

13. Refrigerated Food Spoilage -- "We" pay for spoilage of food in a freezer or refrigerated unit on the "insured premises". The spoilage must be 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.

This coverage applies only to property intended for the personal use of an "insured". It does not apply to farm personal property. “You” must maintain the refrigeration equipment in proper working order.

The most "we" pay is $500 per "occurrence" unless a higher “limit” is shown on the "declarations".

PERILS SECTION

“We” insure against direct physical loss to property covered under Coverages A, B, or C caused by the following perils, unless the loss is excluded under the General Exclusions:

1. Fire or Lightning

2. Windstorm or Hail -- However, “we” do not pay for loss:
   a. to the interior of a structure, or to property inside, caused by dust, rain, sand, sleet, snow, or water, all whether driven by wind or not, which enter through an opening not made by the direct force of wind or hail; or
   b. to watercraft and their trailers, furnishings, equipment, and motors unless inside a fully enclosed building. “We” do cover canoes and rowboats while on the “insured premises”.

3. Explosion

4. Riot or Civil Commotion

5. Aircraft

6. Vehicles -- However, “we” do not pay for loss to fences, driveways, and walks caused by a vehicle owned or operated by any person on the "insured premises" with the permission of any "insured".

7. Sudden and Accidental Damage from Smoke -- However, "we" do not pay for loss caused by smoke from agricultural smudging or industrial operations.

8. Sinkhole Collapse -- This means direct physical loss caused by sudden settlement or collapse of earth supporting covered property. The earth settlement or collapse must result from subterranean voids created by the action of water on a limestone or similar rock formation. However, “we” do not cover the value of land or the cost of filling sinkholes.

9. Volcanic Action -- This means:
   a. airborne volcanic blast or airborne shock waves;
   b. ash, dust, or particulate matter; or
   c. lava flow.

   However, “we” do not cover removal of ash, dust, or particulate matter that does not cause direct physical loss to covered property.

10. Vandalism or Malicious Mischief -- However, “we” do not cover loss:
   a. on the "insured premises" if the "residence" is vacant or unoccupied for more than 60 days in a row just before the loss. A building under construction is not considered vacant; or
   b. caused by anyone on the "insured premises" with the permission of any "insured" or other persons to whom insured property is entrusted by any "insured".
11. Theft -- This includes attempted theft and loss of property from a known place when it is likely that theft occurred. However, “we” do not cover:
   a. theft by any “insured”;
   b. theft in or to a “residence” being built, or theft of materials and supplies for use in construction of the “residence”, until the “residence” is occupied for its intended use;
   c. loss of a precious or semiprecious stone from its setting;
   d. loss that results from the theft of a “credit card”, except as provided under Incidental Property Coverages;
   e. theft from a part of the “residence” usually occupied solely by an “insured” while it is rented to others; or
   f. theft that occurs away from the “insured premises” of:
      1) property while on the part of “residence” premises which any “insured” owns, rents, or occupies, except for the time while an “insured” temporarily resides there. “We” do cover the property of any “insured” who is a full-time student while it is in the living quarters occupied by the student at school;
      2) trailers and their equipment;
      3) campers or camper bodies; or
      4) watercraft and their furnishings, equipment, and motors.

12. Falling Objects -- However, “we” do not pay for loss to:
    a. the inside of a structure, or to property inside, unless the falling object has first damaged an outside wall or the roof by impact; or
    b. the object which falls.

13. Weight of Ice, Snow, or Sleet which damages a structure or the property inside a structure. However, “we” do not pay for loss to:
    a. awnings or canopies and their supports; or
    b. swimming pools, retaining walls, fences, piers, wharves, foundations, patios, and paved areas.

14. Sudden and Accidental Tearing Apart, Cracking, Burning, or Bulging of a heating, air-conditioning, or automatic sprinkling system or water heater. However, “we” do not pay for loss caused by freezing, except as provided under the peril of freezing.

15. Accidental Discharge or Overflow of Liquids or Steam from a plumbing, heating, air-conditioning, or automatic sprinkling system; water heater; or domestic appliance. However, “we” do not pay for loss:
    a. caused by continuous or repeated seepage or leakage;
    b. caused by freezing, except as provided under the peril of freezing;
    c. on the “insured premises” caused by accidental discharge or overflow which comes from off the “insured premises”;
    d. if the “residence” has been vacant for more than 60 days in a row just before the loss. A “residence” being built is not vacant; or
    e. to the system, heater, or appliance from which the liquid or steam escapes. (“We” do pay the reasonable cost of removing and replacing only those parts of the structure needed to repair the system, heater, or appliance.)

In this peril, a plumbing system does not include a sump pump, or related equipment.

16. Freezing of a plumbing, heating, air-conditioning, or automatic sprinkling system; water heater; or domestic appliance. However, “we” do not pay for loss on the “insured premises” while the “residence” is vacant or unoccupied or under construction and unoccupied, unless “you” have taken reasonable care to:
    a. maintain heat in the building or mobile home; or
    b. shut off the liquid supply and drain the system, domestic appliance, or heater.

17. Sudden and Accidental Damage from Artificially Generated Electrical Currents.
    However, “we” do not pay for the loss to tubes, transistors and similar electronic components.
EXCLUSIONS APPLICABLE TO ALL PROPERTY COVERAGES

“We” do not pay for loss if one or more of the following exclusions apply to the loss, regardless of other causes or events that contribute to or aggravate the loss, whether such causes or events act to produce the loss before, at the same time as, or after the excluded causes or events.

1. “Business” Interruption -- “We” do not pay for loss which results from interruption of “business”.

2. Civil Authority -- “We” do not pay for a loss which results from order of civil authority, except as provided under Coverage D.

   “We” do pay for loss which results from acts of a civil authority to prevent the spread of fire. “We” do not pay if the fire was caused by an excluded peril.

3. Earth Movement -- “We” do not pay for loss which results from earth movement whether the earth movement results from natural or artificial causes.

   Earth movement includes but is not limited to:
   a. earthquake;
   b. landslide, subsidence, erosion;
   c. mudflow;
   d. earth sinking, rising, shifting, expanding, or contracting. This does not include Sinkhole Collapse as described under the Perils Section; or
e. volcanic explosion. Volcanic explosion does not include Volcanic Action as described under the Perils Section.

   “We” do pay for direct loss caused by fire, explosion (other than a volcanic explosion), and theft resulting from earth movement.

   “We” do pay for the breakage of glass that is part of a covered structure resulting from earth movement.

4. Intentional Acts -- “We” do not pay for loss which results from an act committed by or at the direction of any “insured” and with the intent to cause a loss.

5. Neglect -- “We” do not pay for loss which results from the neglect of any “insured” to use all reasonable means to save and preserve covered property at and after the time of a loss.

6. Nuclear Hazard -- “We” do not pay for loss which results from nuclear reaction, nuclear radiation, or radioactive contamination (whether controlled or uncontrolled; whether caused by, contributed to, or aggravated by a peril insured against and whether caused by natural, accidental, or artificial means). Loss caused by nuclear hazard is not considered loss caused by fire, explosion, or smoke. Direct loss by fire resulting from the nuclear hazard is covered.

7. Ordinance or Law -- “We” do not pay for loss or increased cost which results from the enforcement of a code, ordinance, or law which regulates the use, construction, repair, or demolition of property or the removal of its debris, except as provided by Incidental Increased Cost -- Ordinance or Law Coverage for property covered under Coverages A and B. This exclusion does not apply to owner occupied “residence” premises with four or fewer families.

8. Power Disruption -- “We” do not pay for loss which results from the disruption of power or other utility service, whether or not it is caused by a peril insured against, if the cause of the disruption is not on the “insured premises”.

   “We” do pay for direct loss by a peril insured against which occurs on the “insured premises” as a result of the disruption of power.

9. War -- “We” do not pay for loss which results from declared or undeclared war, civil war, insurrection, rebellion, revolution, warlike act by a military force or military personnel, or destruction, seizure, or use of property for a military purpose. It includes the consequences of these. Discharge of a nuclear weapon is deemed an act of war even if it is accidental.
10. Water Damage -- “We” do not pay for loss which results from the following:
   a. flood, surface water, waves, tidal water, overflow of a body of water, or spray, all whether driven by wind or not;
   b. water which backs up through or overflows from sewers, drains, or sumps; or
   c. water below the surface of the ground. This includes water which exerts pressure on, or seeps or leaks through or into a building, sidewalk, driveway, foundation, swimming pool, or other structure.

“We” do pay for direct loss caused by fire; explosion (other than a volcanic explosion); and theft resulting from water damage.

11. Wear and Tear -- “We” do not pay for loss which results from wear and tear, marring, deterioration, inherent vice, latent defect, mechanical breakdown, rust, wet or dry rot, corrosion, mold, contamination, or smog.

12. Weather Conditions -- “We” do not pay for loss which results from weather conditions that initiate, set in motion, or in any way contribute to losses excluded under the preceding General Exclusions (Numbers 1 through 11).

13. Errors, Omissions, and Defects -- “We” do not pay for loss which results from one or more of the following:
   a. an act, error, or omission (negligent or not) relating to:
      1) land use;
      2) the design, specification, construction, workmanship, or installation of property;
      3) planning, zoning, development, surveying, siting, grading, compaction; or
      4) maintenance of property (including land, structures, or improvements); whether on or off the “insured premises”;
   b. a defect, a weakness, the inadequacy, a fault, or unsoundness in materials used in construction or repair whether on or off the “insured premises”.

14. Calendar date or time failure -- “We” do not pay for loss or damage resulting from the failure of any electronic data processing equipment, computer program, software, media or data to correctly recognize, interpret, or process any encoded, abbreviated, or encrypted date or time.

15. Wet Rot, Dry Rot, Bacteria, Fungi, or Protists -- “We” do not pay for loss that results from or consists of:
   a. wet rot; dry rot; a bacterium; a fungus, including but not limited to mildew and mold; or a protist, including but not limited to algae and slime mold; or
   b. a chemical, matter, or a compound produced or released by wet rot, dry rot, a bacterium, a fungus, or a protist, including but not limited to toxins, spores, fragments, and metabolites such as microbial volatile organic compounds except as provided under Limited Wet Rot, Dry Rot, Bacteria, Fungi, and Protists Property Coverage.

This exclusion applies even if the wet rot, dry rot, bacterium, fungus, or protist results from or is aggravated by a loss that may be covered by this policy, including but not limited to loss caused by the accidental discharge of liquids or steam from a plumbing, heating, air-conditioning, or automatic fire protective sprinkling system; water heater; or domestic appliance. However, this exclusion does not apply to wet rot, dry rot, a bacterium, a fungus, or a protist that results from fire or lightning.

Limited Wet Rot, Dry Rot, Bacteria, Fungi and Protists Property Coverage.

Subject to exclusion 15, we will provide limited coverage of $10,000 policy year aggregate limit for direct physical loss to property covered under coverages A, B or C caused by or consisting of wet rot; dry rot; a bacterium; fungi, including but not limited to mildew and mold; or a protist, including but not limited to algae and slime mold.

The limited coverage in the amount of $10,000 policy year aggregate limit only applies when such loss or costs are a result of a peril insured against that occurs during the policy period and only if all reasonable means were used to save and preserve the property from further damage at and after the time the peril insured against occurred.
HOW MUCH “WE” PAY FOR LOSS OR CLAIM -- PROPERTY

1. Insurable Interest and “Our” “Limit” — Even if more than one person has an insurable interest in the property covered, “we” pay no more than the amount of “your” interest in the property or the “limit” that applies.

2. Deductible — This applies to all coverages provided by this policy except Emergency Removal, Fire Department Service Charge and Refrigerated Food Spoilage. This applies to all perils insured against unless otherwise shown.

   Before we pay a property claim “you” must first pay a deductible. The deductible, when applicable, will be subtracted from the lesser of the adjusted loss or the applicable “limit” of liability including the special “limits” listed in the policy for certain property. “The deductible applies per “occurrence”, and separately at each covered location. Only one deductible applies at each location. When an “occurrence” affects two or more items at the same location with different deductible amounts, the highest deductible amount applies.

3. Loss to a Pair or Set — If there is loss to an item which is part of a pair or set, “we” pay only to replace or repair the item, or “we” pay the difference in the actual cash value of the pair or set just before the loss and the actual cash value just after the loss.

4. Loss to Parts - If there is a loss to a part of an item that consists of several parts when it is complete, “we” pay only for the value of the lost or damaged part or the cost to repair or replace it.

5. Loss Settlement — Subject to the “terms” shown above, “we” will settle losses according to the Actual Cash Value “Terms”. Actual Cash Value means the amount determined by replacement cost, less depreciation. Depreciation, for purposes of these computations, shall be based upon age, expected useful life, condition and obsolescence.

6. Actual Cash Value “Terms” — “We” pay the lesser of:

   a. the cost to repair or replace the property with materials of like kind and quality to the extent practical;
   b. the actual cash value of the property at the time of loss;
   c. (applies only to mobile homes) the difference in the actual cash value just before the loss and the actual cash value just after the loss;
   d. the special “limit”; or
   e. the amount computed after applying the Other Limitations shown below.

7. Other Limitations -- Electronic Data Processing Software and Media -- The most “we” pay for loss to electronic data processing software is the amount required to replace it as a prepackaged program.

   The most “we” pay for loss to electronic data processing media, such as cells, discs, drums, film, or tape, is the amount required to replace it in its unexposed or blank form.

8. Vacancy - If a location shown on the “declarations” is vacant for more than 60 days in a row, the “limit” that applies to buildings and their contents at the vacant location will be automatically reduced by 50%.

9. Insurance Under More Than One Coverage - If more than one coverage of this policy applies to a loss, “we” pay no more than the actual loss.

10. Insurance Under More Than One Policy - If there is other insurance that applies to the loss, “we” pay “our” share of the loss. “Our” share is that part of the loss that the “limit” of this policy bears to the total amount of insurance that applies to the loss.

11. Restoration of “Limits” - Each loss “we” pay under this policy does not reduce the “limits” available over the policy period.

PAYMENT OF LOSS OR CLAIM

1. “Your” property - “We” adjust each loss with “you”. “We” pay an insured loss within 30 days after an acceptable proof of loss is received and the amount of the loss is agreed to in
writing. If “you” and “we” do not agree, “we” pay within 30 days after the filing of an appraisal award with “us”. Payment is made to “you” unless a loss payee is named.

2. Additional Living Costs - If the “insured premises” is made unfit for use for more than one month, covered costs are paid on a monthly basis. “You” must give “us” proof of such costs.

3. Damage to Personal Property of Others - At “our” option, an insured 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”.

4. “Our” options - “We” may:
   a. pay the loss in money; or
   b. rebuild, repair, or replace the property. “We” must give “you” notice of “our” intent to do so within 30 days after “we” receive an acceptable proof of loss.

   “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”.

WHAT “YOU” MUST DO IN CASE OF LOSS – PROPERTY COVERAGE

1. Notice --
   a. In case of a loss, an “insured” must:
      1) give “us” or “our” agent as soon as reasonably possible, notice (“we” may request written notice);
      2) give notice to the police when the act that causes the loss is a crime; and
      3) give notice to the “credit card” company if the loss involves a “credit card”.
   b. The notice to “us” must state:
      1) the name of “insured”; the policy number and the time, place, and the details of the loss; and
      2) the names and addresses of all known potential claimants and witnesses.

2. Cooperation -- “You” must cooperate with “us” in investigating and settling the claim.

3. Volunteer Payments -- “You” must not make payments, pay or offer rewards, or assume obligations or other costs, except at “your” own cost. This does not apply to costs that are allowed by this policy.

4. Repairs -- An “insured” must take all reasonable steps to protect covered property at and after an insured loss to avoid further loss. “We” will pay the reasonable costs incurred by “you” for necessary repairs or emergency measures performed solely to protect covered property from further damage by a peril insured against if a peril insured against has already caused a loss to covered property. An “insured” must keep an accurate record of such costs. However, “we” will not pay for such repairs or emergency measures performed on property which has not been damaged by a peril insured against. This does not increase “our” “limit”.

5. Other Duties -- At “our” request an “insured” must:
   a. give “us” a signed, sworn proof of loss, within 60 days after “our” request, that shows:
      1) the time, place, and the details of the loss;
      2) the interest of “insured” and the interest of all others in the property. This includes all mortgages and liens;
      3) other policies that may cover the loss;
      4) changes in title or use;
      5) available plans and specifications of buildings;
      6) detailed estimates for repair; and
      7) in detail, the quantity, description, cost, amount of loss, and actual cash value of the personal property involved in the loss. An “insured” must give “us” copies of all bills, receipts, and related documents to confirm these;
   b. submit to examination under oath in matters that relate to the loss or claim as often as “we” reasonably request. If more than one person is examined, “we” have the right to examine and receive statements separately from each person and not in the presence of the others;
   c. show the damaged property and allow “us” to take samples of damaged property for inspection, testing, and analysis as often as “we” reasonably request;
   d. show records, including tax returns and bank records of all canceled checks that
relate to the value, loss, and costs, and permit copies to be made of them as often as “we” reasonably request;

e. assist “us” to enforce any right of recovery which “insured” may have against a party causing the loss;

f. show records that prove loss of rents and show receipts for additional living costs, and permit copies to be made of them as often as “we” reasonably request; and

g. submit evidence or affidavit supporting a claim under “Credit Card”, Forgery, and Counterfeit Money Coverage stating the amount and cause of loss.

CONDITIONS APPLICABLE TO PROPERTY COVERAGES ONLY

1. Abandonment of Property -- An “insured” may not abandon the property to “us” unless “we” agree.

2. Appraisal -- If “you” and “we” do not agree on the amount of the loss, the actual cash value of the property or the cost to repair or replace the property, either party may demand that these amounts be determined by appraisal.

If either party makes a written demand for appraisal, each will select a competent independent appraiser and notify the other of the appraiser’s identity within 20 days after the receipt of the written demand. The two appraisers will select a competent, impartial umpire. If the two appraisers are unable to agree upon an umpire within 15 days, “you” or “we” can ask a judge of a court of record in the state where the property is located to select an umpire.

For each building item and each item of personal property, the appraisers will determine:

a. the amount of the loss;

b. the actual cash value of the property; and

c. the cost to repair or replace the property.

Each amount will be stated separately.

If the appraisers submit a written report of an agreement to “us”, the agreement will establish these amounts. If the appraisers fail to agree within a reasonable time, they will submit only their differences to the umpire. A written agreement by two of these three will establish the amounts stated above.

Each appraiser will be paid by the party selecting that appraiser. The compensation of the umpire and other costs of the appraisal will be share equally by “you” and “us”.

3. No Benefit to Bailee -- Coverage under this policy will not benefit those who are paid to assume custody of the covered property.

4. Mortgage, Secured Party and Lender’s Loss Payable Clause-- If a mortgagee is named on the “declarations”, a loss payable for covered buildings 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. The word mortgagee includes trustee.

If a secured party is named on the “declarations”, a loss payable on property subject to the security interest will be paid to the secured party and “you” as interests may appear. If there is more than one security interest in the same property, the order of payment will be the same as their order of priority.

However, the secured party’s interest is not covered for “your” conversion, embezzlement, or secretion of encumbered property in “your” possession, unless specifically insured against and premium paid for such.

If a lender is named on the “declarations”, a loss payable on property on which the lender has an insurable interest will be paid to the lender and “you” as interests appear.

If “we” deny “your” claim, that denial does not apply to a valid claim of the mortgagee, secured party, or lender if the mortgagee, secured party, or lender has:

a. notified “us” of change in ownership, occupancy, or substantial change in risk of which the mortgagee, secured party, or lender became aware;

b. paid the premium due under this policy on demand if “you” neglected to pay the premium; and
c. submitted a signed, sworn proof of loss within 60 days after receiving notice from “us” if “you” failed to do so.

All “terms” of this policy apply to the mortgagee, secured party, or lender unless changed by this clause.

If “we” cancel or do not renew this policy, “we” will notify the mortgagee, secured party, or lender at least 10 days before the date of cancellation or non-renewal takes effect.

Payment to Mortgagee - If “we” pay the mortgagee for a loss and deny payment to “you”, “we” are subrogated, up to the amount “we” paid for the loss, to all the rights of the mortgagee granted under the mortgage on the property. Subrogation will not impair the right of the mortgagee to recover the full amount of the mortgagee’s claim.

At “our” option, “we” may pay to the mortgagee the whole principal on the mortgage plus the accrued interest. In this event, “we” shall receive a full assignment and transfer of the mortgage and all securities held as collateral to the mortgagee.

Payment to Secured Party - If “we” pay the secured party for a loss and deny payment to “you”, “we” are subrogated, up to the amount “we” paid for the loss, to all the rights of the secured party granted under the security agreement. Subrogation will not impair the right of the secured party to recover the full amount of the security agreement.

At “our” option, “we” may pay the secured party the remaining amount due of the security agreement, plus the accrued interest. In this event, “we” shall receive full assignment of the security agreement and securities held as collateral for the agreement.

Payment to Lender - If “we” pay the lender for a loss and deny payment to “you”, “we” are subrogated, up to the amount “we” paid for the loss, to the rights of the lender to collect on the debt from “you”. Subrogation will not impair the right of the lender to collect the rest of the debt from “you”. At “our” option, “we” may pay the lender the remaining amount due plus the accrued interest. In this event, “we” shall receive a full assignment of the lender’s interest and any instruments given as security for the debt.
LIABILITY AND MEDICAL PAYMENT COVERAGES

Liability and Medical Payment Coverage applies only if a “limit” is shown on the “declarations”.

Coverage L -- Liability -- “We” pay, up to “our” “limit”, all sums for which any “insured” is liable by law because of “bodily injury” or “property damage” caused by an “occurrence”. This insurance only applies if the “bodily injury” or “property damage” occurs during the policy period. “We” will defend a suit seeking damages if the suit resulted from “bodily injury” or “property damage” not excluded under this coverage. “We” may make investigations and settle claims or suits that “we” decide are appropriate. “WE” DO NOT HAVE TO PROVIDE A DEFENSE AFTER “WE” HAVE PAID AN AMOUNT EQUAL TO “OUR” “LIMIT” AS A RESULT OF A JUDGMENT, OR AFTER SUCH “LIMIT” OF THE COMPANY’S LIABILITY HAS BEEN TENDERED FOR SETTLEMENT.

Coverage M -- Medical Payments To Others -- “We” pay the necessary medical expenses if they are incurred or medically determined within three years from the date of an accident causing covered “bodily injury”. Medical expenses means the reasonable charges for medical, surgical, x-ray, dental, ambulance, hospital, professional nursing, and funeral services, prosthetic devices, hearing aids, prescription drugs, and eyeglasses, including contact lenses. This coverage applies only to:
1. a person on the “insured premises” with the permission of any “insured”; and
2. a person away from the “insured premises” if the “bodily injury”:
   a. is a result of a condition on an “insured premises”;
   b. is caused by an activity of any “insured”;
   c. is caused by a person in the course of performing duties as a “residence employee”;
   d. is caused by an animal owned by or in the care of any “insured”; or
   e. is sustained by a “residence employee” and arises out of and in the course of employment.

SUPPLEMENTAL PAYMENTS

“We” cover the following in addition to the “limits” of liability:

Claims Expense - “We” pay:
1. Expenses “we” incur and costs taxed against “our” “insured” in any suit “we” defend.
2. Premiums on appeal bonds required in a suit “we” defend, but not for bond amounts more than the “limit” of liability shown in the “declarations”. “We” need not apply for or furnish any such bonds.
3. The actual loss of earnings by any “insured” for the time spent away from work at “our” request, not to exceed $100.00 per day. “WE” ARE NOT RESPONSIBLE FOR THE ACTUAL ATTORNEY’S FEES INCURRED BY ANY “INSURED” IN ANY DISPUTE OR SUIT CONCERNING THE APPLICATION OF THIS POLICY.
4. Interest owed by any “insured” as a result of a judgment until we pay, offer, or deposit in court, the amount due under this coverage. Interest will be paid only on damages which do not exceed our policy “limits”.

First Aid Expense - “We” pay the expenses incurred by an “insured” for first aid to persons, other than “insureds”, for covered “bodily injury”.

EXCLUSIONS THAT APPLY TO LIABILITY AND MEDICAL PAYMENT COVERAGES

“We” do not pay for a loss if one or more of the following excluded events apply to the loss, regardless of other causes or events that contribute to or aggravate the loss, whether such causes or events act to produce the loss before, at the same time as, or after the excluded event.

1. Exclusions That Apply to Coverages L and M -- Liability and Medical Payment Coverage does
not apply to “bodily injury” or “property damage” which results directly or indirectly from:

a. War. This includes undeclared war, civil war, insurrection, rebellion, revolution, warlike act by a military force or military personnel, or destruction, seizure, or use of property for a military purpose. Discharge of a nuclear weapon is deemed a warlike act even if accidental;

b. the ownership, operation, maintenance, use, occupancy, renting, loaning, entrusting, supervision, loading, or unloading of aircraft. However, this exclusion does not apply to model airplanes;

c. the ownership, operation, maintenance, use, occupancy, renting, loaning, entrusting, supervision, loading, or unloading of “motorized vehicles” by any person. This exclusion does not apply to the conduct of any “insured” which results in “bodily injury” or “property damage”:
   1) which occurs on the “insured premises” and is a result of the ownership, maintenance, use, loading or unloading of:
      a) a “motorized vehicle” if it is not subject to “motor vehicle” registration because of its type or use; or
      b) a “recreational motor vehicle”;
   2) which results from:
      a) a golf cart while used for golfing purposes; or
      b) a trailer except when the trailer is carried on, is towed by or is attached to a “motor vehicle” or a “recreational motor vehicle”; or
      c) a “motorized vehicle” which is designed for use off public roads and which is used mainly to serve the “insured’s premises”;
   3) which results from an “insured’s” use of a “recreational motor vehicle” which is not owned by any “insured”;

d. the ownership, operation, maintenance, use, occupancy, renting, loaning, entrusting, supervision, loading or unloading of watercraft. “We” do pay for the “bodily injury” or “property damage” which results from any “insured’s” maintenance, use, loading and unloading of:
   1) a watercraft while it is on the “insured premises”;
   2) a watercraft which is not owned by or rented to any “insured” if the loss is a result of the activities of any “insured”;
   3) a watercraft which is owned by or is rented to any “insured” which is powered by outboard motors or which is powered by inboard or inboard/outboard motors which have a total of 50 horsepower or less; or
   4) a sailing vessel with or without auxiliary power which is owned by or is rented to an “insured” and is less than 26 feet in length;

e. the use of a “motorized vehicle” in or in the practice or the preparation for racing, speed, pulling or pushing, demolition or stunt activities or contests;

f. liability imposed by law on any “insured” for the use of a “motorized vehicle”, aircraft or watercraft;

g. the rendering of or the failing to render professional services;

h. activities related to the “business” of any “insured”;

i. premises that are owned, rented or controlled by any “insured” and that are not the “insured premises”;

j. “bodily injury” or “property damage” caused intentionally by or at the direction of any “insured”;

k. an “occurrence” for which an “insured” is also an “insured” under a nuclear energy liability policy or would be an “insured” but for the exhaustion of its “limits”. (A nuclear energy liability policy is a policy issued by the Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, Nuclear Insurance Association of Canada or their successors.)

l. the discharge, dispersal, release or the escape of “pollutants” into or upon land, water or air;

m. the ingestion, inhalation or absorption of lead, asbestos, wet rot, dry rot, a bacterium, a fungus including but not limited to mildew and mold; or a protist, including, but not limited to algae and slime mold or other “pollutants” in any form. This includes:
   1) any loss, cost or expense arising out of any request, demand or order that any

Includes copyrighted material with permission of American Association of Insurance Services.
“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, asbestos, wet rot, dry rot, a bacterium, a fungus including but not limited to mildew and mold; or a protist, including but not limited to algae and slime mold or other “pollutants”; or

2) 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 effect of lead, asbestos, wet rot, dry rot, a bacterium, a fungus or other “pollutants”; or including but not limited to mildew and mold; or a protist, including but not limited to algae and slime mold.

However this exclusion does not apply to “bodily injury” or “property damage” that results from ingestion of, inhalation of, physical contact with, or exposure to: wet rot, dry rot, a bacterium, a fungus including but not limited to mildew and mold; or a protist, including but not limited to algae and slime mold or a protist. “Our” “limit” of liability for coverage provided under this exception to Exclusion m. is $50,000 for each “occurrence” and no more than $50,000 for each “occurrence” and no more than $50,000 for all “occurrences” during an annual policy period.

n. a criminal act or omission.

2. Additional Exclusions That Apply Only to Coverage L. Liability coverage does not apply to:

a. “bodily injury” to any “insured” or other person who resides on the “insured premises”, except a “residence employee”;

b. the assumption of liability in a contract or agreement by any “insured” to pay damages arising out of the “business” activities of any “insured”;

c. damage to property owned by any “insured”;

d. “property damage” to property that is rented to, occupied by, used by, or in the care of any “insured”. This exclusion does not apply to:

1) “property damage” caused by fire, smoke or explosion to a “residence” or that part of a premises not owned by any “insured” if it is temporarily used as a residence by any “insured”;

2) replacement costs up to $500 per “occurrence” for damage to property of others caused by any “insured” if the “occurrence” is not excluded by other provisions of this policy;

e. any liability that is payable or must be provided under a worker’s compensation, occupational disease, unemployment compensation or disability benefits law;

f. “property damage” to products manufactured, sold, handled or distributed by any “insured” when the “property damage” arises out of such products or a part of the products;

g. “property damage” to work performed by or for any “insured” when the “property damage” arises out of such work or a part of the work;

h. liability for “property damage” arising or resulting from substances released or discharged from an aircraft;

i. punitive or exemplary damages and related defense costs;

j. “property damage” resulting from the failure of any electronic data processing equipment, computer program, software, media, or data to correctly recognize, interpret or process any encoded, abbreviated, or encrypted date or time.

3. Additional Exclusions That Apply Only to Coverage M -- Medical payment coverage does not apply to “bodily injury” to:

a. any “insured” or other person who resides on the “insured premises”, except a “residence employee”;

b. a person who is on the “insured premises” because a “business” is conducted or professional services are rendered on the “insured premises”;

c. a person, including a “residence employee”, if a workers’ compensation policy covers the injury or if benefits are provided under a workers’ compensation, non-occupational disability, occupational disease, or like law.

Includes copyrighted material with permission of American Association of Insurance Services.
HOW MUCH “WE” PAY – LIABILITY AND MEDICAL PAYMENT COVERAGE

1. Coverage L -- Liability -- The “limit” shown on the “declarations” for Coverage L is the most “we” pay for loss for each “occurrence”. This applies regardless of the number of:
   a. persons insured under this policy; or
   b. parties who sustain injury or damage; or
   c. claims made or suits brought.

2. Coverage M -- Medical Payments To Others -- The “limit” shown on the “declarations” per person for Coverage M is the most “we” pay for all medical expenses payable for “bodily injury” to one person as the result of one accident.

   When a “limit” is shown on the “declarations” per accident for Coverage M, that “limit” is the most “we” pay for any one accident.

   The payment of a claim under Coverage M does not mean “we” admit “we” are liable under Coverage L.

3. Insurance Under More Than One Coverage -- If more than one coverage applies to a loss, “we” pay no more than the actual loss.

4. Coverage L & M -- Insurance Under More Than One Policy -- Coverage L & M is excess over other insurance that applies to the loss or claim.

   If the other insurance is also excess, “we” pay only “our” share of the loss. “We” pay only that part of the loss that the applicable “limit” under this policy bears to the total amount of insurance covering the loss.

5. Payment Of Loss Or Claim -- A person who has secured a judgment against any “insured” for an insured loss or has liability established by a written agreement between the claimant, any “insured”, and “us”, is entitled to recover under this policy to the extent of coverage provided.

WHAT “YOU” MUST DO IN CASE OF LOSS -- LIABILITY

1. Notice -- In the case of an “occurrence”, or if an “insured” becomes aware of anything that indicates that there might be a claim under this Liability Coverage, an “insured” must as soon as reasonably possible, give “us” or “our” notice. If requested, this notice must be in writing. The notice must include:
   a. the name of “insured”; the policy number; and the time, place, and the details of the “occurrence”; and
   b. the names and the addresses of all known potential claimants and witnesses.

2. Cooperation -- An “insured” must cooperate with “us” in performing all acts required by this policy, including but not limited to giving a recorded or written statement if “we” request.

3. Volunteer Payments -- An “insured” must not make payments, pay or offer rewards, or assume obligations or other costs except at “insured’s” own cost. This does not apply to costs that are allowed by this policy.

4. Other Duties -- Liability Coverage -- In case of an “occurrence” which might result in a claim, an “insured” must promptly give “us” copies of all legal papers, demands, and notices that relate to the “occurrence” or claim.

   At “our” request, an “insured” must help “us”:
   a. to settle a claim;
   b. to conduct suits (This includes being at trials and hearings.);
   c. to enforce the right of recovery or indemnification against all parties who may be liable to an “insured” for the injury or damage;
   d. in the securing of and giving of evidence; and
   e. in obtaining the attendance of all witnesses.

5. Other Duties -- Medical Payments To Others Coverage -- In case of a loss the injured person or someone acting on behalf of that person must:
   a. give “us” written proof of claim (under oath if “we” request) as soon as practical; and
   b. authorize “us” to get copies of medical records. The injured person must submit to medical exams by doctors chosen by “us” when and as often as “we” may reasonably require.

6. After an “occurrence” causing “bodily injury” or “property damage”, “you” shall take, at “your” expense, reasonable steps to prevent similar “occurrences” in the future from the same or similar conditions.
**CONDITIONS**

**POLICY CONDITIONS APPLICABLE TO ALL COVERAGES**

1. **Assignment** -- This policy may not be assigned without "our" written consent.

2. **Cancellation and Nonrenewal** -- "You" may cancel this policy by returning the policy to "us" or by giving "us" written notice and stating at what future date coverage is to stop.

   "We" may cancel or not renew this policy by written notice to "you" at the address shown on the "declarations". Proof of delivery or mailing is sufficient proof of notice.

   During the first 60 days this policy is in effect, "we" may cancel for any reason. "We" will give "you" written notice at least ten days before cancellation is effective.

   After this policy has been in effect 60 days or more, or if it is a renewal of a policy issued by "us", "we" may cancel or not renew only at the anniversary date unless:
   a. the premium has not been paid when due;
   b. the policy was obtained through fraud, material misrepresentation, or omission of fact, which, if known by "us", would have caused "us" not to issue the policy; or
   c. there has been a material change or increase in hazard of the risk.

   If "we" cancel this policy during its term for one of the reasons listed above, "we" will give "you" notice at least ten days before cancellation is effective. If "we" cancel or nonrenew this policy at the anniversary date, "we" will give "you" at least 60 days notice.

   "Our" notice will include the reason or reasons for the cancellation or nonrenewal.

   This policy terminates automatically on its expiration or anniversary date if "you" have:
   a. surrendered the policy to "us";
   b. notified "us" or "our" agent in writing of "your" intent not to renew;
   c. obtained replacement coverages; or
   d. signed a lost policy agreement.

   "Your" return premium, if any, will be refunded at the time of cancellation or as soon as practical. Payment or tender of the unearned premium is not a condition of cancellation.

3. **Change, Modification, or Waiver of Policy Terms** -- A waiver or change of the "terms" of this policy must be issued by "us" in writing to be valid. If, in the policy period, "we" adopt a revision which broadens coverage without an additional premium, the broadened coverage will apply.

   "Our" request for an appraisal or examination under oath does not waive policy "terms".

   If this policy has no expiration date, "we" may substitute or "we" may add, at each anniversary date, forms that are then authorized for use.

4. **Examination of Books and Records** -- "We" may examine and audit "your" books and records that relate to this policy during the policy period and within three years after the policy has expired.

5. **Inspections** -- "We" have the right, but are not obligated, to inspect "your" property and operations. This inspection may be made by "us" or may be made on "our" behalf. An inspection or its resulting advice or report does not warrant that "your" property or operations are safe, healthful, or in compliance with laws, rules, or regulations. Inspections or reports are for "our" benefit only.

6. **Bankruptcy Of An Insured** -- Bankruptcy or insolvency of any "insured" does not relieve "us" of "our" obligations under the Liability Coverage.

7. **Conformity With Statute** -- "Terms" in conflict with the laws of the state where the premises described on the "declarations" is located are changed to conform to such laws.

8. **Misrepresentation, Concealment, Or Fraud** -- This coverage is void if, before or after a loss:
   a. "you" or any other "insured" has willfully concealed or misrepresented:
1) a material fact or circumstance that relates to this insurance or the subject thereof; or
2) an “insured’s” interest herein;

b. There has been fraud or false swearing by “you” or any other “insured” with regard to a matter that relates to this insurance or the subject thereof.

No misrepresentation or breach of affirmative warranty affects “our” obligations under the policy unless;
1) “We” rely on it and it is either material or it is made with intent to deceive; or
2) The fact misrepresented or falsely warranted contributes to the loss.

No failure of a condition prior to the loss and no breach or promissory warranty affects “our” obligations under the policy unless it exists at the time of the loss and;
1) increases the risk at the time of the loss; or
2) contributes to the loss.

This does not apply to nonpayment of premium.

9. Subrogation -- If “we” pay for a loss, “we” may require that “you” assign to “us” the right of recovery up to the amount “we” pay. “We” are not liable for a loss if, after the loss, “you” impair “our” right to recover against others. “You” may waive “your” right to recover, in writing, before a loss occurs, without affecting coverage. If “we” recover from another party, “we” will make “you” whole before recovering for “our” loss.

10. Suit Against “Us” -- Liability. No liability suit may be brought against “us” unless all the “terms” of this liability coverage have been complied with.

11. Suit Against “Us” -- Property. Any suit brought against “us” for property coverages must be brought within one year of the inception of the loss.

12. Knowledge by “our” authorized agent of material facts pertaining to this insurance is considered knowledge by “us”.

“Your” failure to perform an act required under the policy will not affect “our” duties under this policy if the failure was caused by an act, statement, representation, or omission by “our” authorized agent.

13. Renewal “Declarations” - This policy may be renewed by a renewal “declaration” or renewal certificate. If renewed, current editions of forms will be substituted at each renewal date for the earlier editions if added or deleted during the previous policy period. Rates and premiums shown on the “declarations” or renewal certificate are the rates and premiums in effect on the effective date, or installments.

14. Deferred Premium Payment Plan - If this policy is issued for more than one year, the premium will be computed annually based on “our” rates or premiums in effect at the beginning of each year of the policy.

15. Recoveries - 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.

a. An “insured” must inform “us” or “we” must inform an “insured” if either recovers property or receives payment.

b. Proper costs incurred by either party are paid first.

c. An “insured” may keep the property. The amount of the claim paid or a lesser amount to which “we” agree, must be returned to “us”.

d. If the claim paid is less than the agreed loss due to a deductible, or other limiting “terms”, the recovery is prorated between an “insured” and “us” based on the interest of each in the loss.
ADDITIONAL COVERAGE “YOU” MAY BUY

The Additional Coverages listed below is coverage that “you” are provided, but only if the specific Optional Extension Of Coverage listed is described in the “declarations”.

The following Additional Coverages are subject to all the “terms” in this policy and Additional Coverages do not increase the “limits” of liability stated in the “declarations”.

Option 1

Extended Watercraft Liability and Medical Expense Coverage

Coverage L and M are extended to cover watercraft powered by inboard and inboard/outboard motor(s) which totals more than 50 horsepower only if:
1. the watercraft is listed on the “declarations” of this policy; or
2. if the watercraft was acquired by any “insured” during the policy period and a request for coverage is made within 30 days after it is acquired.

Option 2

Office, School or Studio Use

Coverage L and M are extended to cover any “insured” who occupies part of the “insured premises” as an office, school or studio as described in the “declarations”. Exclusion 1, h. of Exclusions that apply to Coverage L and M is amended to include an exception to the exclusion for this coverage. This additional coverage applies only if at the time of the “occurrence”:
1. the office, private school or studio is located in the “residence” occupied principally for residential purposes and is described in the “declarations”; and
2. there is no other “business” conducted on the premises; and
3. “insured” employs no assistants or employees; and
4. the “residence” has not been structurally altered to accommodate the office, professional, school or studio.

The additional coverage does not apply to (1) any employee of any “insured” arising out of or in the course of employment by any “insured”; or (2) to any pupil or student arising out of corporal punishment administered by or at the direction of any “insured”.

Option 3

Additional Premises Coverage

Coverage L and M are extended to cover the additional family “residence”(s) described in the “declarations”. The definition of “insured premises” includes such “residence”(s).

Option 4

“Recreational Motor Vehicle”

Exclusion C of Exclusions that Apply to Coverages L and M is amended to provide that this exclusion does not apply to the conduct of any “insured” which results in “bodily injury” or “property damage” from the use of a “recreational motor vehicle” listed under Option 4 of the “declarations” of this policy; provided further, however, that such additional coverage does not apply to a “recreational motor vehicle”:
1. while used to carry persons for a charge, rented to others, or used for any “business” purpose; or
2. while used in any racing, speed, pulling or pushing, demolition or stunt activity or contest during the practice or preparation for such activity or contest.

Option 5

Incidental “Business”

Coverage L and Coverage M are extended to include the “business” activities of the “business” listed in the “declarations” under Option 5 provided that at the time of the “occurrence”:

Includes copyrighted material with permission of American Association of Insurance Services.
1. the premises on which the incidental "business" activity takes place is described in the "declarations" as an "insured premises" and the primary use of the premises is as a "residence";
2. the incidental "business" does not involve any premises other than that described in the "declarations";
3. an "insureds" is sole proprietor of the incidental "business";
4. the incidental "business" does not involve any partnership or co-owner relationship;
5. the incidental "business" does not have any employees.

It is further provided that the following additional exclusions apply to any "bodily injury" or "property damage":

1. resulting from activities in connection with an "insured"s" "business" other than the "business" listed in the "declarations";
2. resulting from the rendering or failure to render professional services of any nature;
3. resulting from any contractual obligation entered into for which "you" or "your" agents and employees may be legally held responsible;
4. resulting to or from "your" products manufactured, sold, handled or distributed in connection with:
   a. the use of the "insured premises";
   b. any operation, described in the endorsement, conducted by "you" or on "your" behalf;
5. resulting from "your" operations or reliance upon a warranty or representation made with respect thereto;
6. resulting to or from work performed by "you" or for any "insured" when the "bodily injury" or "property damage" arises out of such work or part of the work; and
7. damage to property in the care of any "insured".

In this extension of coverage, products means goods or products manufactured, sold, handled or distributed by "you" or for others trading under "your" name. This includes containers (other than vehicles) for products. This does not include vending machines or property that is rendered to or placed for use of others but not sold.

The term operations include material, parts or equipment furnished in connection therewith.

**Option 6**

Additional “Insured” - “Insured Premise” Only Coverage

The definition of “insured” includes the person(s) or organization listed on the “declaration” under Option 6 but only with respect to Coverages A,B,C, L or M which arise directly out of the use of the “insured premises”.

**Option 7**

Additional “Insured” - Lessor of Leased Equipment

The definition of an “insured” is amended to include the person or organization listed on the “declaration” under Option 7, but only with respect to their liability arising out of the maintenance, operation or use by "you" or equipment leased to "you" by such person or organization, subject to the following exclusions:

Coverage L - Personal Liability and Coverage M - Medical Payments to Others do not apply to:
1. any “occurrence” which takes place after the equipment lease expires; or
2. “bodily injury” or “property damage” arising out of the sole negligence of the person or organization listed on the “declaration” under Option 7.

**Option 8**

Additional “Insured”

The words “you” or “your” mean the person or persons named under Option 8 on the “declaration”. This includes “your” spouse if a resident of “your” household.

**Option 13**

Replacement Cost “Terms” - Coverages A & B:

These apply only to buildings covered under Coverages A and B that have a permanent foundation and roof and do not apply to: mobile homes whether or not on a permanent foundation; domestic appliances and window air conditioning units.
conditioners; carpeting, curtains and drapes; awnings and canopies; and antennas.

In determining the replacement cost, do not include the cost of: excavations; brick, stone or concrete foundations; piers and other supports which are below the surface of the ground inside the foundation walls; and underground flues, pipes, wiring and drains.

When the cost to repair or replace exceeds the lesser of $2,500 or five percent of the “limit” on the damaged building, “we” do not pay for more than the actual cash value of the loss until repair or replacement is completed.

“You” may make a claim for the actual cash value of the loss before repairs are made. A claim for an additional amount payable under these “terms” must be made within 180 days after the loss.

1. If the “limit” on the damaged building is less than 80 percent of its replacement cost at the time of loss, “we” pay the larger of the following up to policy limits:
   a. the actual cash value at the time of the loss; or
   b. that part of the replacement cost of the damaged part which “our” “limit” on the building bears to 80 percent of the full current replacement cost of the building.

2. If the “limit” on the damaged building is at least 80 percent of its replacement cost at the time of loss, “we” pay the smallest of the following:
   a. the “limit” that applies to the building;
   b. the cost to repair or replace the damage on the same premises using materials of like kind and quality, to the extent practical; or
   c. the amount spent to repair or replace the damage.

**Option 14**

Replacement Cost Terms - Coverage C:
1. “We” agree to cover the replacement value of the following covered property:
   a. Coverage C - Personal Property;
   b. appliances and window air conditioners;
   c. carpeting and window coverings;
   d. awnings and canopies;
   e. antennas; and
   f. the following scheduled classes of personal property if covered under this policy:
      1) jewelry
      2) furs and garments trimmed with fur or consisting principally of fur;
      3) cameras, projection machines, films, and related articles of equipment;
      4) musical instruments and related articles of equipment;
      5) silverware, goldware, items plated with gold or silver and pewterware;
      6) golfer’s equipment; and
      7) bicycles.

2. Replacement value means the cost to repair or replace the property with new property of equivalent kind and quality to the extent practical, without deduction for depreciation.

3. The coverage provided by this endorsement does not apply to the following property:
   a. articles of art or rarity that cannot be duplicated;
   b. memorabilia, souvenirs, collector’s items and similar items whose age or history contribute to its value;
   c. items not maintained in good or workable condition;
   d. items that are outdated or obsolete and are stored or not being used.

4. Subject to the “terms” shown under How Much We Pay for Loss or Claim, “we” pay the lesser of the following amounts for each covered item:
   a. the applicable “limit”;
   b. an amount not greater than “your” interest in the property;
   c. the replacement value of the property as defined in this option;
   d. the amount computed after any special limitation has been applied to the loss; or
   e. four times the actual cash value of the property at the time of loss.

5. When the replacement value for each “occurrence” is more than $500, “we” are not liable for more than the actual cash value of the loss until actual repair or replacement is completed. “You” may make a claim for the actual cash value amount of the loss before repairs are made or replacement is completed. A claim for any additional amount payable under this provision must be made within 180 days after the loss.

All other “terms” of the policy apply.
Option 15

“We” agree to the following; Perils Section - Coverages A, B:

Coverage A -- “Residence” and Coverage B -- Related Private Structures -- “We” insure property covered under Coverages A and B for risks of direct physical loss, unless the loss is excluded under the Exclusions Applying to Coverages A and B or under the General Exclusions.

Exclusions Applying to Coverages A and B:

1. Freezing, Discharge, Leakage, or Overflow -- Unoccupied “Residence” -- “We” do not pay for loss caused by freezing or the resulting discharge, leakage, or overflow from any plumbing, heating, air-conditioning, or automatic sprinkler system; water heater; or domestic appliance if the “residence” is vacant, unoccupied, or under construction and unoccupied. This exclusion does not apply if “you” take reasonable care to:
   a. maintain heat in the building; or
   b. shut off the water supply and completely empty liquids from such system, heater, or appliance.
2. Freezing, Thawing, Pressure, or Weight of Ice or Water -- “We” do not pay for damage caused by freezing, thawing, or pressure or weight of ice or water, whether driven by wind or not, to structures (other than structures that are buildings, carports, or mobile homes) such as:
   a. swimming pools, fences, patios, paved areas;
   b. retaining walls, bulkheads, foundations;
   c. wharves, docks, or piers.
3. Theft -- “We” do not cover theft or attempted theft in or to a “residence” being built, or theft of materials and supplies for use in construction of the “residence”, until the “residence” is occupied for its intended use.
4. Vandalism or Glass Breakage -- “We” do not pay for loss caused by vandals or breakage of glass if the “residence” is vacant for more than 60 days in a row just before the loss. A “residence” being built is not vacant.
5. Seepage or Leakage -- “We” do not pay for loss caused by repeated or continuous seepage or leakage of liquids or steam from within a plumbing, heating, air-conditioning, or automatic sprinkler system; water heater; or domestic appliance. Except as provided above, “we” pay for loss caused by the accidental leakage, overflow, or discharge of liquids or steam from a plumbing, heating, air-conditioning, or automatic sprinkler system; water heater; or domestic appliance. “We” also pay the reasonable cost of removing and replacing those parts of the building or mobile home necessary to make repairs. “We” do not pay for loss to the system, heater, or appliance from which the liquid or steam escapes.
6. Settling, Cracking, Shrinking, Bulging, or Expanding -- “We” do not pay for loss caused by the settling, cracking, shrinking, bulging, or expanding of a building structure or mobile home, pavements, patios, or other outdoor structures.
7. Birds, Vermin, Rodents, Insects, or Domestic Animals -- “We” do not pay for loss caused by birds, vermin, rodents, insects, or domestic animals, except as provided under Incidental Property Coverages.
8. Smoke -- “We” do not pay for damage caused by smoke from agricultural smudging or industrial operations.
9. Collapse -- “We” do not pay for loss caused by collapse, except as provided under Incidental Property Coverages.
10. Pollution -- “We” do not pay for loss caused by the release, discharge, or dispersal of “pollutants”.
11. “We” do not pay for loss excluded under the General Exclusions.
THIS PAGE IS INTENTIONALLY LEFT BLANK.