



# Homeowners Insurance Policy

**MEEMIC Insurance Company • Auburn Hills, MI 48326**

Notice: This policy does not provide coverage against loss due to flood. If you are interested in one of our Flood Insurance Policies, contact an authorized representative.

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## GUIDE TO YOUR HOMEOWNERS POLICY

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### DECLARATIONS PAGE

This page tells **you** **your** policy number, the policy effective date and the agency name and address. It also includes information regarding **you** and **your** property. All of the coverages and limits of liability, as well as the deductible and any optional coverages **you** have selected are listed, as well as the amount **you** pay **us** for **your** policy.

### OUR AGREEMENT WITH YOU

Because every insurance policy is a contract and both parties are responsible to each other, this section explains what must be done to keep **your** contract in effect.

### DEFINITIONS

Important words and phrases in **your** policy are printed in **bold letters** and are defined in the Definitions section.

### SECTION I - COVERAGE FOR YOUR RESIDENCE, OTHER STRUCTURES, AND PERSONAL PROPERTY

**We** explain the coverage provided on **your** home, other structures on **your** property, and **your** personal

possessions. **We** tell **you** the types of losses **we** will and will not pay for. Special limitations on certain types of property are listed in this section. **We** also explain any additional coverages relating to **your** property that are provided.

### SECTION II - YOUR LIABILITY COVERAGE

**We** explain the coverage provided for various types of liability losses **we** will defend **you** against and pay for. **We** also explain the coverage provided if someone is injured on **your** property.

### CONDITIONS

**Our** Agreement With **You** states that certain provisions must be complied with. These provisions apply to **you** and **us** and are described in the Conditions section of **your** policy. These conditions are the terms of the contract and are important for **you** to understand.

### KEEP YOUR POLICY IN A SAFE PLACE

Now that **you** have taken the proper care to insure **your** possessions, place **your** policy in a safe place. The most secure place would be a safe deposit box at **your** bank or savings & loan.

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## OUR AGREEMENT WITH YOU

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In exchange for the premium payment when due, **we** agree with **you** to provide insurance for the Coverages and Limits of Liability stated on the Declarations made a part of this Policy. This agreement is subject to all terms of this Policy which is issued in reliance upon the declarations made in the Application and

contained in the Declarations. This policy form together with the Declarations and any endorsements named on it completes the Policy. If this policy form is revised, it will be amended or replaced at the beginning of the next Policy Term.

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## DEFINITIONS

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The following words and phrases appear repeatedly throughout this policy. They have a special meaning and are to be given that meaning whenever used in this policy or any endorsement which is part of this policy:

### "ACTUAL CASH VALUE"

1. When the damage to property is economically repairable, **actual cash value** means the cost of repairing the damage, less reasonable deduction for wear and tear, deterioration and obsolescence.
2. When the loss or damage to property creates a total loss, **actual cash value** means the market value of property in a used condition equal to that of the destroyed property, if reasonably available on the used market.
3. Otherwise, **actual cash value** means the market value of new, identical or nearly identical property, less reasonable deduction for wear and tear, deterioration and obsolescence.

**"BODILY INJURY"** means bodily harm, sickness or disease, including required care, loss of services and death that results; all except in connection with any

business.

**Bodily injury** does not include:

1. any venereal disease, Herpes, Acquired Immune Deficiency Syndrome (AIDS), AIDS Related Complex (ARC), Human Immunodeficiency Virus (HIV), any other communicable disease, or any related or resulting symptom, effect, condition, disease or illness related to any of the above conditions.
2. the actual, alleged or threatened sexual molestation of a person.

**"BUSINESS"** or **"BUSINESS PURPOSES"** means:

1. any full or part time activity of any kind engaged in for economic gain, including the use of any part of any premises for such purposes; or
2. **your** property rented or held for rental by **you**. Rental of **your residence premises** is not considered **business purposes** when it is rented occasionally for use as a residence, a portion is rented to no more than two roomers or boarders, or a portion is rented as a private garage.

"**COLLAPSE**" means an abrupt falling down or caving in of a dwelling or any part of a dwelling with the result that the dwelling or part of the dwelling cannot be occupied for its current intended purpose. A dwelling or any part of a dwelling that is in danger of falling down or caving in is not considered to be in a state of **collapse**. A part of a dwelling that is standing is not considered to be in a state of **collapse** even if it has separated from another part of the dwelling. A dwelling or any part of a dwelling 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.

"**COMPUTER**" means a programmable electronic device that can store, retrieve and process data.

"**FUNGI**" means any type or form of fungus, including yeast, mold or mildew, blight or mushroom and any mycotoxins, spore, scents or other substances, products or byproducts produced, released by or arising out of **fungi**, including growth, proliferation or spread of **fungi** or the current or past presence of **fungi**. However, this definition does not include any **fungi** intended by **you** for consumption.

"**INSURED PREMISES**" means:

1. the **residence premises**;
2. that part of any other premises, other structures and grounds used by **you** as a residence and which is specifically named in the Declarations or acquired by **you** during the policy period for **your** use as a residence, but only for a period of 90 days from the date **you** acquire the property;
3. any premises used by **you** in connection with a premises included in 1. and 2. above;
4. any part of a premises not owned by **you** but where **you** are temporarily residing;
5. any part of a premises occasionally rented to **you** for other than **business purposes**;
6. vacant land, other than farm land, owned by or rented to **you**;
7. land owned by or rented to **you** on which a one or two family dwelling is being built for **your** use as a residence; or
8. individual or family cemetery plots or burial vaults owned by **you**.

"**MEDIA**" means the storage device upon which software is stored. This includes blank cassette tapes or disks used solely with the **computer** or **peripheral device**.

"**MEDICAL EXPENSES**" means reasonable expenses for necessary medical, surgical, x-ray, chiropractic, ambulance, hospital, professional nursing, funeral and dental services, including prosthetic devices.

"**NAMED INSURED**" means the person or persons shown on the Declarations.

"**OCCURRENCE**" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions, resulting in **bodily injury** or **property damage** during the term of the policy.

"**PERIPHERAL DEVICE**" means any unit used to operate with the **computer** system. This includes tape or disk drives or printers.

"**PERMANENTLY ATTACHED**" means installed in such a way as to require the use of hand tools to remove.

"**PLUMBING**" means the pipes, fixtures and other apparatus concerned in the distribution and use of water in a dwelling. It does not include a sump, sump pump, related equipment, gutters, downspouts or weep tiles.

"**PROPERTY DAMAGE**" means physical injury to or destruction of tangible property, including loss of its use resulting from such physical injury or destruction.

"**PURCHASED SOFTWARE**" means information or a program that is stored on a storage device such as a magnetic tape or disk for use on a **computer**, and has been purchased from another party.

"**REPLACEMENT COST**" means the cost, at the time of loss, of a new article identical to the one damaged, destroyed or stolen. When the identical article is no longer manufactured or is not available, **replacement cost** shall mean the cost of a new article similar to the one damaged or destroyed and which is of comparable quality and usefulness.

"**RESIDENCE EMPLOYEE**" means **your** employee whose duties are related to the maintenance or use of the **residence premises**, including household or domestic services. This includes similar duties performed elsewhere for **you**, not in connection with **your business**.

"**RESIDENCE PREMISES**" means the one or two family dwelling used as a private residence by **you**, other structures and land located at the address named on the Declarations. **Residence Premises** does not include any portion of the premises used for **business purposes**.

"**WE**", "**US**", and "**OUR**" mean the Company named in the Declarations.

"**YOU**" and "**YOUR**" mean:

1. the person or persons shown as **Named Insured** and if a resident of the same household:
  - A. the spouse of such person or persons;
  - B. the relatives of either; or
  - C. any other person under the age of 21 in the care of any person named above.
2. under Section II only:
  - A. any other person or organization legally responsible for loss caused by animals or watercraft owned by any person included in 1.

above. **We** will not cover any such person or organization using or having custody of animals or watercraft in any **business** or without **your** permission; or

B. with respect to any vehicle to which this policy

applies, persons while engaged in employment by any person included in 1. above or other persons using the vehicle on the **insured premises** with consent of any person included in 1. above.

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## SECTION I — DEDUCTIBLE

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### LOSS DEDUCTIBLE CLAUSE

**We** will pay only when a loss exceeds the deductible amount shown in the Declarations. **We** will pay only that part of the loss over such stated deductible. The deductible will not apply to Section I - Coverage D

and Section I - Additional Coverages, except where specified in the Additional Coverage. If loss to property covered by this Part occurs together with loss to property covered by another policy issued by **us** to **you** or a resident relative, only the highest applicable deductible from one policy will apply.

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## SECTION I - COVERAGES

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### COVERAGE A - DWELLING

#### PROPERTY WE COVER UNDER COVERAGE A

1. **your** dwelling on the **residence premises** including attached structures. Structures connected to the dwelling by only a fence, utility line or similar connection are not considered attached structures; and
2. materials and supplies located on or adjacent to the **residence premises** used to construct, alter or repair the dwelling on the **residence premises**.

#### PROPERTY WE DO NOT COVER UNDER COVERAGE A

1. land, no matter where located, or any costs required to replace, rebuild, stabilize or otherwise restore the land; or
2. any structures or other property covered under Coverage B.

### COVERAGE B - OTHER STRUCTURES

#### PROPERTY WE COVER UNDER COVERAGE B

1. structures on the **residence premises** separated from the dwelling by clear space;
2. structures connected to the dwelling on the **residence premises** by only a fence, utility line, or similar connection; and
3. materials and supplies located on or adjacent to the **residence premises** used to construct, alter or repair the structures other than the dwelling on the **residence premises**.

#### PROPERTY WE DO NOT COVER UNDER COVERAGE B

1. structures used in whole or in part for any **business**;
2. structures rented or held for rental to any person not a tenant of the dwelling, unless used solely as a private garage; or
3. land, no matter where located, or any costs required to replace, rebuild, stabilize or otherwise

restore the land.

### LOSSES WE COVER UNDER COVERAGES A - DWELLING AND B - OTHER STRUCTURES

**We** will pay for sudden and accidental direct physical loss to the property described in Coverage A - Dwelling and Coverage B - Other Structures, except as limited or excluded in this policy.

### LOSSES WE DO NOT COVER UNDER COVERAGES A - DWELLING AND B - OTHER STRUCTURES

**We** do not cover loss caused directly or indirectly by any of the following excluded perils. Such loss is excluded regardless of any other cause or event contributing concurrently or in any sequence to the loss:

#### 1. **Water Damage**, meaning:

- A. flood, including, but not limited to surface water, waves, tidal water, overflow of any body of water, or spray from any of these, whether or not driven by wind;
- B. water or water-borne material that backs up through sewers or drains;
- C. water or water-borne material that overflows from a sump pump, sump pump well or other system designed to remove subsurface water which is drained from a foundation area of a structure; or
- D. water or water-borne material below the surface of the ground, regardless of its source. This includes water or any other substance which exerts pressure on, or leaks, flows or seeps through any part of a dwelling or another structure, sidewalk, driveway, foundation or swimming pool which causes earth movement.

**We** do cover direct loss caused by fire, explosion, or theft resulting from items A through D above.

2. **Earth Movement** of any type, meaning any loss caused or aggravated by, contributed to or

resulting from events that include, but are not limited to:

- A. earthquake and earthquake aftershocks;
- B. volcanic eruption, including land shock waves or tremors before, during or after the volcanic eruption;
- C. mudslide including landslide, mudflow, debris flow, avalanche or sediment;
- D. sinkhole, erosion, mine subsidence or excavation **collapse**; or
- E. the bulging, cracking, contracting, expanding, rising, creeping, settling, sinking or shifting of the earth, soil or land.

**We** do cover direct loss resulting from earth movement caused by fire, explosion, breakage of glass or safety glazing materials which are part of a dwelling, storm door or storm window, or theft.

- 3. **Collapse**, except as specifically provided in Section I -Additional Coverages for **Collapse**.
- 4. **Ordinance or Law**, meaning an ordinance or law:
  - A. requiring or regulating the construction, remodeling, renovation, repair, or demolition of dwelling property, including removal of resulting debris;
  - B. the requirements of which result in 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 dwelling property has been physically damaged.

- 5. **Power Failure**, meaning the interruption of power or other utility service if the interruption takes place off the **residence premises**, except as specifically provided in Section I - Additional Coverages. If a direct loss **we** cover ensues on the **residence premises**, **we** will pay only for that ensuing loss.
- 6. **Neglect**, meaning failure by **you** to use all reasonable means to save and preserve property at and after the time of a loss, or when the property is endangered by a cause of loss **we** cover.
- 7. **Nuclear Action**, meaning nuclear reaction, discharge, radiation or radioactive contamination, or any consequence of any of these. Loss caused by nuclear action is not considered a loss by fire, explosion or smoke.

**We** do cover direct loss by fire resulting from nuclear action.

- 8. **Governmental Action**, including:
  - A. war, undeclared war, civil war, rebellion,

insurrection or revolution;

- B. warlike act by a military force or military personnel;
  - C. destruction, seizure or use for a military purpose;
  - D. loss arising out of risks of contraband or illegal transportation or trade;
  - E. loss due to order of any civil authority except conditions **we** insure under Coverage D - Loss of Use; or
  - F. acts of destruction during a fire to prevent it from spreading. 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.
- 9. **Intentional Loss**, meaning any loss arising out of any intentional act by **you** or at **your** direction if the loss that occurs:
    - A. may be reasonably expected to result from such acts; or
    - B. is in fact the intended result of such acts.
  - 10. Any of the following:
    - A. wear and tear; aging; marring; scratching; deterioration;
    - B. inherent vice; latent defect; mechanical breakdown;
    - C. rust or other corrosion, or electrolysis;
    - D. release, discharge, dispersal, seepage, migration or escape of pollutants or contaminants unless caused by a peril listed under Losses We Cover Under Coverage C - Personal Property.
    - E. smog; smoke from agricultural smudging or industrial operations;
    - F. bulging, expansion, settling or shrinking, including resulting cracking, of ceilings, floors, foundations, patios, pavements, roofs, supports and walls; or
    - G. birds, insects, rodents, vermin, or domestic animals, except **we** do cover breakage of glass or safety glazing material.

If any of these cause fire or the sudden and accidental escape of water or steam from a **plumbing**, heating or air conditioning system, fire protective sprinkler system or household appliance, **we** cover the direct physical damage caused by the fire, water or steam.

**We** also will pay for the cost of tearing out and replacing any part of a dwelling necessary to repair the system or appliance, but **we** do not cover loss to the system or appliance from which the water escaped.

11. **Theft** in or from a dwelling under construction, or of materials and supplies for use on the construction until the dwelling is completed and occupied.
12. **Vandalism or Malicious Mischief** if the **residence premises** was vacant for more than 30 consecutive days immediately prior to the loss. A **residence premises** being constructed is not considered vacant.
13. **Freezing** of a **plumbing**, heating or air conditioning system, fire protective sprinkler system, or household appliance, or discharge, leakage or overflow from within the systems or appliances caused by freezing, while the dwelling is vacant, unoccupied or being constructed.  

**We** do cover direct loss caused by such freezing if **you** have used reasonable care to maintain heat in the dwelling or if **you** shut off the water supply and drained the system and appliance of water.
14. **Freezing**, thawing, pressure or weight of water, snow or ice, whether driven by wind or not. This exclusion applies only to fences, patios, pavements, swimming pools, hot tubs or spas, landscape sprinkler systems, foundations, retaining walls, bulkheads, piers, wharves or docks.
15. **Acts or Decisions**, including the failure to act or decide, of any person, group, organization or governmental body. **We** do cover any ensuing loss not excluded in this policy.
16. **Weather** that contributes in any way with a cause or event excluded in this section to produce a loss. **We** do cover any ensuing loss not excluded in this policy.
17. **Planning, Construction or Maintenance**, meaning faulty, inadequate or defective:
  - A. planning, zoning, development, surveying, siting;
  - B. design, specifications, workmanship, repair, construction, grading, compaction, renovation, remodeling;
  - C. materials used in construction, repair, renovation or remodeling; or
  - D. maintenance;of any property whether on or off the **residence premises** by any person or organization. **We** do cover any ensuing loss not excluded in this policy.
18. **Fungi**, wet or dry rot, or bacteria meaning the presence, growth, proliferation or spread or **fungi**, wet or dry rot, or bacteria. This exclusion does

not apply to the extent coverage is specifically provided in Section I - Additional Coverages.

19. Continuous or repeated seepage or leakage of water or steam from within a **plumbing**, heating, air conditioning or automatic fire protection sprinkler system or from within a domestic appliance which occurs over a period of weeks, months or years.

#### **COVERAGE C - PERSONAL PROPERTY PROPERTY WE COVER UNDER COVERAGE C**

1. Personal property owned or used by **you** anywhere in the world.

When personal property is usually located at a residence other than the **residence premises**, coverage is limited to 10% of the limit of liability for Coverage C. This limitation does not apply to personal property in a newly acquired principal residence for the 30 days immediately after **you** begin to move **your** property there or to personal property in student dormitory, fraternity or sorority housing.

During the time the **residence premises** is under construction by or for **you**, **our** limit of liability for personal property other than on the **residence premises** shall be equal to the amount specified for Coverage C. **Our** total limit shall not exceed the policy limit for Coverage C in any one loss.

2. At **your** option, personal property owned by:
  - A. a guest or **residence employee**, while the property is in any residence **you** are occupying;
  - B. others while the property is on that part of the **residence premises** occupied by **you**.

#### **SPECIAL LIMITATIONS ON CERTAIN PROPERTY UNDER COVERAGE C**

Limitations apply to the following groups of personal property. These limitations do not increase the Coverage C limit of liability. If personal property can reasonably be considered a part of two or more of the categories listed below, the lowest limit will apply. The special limit for each numbered category below is the total limit for each loss for all property in that category.

1. \$200 on money, bullion, bank notes, pre-paid cards or passes, monetary value carried on electronic chip or magnetic cards, gold other than goldware, silver other than silverware, platinum, coins and medals.
2. \$1000 on rare coins, tickets and stamps, and other numismatic property, trading cards and comic books, including any of these that are part of a collection.
3. \$1000 on securities, accounts, deeds, evidences of debt, letters of credit, manuscripts, notes other than bank notes, personal records, passports,

including philatelic property. This dollar limit applies to these categories regardless of the medium (such as paper or software) on which the material exists.

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

4. \$1000 for loss by theft of jewelry, watches, precious and semi-precious stones and furs, including any article containing fur which represents its principal value.
5. \$1500 for watercraft, including their attached or unattached trailers, furnishings, equipment, parts and motors.
6. \$1000 for trailers not used with watercraft.
7. \$2000 for loss by theft of firearms, related equipment and their accessories.
8. \$2500 on grave markers.
9. \$5000 for loss by theft of silverware, silver-plated ware, goldware, gold-plated ware, platinumware, platinum-plated ware and pewterware.
10. \$2500 for any property, while on the **residence premises**, used at any time or in any manner in a **business**.
11. \$500 for any property, while away from the **residence premises**, used at any time or in any manner in a **business**.
12. \$1000 on electronic apparatus, while in or upon, but not **permanently attached** to a motor vehicle or other motorized land conveyance, if the electronic apparatus is equipped to be operated by power from the electrical system of the vehicle or conveyance while retaining its capacity of being operated by other sources of power.

Electronic apparatus includes cassettes, tapes, wires, records or discs for use with any electronic apparatus described in 12. above.

13. \$5000 for disassembled parts of a motor vehicle while located on the **residence premises**.

#### **PROPERTY WE DO NOT COVER UNDER COVERAGE C**

1. Personal property specifically described and insured by this or any other insurance;
2. Animals, birds or fish;
3. Motor vehicles or other motorized land conveyances. This includes **permanently attached** equipment and accessories while in or upon the motor vehicle or motorized land conveyance except as provided under Special Limitations on Certain Property Under Coverage C.

**We do cover:**

- A. motor vehicles or motorized land conveyances

not subject to motor vehicle registration which are used solely to service the **residence premises**;

- B. disassembled parts of a motor vehicle while located on the **residence premises**;

- C. golf carts owned by **you** while used for golfing;  
or

- D. vehicles designed for assisting the handicapped and not licensed for road use.

4. any device or instrument, including any accessories or antennas, for the transmitting, recording, receiving or reproduction of sound or pictures which are **permanently attached** in a motor vehicle.
5. aircraft and parts. Aircraft means any contrivance used or designed for flight, except model or hobby aircraft not used or designed to carry people or cargo;
6. hovercraft and parts. Hovercraft means a self-propelled motorized ground effect vehicle and includes but is not limited to, flarecraft and air cushion vehicles;
7. property of roomers, boarders and other tenants, not related to **you**;
8. property in an apartment regularly rented or held for rental to others by **you**;
9. property rented or held for rental to others when not on the **residence premises**;
10. data, including such data stored in:
  - A. books of account, abstracts, drawings or other paper records; or
  - B. electronic data processing tapes, wires, records, discs or other software **media**.

**We do cover** the cost of blank recording or storage **media** and of pre-recorded **computer** programs available on the retail market;

11. credit cards or fund transfer cards except as provided in Section I - Additional Coverages.

#### **LOSSES WE COVER UNDER COVERAGE C - PERSONAL PROPERTY**

**We will pay** for sudden and accidental direct physical loss or damage to the property described in Coverage C - Personal Property, except as limited or excluded in this policy, caused by:

1. **Fires or Lightning.**
2. **Windstorm or Hail.** **We do not cover** loss to:
  - A. personal property inside a dwelling, caused by rain, snow, frost, ice, sleet, sand or dust, unless the wind or hail first damages the roof or walls and the wind forces rain, snow, sleet, sand or dust through the damaged roof or wall; or

- B. watercraft and their trailers, furnishings, equipment and motors unless inside a fully enclosed dwelling. **We** do cover canoes and rowboats on the **residence premises**.
3. **Explosion.**
  4. **Riot or Civil Commotion** including direct loss from pillage and looting during and at the site of the riot or civil commotion.
  5. **Aircraft**, including self-propelled missiles and spacecraft.
  6. **Vehicles.**
  7. **Smoke.** **We** do not cover loss caused by smoke from agricultural smudging or industrial operations.
  8. **Vandalism or Malicious Mischief** if the **residence premises** was vacant for more than 30 consecutive days immediately prior to the loss. A **residence premises** being constructed is not considered vacant.
  9. **Theft**, including attempted theft and disappearance of property from a known place when it is likely that a theft has occurred. Any theft must be promptly reported to the police.  
**We** do not cover theft:
    - A. or attempted theft committed by **you** or by any person renting the **residence premises**;
    - B. in or from the **residence premises** while under construction, or materials and supplies for use in construction, until the dwelling on the **residence premises** is completed and occupied;
    - C. from any part of the **residence premises** rented by **you** to others;
    - D. of property away from the **residence premises** while in any other residence owned by, rented to, or occupied by **you** except while **you** are temporarily residing there. **Your** property while a student is covered at a residence away from the **residence premises** if the student has been at that residence at any time during the 45 days immediately preceding the loss;
    - E. of trailers, campers, watercraft, including furnishings, equipment and outboard motors, away from the **residence premises**.
  10. **Falling Objects.** **We** do not cover loss to personal property inside a dwelling unless a falling object first damages the exterior walls or roof of the dwelling. Damage to the falling object itself is not covered as personal property.
  11. **Weight of Ice, Snow or Sleet** which causes damage to personal property in a dwelling. The weight of ice, snow or sleet must first physically damage the dwelling structure.
  12. **Water or Steam** that escapes from a **plumbing**, heating or air conditioning system, a fire protective sprinkler system or from within a household appliance due to an accidental discharge or overflow.
    - A. **We** do not cover loss:
      - B. to the system or appliance from which the water or steam escapes;
      - C. on the **residence premises** caused by accidental discharge or overflow off the **residence premises**;
      - D. caused by water which backs up from sewers or drains or overflows from a sump pump, sump pump well or other system designed for the removal of subsurface water which is drained from a foundation area of a structure; or
      - E. caused by or resulting from freezing under this cause of loss.
  13. **Bulging, Burning, Cracking or Rupture** of a steam or hot water heating system, an air conditioning system, a 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** of a **plumbing**, heating or air conditioning system, a fire protective sprinkler system or a household appliance.  
**We** do not cover loss at the **residence premises** while the dwelling is vacant or unoccupied unless **you** have used reasonable care to maintain heat in the dwelling or shut off the water supply and drain the system and appliance of water.
  15. **Increase or Decrease of Artificially Generated Electrical Currents.** **We** do not cover loss to a tube, transistor or similar electronic component.
  16. **Volcanic Eruption**, other than loss caused by earthquake, land shock waves or tremors.
  17. **Glass or Safety Glazing Material** which is part of a dwelling, storm door or storm window.  
**We** do not cover loss at the **residence premises** if the dwelling has been vacant for more than 30 consecutive days immediately before the loss. A dwelling under construction is not considered vacant.

#### LOSSES WE DO NOT COVER UNDER COVERAGE C - PERSONAL PROPERTY

**We** do not cover loss to covered property described in Coverage C - Personal Property caused directly or indirectly by any of the following, whether or not any other cause or event contributes concurrently or in any sequence to the loss:

1. **Water Damage**, meaning:
  - A. flood, including, but not limited to surface

water, waves, tidal water, overflow of any body of water, or spray from any of these, whether or not driven by wind;

- B. water or water-borne material that backs up through sewers or drains;
- C. water or water-borne material that overflows from a sump pump, sump pump well or other system designed to remove subsurface water which is drained from a foundation area of a structure; or
- D. water or water-borne material below the surface of the ground, regardless of its source. This includes water or any other substance which exerts pressure on, or leaks, flows or seeps through any part of the **residence premises** or water which causes earth movement.

**We** do cover direct loss caused by fire, explosion, or theft resulting from items A through D above.

- 2. **Earth Movement** of any type, meaning any loss caused or aggravated by, contributed to or resulting from events that include, but are not limited to:
  - A. earthquake and earthquake aftershocks;
  - B. volcanic eruption, including land shock waves or tremors before, during or after the volcanic eruption;
  - C. mudslide including landslide, mudflow, debris flow, avalanche or sediment;
  - D. sinkhole, erosion, mine subsidence or excavation **collapse**; or
  - E. the bulging, cracking, contracting, expanding, rising, creeping, settling, sinking or shifting of the earth, soil or land.

**We** do cover direct loss resulting from earth movement caused by fire, explosion, breakage of glass or safety glazing materials which are part of a dwelling, storm door or storm window, or theft.

- 3. **Collapse**, except as specifically provided in Section I -Additional Coverages for **Collapse**.
- 4. **Ordinance or Law**, meaning an ordinance or law:
  - A. requiring or regulating the construction, remodeling, renovation, repair, or demolition of dwelling property, including removal of resulting debris;
  - B. the requirements of which result in 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 dwelling property has been physically damaged.

- 5. **Power Failure**, meaning the interruption of power or other utility service if the interruption takes place off the **residence premises**, except as specifically provided in Section I - Additional Coverages. If a loss **we** cover ensues on the **residence premises**, **we** will pay only for that ensuing loss.
- 6. **Neglect**, meaning failure by **you** to use all reasonable means to save and preserve property at and after the time of a loss, or when the property is endangered by a cause of loss **we** cover.
- 7. **Nuclear Action**, meaning nuclear reaction, discharge, radiation or radioactive contamination, or any consequence of any of these. Loss caused by nuclear action is not considered a loss by fire, explosion or smoke. **We** do cover direct loss by fire resulting from nuclear action.
- 8. **Governmental Action**, including:
  - A. war, undeclared war, civil war, rebellion, insurrection or revolution;
  - B. warlike act by a military force or military personnel;
  - C. destruction, seizure or use for a military purpose;
  - D. loss arising out of risks of contraband or illegal transportation or trade;
  - E. loss due to order of any civil authority except conditions **we** insure under Coverage D - Loss of Use; or
  - F. acts of destruction during a fire to prevent it from spreading, if the fire was caused by a peril excluded by this policy.
- 9. **Intentional Loss**, meaning any loss arising out of any intentional act by **you** or at **your** direction if the loss that occurs:
  - A. may be reasonably expected to result from such acts; or
  - B. is in fact the intended result of such acts.
- 10. **Acts or Decisions**, including the failure to act or decide, of any person, group, organization or governmental body. **We** do cover any ensuing loss not excluded in this policy.
- 11. **Weather** that contributes in any way with a cause or event excluded in this section to produce a loss. **We** do cover any ensuing loss not excluded in this policy.
- 12. **Planning, Construction or Maintenance**, meaning faulty, inadequate or defective:
  - A. planning, zoning, development, surveying, siting;
  - B. design, specifications, workmanship, repair, construction, grading, compaction,

renovation, remodeling;

C. materials used in construction, repair, renovation or remodeling; or

D. maintenance;

of any property whether on or off the **residence premises** by any person or organization. **We** do cover any ensuing loss not excluded in this policy.

13. **Fungi**, wet or dry rot, or bacteria meaning the presence, growth, proliferation or spread of **fungi**, wet or dry rot, or bacteria. This exclusion does not apply to the extent coverage is specifically provided in Section I - Additional Coverages.

#### COVERAGE D - LOSS OF USE

The limit of liability for Coverage D is the total limit for all of the following coverages:

1. If a property loss **we** cover under Section I makes that part of the **residence premises** where **you** reside not fit to live in, **we** will pay, at **your** choice, either of the following. **We** will not provide the option under paragraph (B.) below, however, if the **residence premises** is not **your** principal place of residence:

A. **Additional Living Expense**, meaning the reasonable increase in living expenses incurred by **you** necessary to maintain **your** normal standard of living; or

B. **Fair Rental Value**, meaning the fair rental value of that part of the **residence premises** where **you** reside less any expenses that do

not continue while the premises are not fit to live in.

Payment under A. or B. will be for the shortest time, not to exceed 12 months, required to repair or replace the property **we** cover, using due diligence and dispatch or, if **you** permanently relocate, for **your** household to settle elsewhere.

2. If a property loss **we** cover under Section I makes that part of the **residence premises you** rent to others or **you** hold for rental not fit to live in, **we** will pay the:

**Fair Rental Value**, meaning the fair rental value of that part of the **residence premises you** rent to others or **you** hold for rental, less any charges and expenses which do not continue while the premises is not fit to live in.

Payment will be for the shortest time, not to exceed 12 months, required to repair or replace that part of the **residence premises** rented or held for rental.

3. If a civil authority prohibits **you** from use of the **residence premises** due to a loss at a neighboring premises caused by a peril **we** insure against, **we** will pay the Additional Living Expense and Fair Rental Value as provided under 1. and 2. above for a period of time not to exceed two weeks.

The periods of time under 1., 2. and 3. above are not limited by expiration of this policy. **We** do not cover the loss or expense due to cancellation of a lease or agreement.

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## SECTION I - ADDITIONAL COVERAGES

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1. **Debris Removal.** **We** will pay reasonable expenses **you** incur to remove debris of covered property damaged by a loss **we** cover. If the amount payable for the actual **property damage** plus the debris removal expense is more than **our** limit of liability for the damaged property, **we** will pay up to an additional 5% of that limit for debris removal.
2. **Reasonable Repairs To Protect Property.** **We** will reimburse **you** up to \$5,000 for the reasonable expenses **you** incur for necessary repairs made solely to protect covered property from further damage, following a loss **we** cover. This coverage does not increase the limit of liability applying to the property being repaired.
3. **Fire Department Service Charges.** **We** will pay up to \$500 for service charges made by fire departments called to save or protect **your** covered property from a loss **we** cover at the **residence premises**. No deductible will apply.
4. **Emergency Removal of Property.** **We** will pay for direct loss to covered property from any cause while being removed from a premises because of

danger from a loss **we** cover. This coverage also applies to the property for up to 30 days from the date of removal. **We** will also pay for reasonable expenses **you** incur for the removal and return of the covered property. This coverage does not increase the limit of liability applying to the property being removed.

5. **Refrigerated Contents.** **We** will pay up to \$250 for the contents of all freezer or refrigerated food storage units on the **residence premises** for loss due to power failure or mechanical failure. If mechanical failure or power failure is known to **you**, all reasonable means must be used to protect the property from further damage or this coverage is void. No deductible will apply.
6. **Credit Card, Fund Transfer Card, Forgery and Counterfeit Money.** **We** will pay up to an aggregate of \$1000 for:
- A. **your** legal obligation to pay because of the unauthorized use of any credit card issued to or registered in **your** name; and

- B. loss resulting from the unauthorized use of a fund transfer card issued to or registered in **your** name which is used for deposit, withdrawal or transfer of funds; and
- C. loss to **you** caused by forgery or alteration of any check or negotiable instrument;
- D. and loss to **you** through acceptance in good faith of counterfeit United States or Canadian paper currency.

**We** do not cover:

- A. more than the limit of liability stated above. All loss due to forgery or unauthorized use by any one person or in which that person is concerned is considered one loss;
- B. any loss caused by **your** dishonesty;
- C. any loss resulting from **your business** activities;
- D. use of a credit card or fund transfer card by a resident of **your** household or by a person who has been entrusted with either type of card; or
- E. any loss if **you** have not complied with all terms and conditions under which the cards are issued.

Defense:

- A. **We** may make any investigation and settle any claim or suit that **we** decide is appropriate. **Our** obligation to defend any claim or suit ends when the amount **we** pay for the loss equals **our** limit of liability.
  - B. If a suit is brought against **you** for liability under the Credit Card or Fund Transfer Card coverage, **we** will provide a defense at **our** expense and by counsel of **our** choice.
  - C. **We** have the option to defend **you** or **your** bank, at **our** expense, against any suit for the enforcement of payment under the Forgery coverage.
7. **Trees, Shrubs, Plants and Lawns.** **We** will pay up to an additional 5% of the limit of liability shown on the Policy Declarations under Coverage A - Dwelling for loss to trees, shrubs, plants and lawns at the **residence premises**. **We** will not pay more than \$1000 for any one tree, shrub or plant, including any debris removal expense. Coverage applies only to direct physical loss caused by fire, lightning, explosion, theft, aircraft, riot or civil commotion, vandalism or malicious mischief, vehicles not owned or operated by an occupant of the **residence premises**, or **collapse** of a dwelling structure or any part of a dwelling structure.

**We** will pay up to \$1000 for any one loss for the reasonable expenses **you** incur for the removal from **your residence premises** of:

- A. **your** tree felled by windstorm, hail or the

weight of ice, snow or sleet; or

- B. **your** neighbor's tree felled by a peril listed under Losses We Cover Under Coverage C - Personal Property.

provided the tree caused damage to property covered under Coverage A - Dwelling or Coverage B - Other Structures. The \$1000 limit is the most **we** will pay in any one loss regardless of the number of fallen trees.

**We** do not cover trees, shrubs, plants and lawns grown for **business purposes**. The policy deductible does not apply to this coverage.

- 8. **Loss Assessment.** **We** will pay up to \$1000 for **your** share of any loss assessment charged against **you** during the policy period by a corporation or association of property owners. This only applies when the assessment is made as a result of direct physical loss to the property, owned by all members collectively, caused by a peril **we** insure against under Coverage A - Dwelling, other than earthquake or land shock waves or tremors before, during or after a volcanic eruption.

This coverage applies only to loss assessments charged against **you** as owner or tenant of the **residence premises**.

**We** do not cover loss assessments charged against **you** or a corporation or association of property owners by any governmental body.

The limit of \$1000 is the most **we** will pay with respect to any one loss, regardless of the number of assessments.

- 9. **Collapse.** **We** will pay for sudden and accidental direct physical loss to covered property involving **collapse** of a dwelling or any part of a dwelling caused only by one or more of the following:
  - A. a peril listed under Losses We Cover Under Coverage C - Personal Property. These perils apply to the **residence premises** and personal property for loss insured by this coverage;
  - B. hidden decay of the structure;
  - C. hidden insect or hidden vermin damage;
  - D. weight of contents, equipment, animals or people;
  - E. weight of ice, snow, sleet or rain which collects on a roof; or
  - F. use of defective material or methods in construction, remodeling or renovation if the **collapse** occurs during the course of the construction, remodeling or renovation.

Loss to an awning, fence, patio, pavement, swimming pool, hot tub, spa, landscape sprinkler system, underground pipe, flue, drain, cesspool, septic tank, foundation, retaining wall, bulkhead,

pier, wharf or dock is not included under items B. through F. unless the loss is a direct result of the **collapse** of a dwelling.

This coverage does not increase the limit of liability applying to the damaged covered property. The policy deductible does apply to this coverage.

10. **Employer-Owned Computer Equipment.** We will pay up to \$2500 for sudden and accidental physical loss to a **computer, peripheral device** and **media** actually owned by **your** employer but loaned to **you** for **your** use. This coverage is excess over any valid and collectible insurance written in the name of the actual owner of the property. The policy deductible does apply to this coverage.

**We** do not cover under this coverage:

- A. Wear and tear, gradual deterioration, depreciation, insects, vermin, corrosion, rust, mold, dampness, dryness, cold or heat;
- B. Mechanical breakdown, faulty construction, an original defect in the property, error, omission or deficiency in design, specifications, workmanship or materials;
- C. Neglect, meaning **your** neglect to use all reasonable means to save and preserve the property at and after the time of a loss, or when property is endangered by Section I - Losses **We** Cover;
- D. Intentional Loss, meaning any of **your** intentional or criminal acts if the loss that occurs:
  - (1.) may be reasonably expected to result from such acts; or
  - (2.) is in fact the intended result of such acts.

This exclusion applies regardless of whether or not **you** are actually charged with or convicted of a crime;

- E. Dishonest acts by **you**, anyone else with an interest in the property or **your** or their employees or agents, whether or not occurring during the hours of employment. Nor do **we** insure against dishonest acts by anyone entrusted with the property;
- F. Indirect or consequential loss to the property;
- G. Water Damage, Nuclear Action and Governmental Action as set forth in Losses We Do Not Cover Under Coverage C - Personal Property.

11. **Inflation Protection.** The limits of liability specified in the Declarations of this policy, or any amendments thereto, for Coverages A, B and C are continuously adjusted in accordance with the following:

Policies that contain the Guaranteed Replacement Cost Endorsement for Coverage A.

- A. Any policy where the Coverage A limit of liability equals or exceeds the updated dwelling replacement cost value, will maintain the Coverage A, B and C amounts from the prior policy period unless a reduction in coverage is requested in writing by the **named insured**.

- B. All other policies which have Coverage A limit of liability less than the updated dwelling replacement cost estimate, will have the Coverage A limit of liability increased to the updated dwelling replacement cost estimate. The appropriate Coverage B and C limits of liability will be adjusted accordingly.

Policies that contain the Replacement Cost Endorsement or the Functional Replacement Cost Endorsement for Coverage A.

- A. Any policy where the updated dwelling replacement cost value is less than the prior policy period dwelling replacement cost value, will maintain the Coverage A, B and C amounts from the prior policy period unless a reduction in coverage is requested in writing by the **named insured**.
- B. All other policies will have the percentage change applied to the Coverage A limit of liability, calculated from the updated dwelling replacement cost value as compared to the prior policy period dwelling replacement cost value. The appropriate Coverage B and C limits of liability will be adjusted accordingly.

12. **Fungi or Bacteria.** We will pay up to \$5,000, in the aggregate for:

- A. the direct physical loss to covered property caused by **fungi** or bacteria;
- B. the cost to remove **fungi** or bacteria from covered property;
- C. the cost to tear out and replace any part of the dwelling or other covered property as needed to gain access to the **fungi** or bacteria;
- D. the cost of any testing of air or property to confirm the absence, presence or level of **fungi** or bacteria, whether performed prior to, during or after removal, repair, restoration or replacement. The cost of such testing will be provided only to the extent that there is a reason to believe there is the presence of **fungi** or bacteria; and
- E. Additional Living Expense or Fair Rental Value loss covered under Coverage D - Loss of Use.

This coverage only applies when such loss or costs:

- A. are a result of a loss **we** cover that occurs during the policy period;
- B. are not excluded under Losses We Do Not Cover Under Coverages A - Dwelling & Other Structure; and

- C. only if all reasonable means are used to save and preserve the property from further damage.

This coverage does not apply to loss to trees, shrubs, or other plants.

The \$5,000 limit of liability is the most **we** will pay for

the total of all loss or costs for Coverages A, B, C and D and does not increase the limit of liability for these coverages, regardless of the number of locations or number of claims made for each consecutive annual period and for any remaining period of less than 12 months beginning with the effective date of this policy as shown on the Declarations.

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## SECTION I - CONDITIONS

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- 1. **Insurable Interest and Limit of Liability.** **We** will not pay any person or organization an amount greater than its insurable interest in the property covered at the time of the loss.

Regardless of the number of persons or organizations who qualify for coverage, **we** will not pay more than the applicable limit of liability.

- 2. **What You Must Do After A Loss.** If **you** have a loss to which this policy may apply, **you** must do the following:

- A. Give immediate notice to **us** or **our** representative. Report any theft to the police as soon as possible. If the loss involves a credit card or fund transfer card, notify the company or bank that issued the card;

- B. Protect the property from further damage. Make any reasonable repairs necessary to protect the property. Keep an accurate record of any repair expenses;

- C. Prepare an inventory of damaged and stolen property showing for each item the quantity, age, description, **actual cash value** and amount of loss claimed. Attach to the inventory all bills, receipts and related documents that substantiate the figures in the inventory;

- D. At any reasonable time and place **we** designate, and as often as **we** reasonably require:

- (1.) show **us** the damaged property;
- (2.) submit to questions under oath concerning the loss while not in the presence of any other person defined as **you**, and sign and swear to the answers; and
- (3.) allow **us** to examine and copy any records and documents **we** request;

- E. Within 60 days after **our** request, **you** must send **us** a signed, sworn proof of loss, stating to the best of **your** knowledge and belief:

- (1.) the date, time, location and cause of loss;
- (2.) **your** interest and that of others in the property involved, including all liens on the property;
- (3.) a description of each item, including all information contained in the inventory described in C. above;
- (4.) a description of other insurance which may cover the loss;
- (5.) any changes in ownership, use, occupancy or possession of the property that took

- place during the policy period;
- (6.) at **our** request, the specifications of any damaged dwelling or structure;
- (7.) receipts for additional living expenses **you** incur and records supporting the fair rental value loss;
- (8.) evidence or affidavit supporting a claim under the Credit Card, Fund Transfer Card, Forgery and Counterfeit Money coverage stating the amount and cause of loss.

- 3. **How We Settle A Loss.** Covered property losses are settled as follows:

- A. **Coverage A Dwelling** – refer to Dwelling Loss Settlement endorsement attached.

- B. **Coverage B - Other Structures**

Subject to the applicable deductible, **we** will pay the full cost of repair or replacement without deduction for depreciation for the structure subject to the following:

- (1.) **We** will only be liable for the **actual cash value** of the structure until the repair or replacement is complete; and
- (2.) **Our** liability will not exceed the smallest of:
  - a. the limit of liability applicable to the structure;
  - b. the cost to repair or replace the damaged structure which will be used on the same premises;
  - c. the amount actually and necessarily spent to repair or replace the damaged structure intended for the same use;
  - d. the direct financial loss **you** incur; or
  - e. **our** pro-rata share of any loss when divided with any other valid and collectible insurance applying to the covered property at the time of loss.

**We** will pay full replacement cost under A. and B. above, whether or not actual repair or replacement is complete, whenever the full cost of repair or replacement is less than \$5,000.

**You** may disregard the provisions under B. above relating to settlement on a replacement cost basis and make a claim for loss on an **actual cash value** basis, but not exceeding the smallest of:

- (1.) the limit of liability applicable to the structure;
- (2.) the direct financial loss **you** incur; or
- (3.) **our** pro-rata share of any loss when divided with any other valid and collectible insurance applying to the covered property at the time

of loss.

Such election will not stop **you** from making a further claim within 180 days after the loss, provided **you** still have an insurable interest in the property, for any additional liability according to the provisions of this Condition.

**C. Structures That Are Not Dwelling Structures.**

Subject to the applicable deductible, **we** will pay the **actual cash value** at the time of the loss. Payments will not exceed the amount necessary to repair or replace the damaged or stolen property or the limit of insurance applicable to the property, whichever is less.

**D. Replacement Cost Provision for Personal Property.**

Subject to the applicable deductible, **we** will pay the full cost of repair or replacement without deduction for depreciation for the following property:

- (1.) Coverage C - Personal Property, subject to the limitations described below;
- (2.) If covered in this policy, awnings, carpeting, household appliances, outdoor antennas and outdoor equipment, whether or not attached to dwellings.

This **Replacement Cost** Provision will also apply to the following articles or classes of property if they are separately described and specifically insured in 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 equipment and related articles of equipment;
- (5.) Silverware, silver-plated ware, goldware, gold plated ware and pewterware, but excluding pens, pencils, flasks, smoking implements or jewelry;
- (6.) Golfer's equipment meaning golf clubs, golf clothing and golf equipment; and
- (7.) Guns.

Property listed below is not eligible for **replacement cost** settlement. Any loss shall be settled at **actual cash value** at the time of loss but not exceeding the amount necessary to repair or replace:

- (1.) Antiques, fine arts, paintings, statuary and similar articles which, by their inherent nature, cannot be replaced with new articles;
- (2.) Articles whose age or history contribute substantially to their value. This includes but is not limited to memorabilia, souvenirs and collector's items;
- (3.) Articles not maintained in good or workable condition; or
- (4.) Articles that are obsolete or outdated and are stored or not being used.

**Our** liability for any loss shall not exceed the smallest of the following amounts for any one **occurrence**:

- (1.) the full cost of repair at the time of the loss;
- (2.) the **replacement cost** of the property at the time of loss without deduction for depreciation;
- (3.) the limit of liability of this policy applicable to the damaged, destroyed or stolen property; or
- (4.) for loss to any item separately described and specifically insured in this policy, the limit of liability that applies to the item.

When the cost to repair, restore or replace the damaged or stolen property under this **Replacement Cost** Provision is more than \$500 for the entire loss, payment will be on an **actual cash value** basis, not to exceed the limit of liability shown in the Declarations page for Coverage C - Personal Property or any special limit of liability described in the policy, until the actual repair or replacement is complete. **You** may make a claim for loss on an **actual cash value** basis and then make claim within 180 days after the loss for any additional payment on a **replacement cost** basis if **you** repair, restore or replace the damaged or stolen property.

4. **Our Settlement Of Loss.** **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. **We** will pay within 60 days after **we** receive **your** proof of loss and reach agreement with **you**, or there is an entry of a final judgment or there is a filing of an appraisal award with **us**.

If a municipality has elected to apply the provisions of Michigan Public Act 495 of 1980, a portion of **our** payment for fire or explosion loss to insured real property in that municipality will be withheld in the event that the loss is subject to the provisions of the Act. **We** will pay the withheld amount either to the municipality or to **you** and the mortgagee, if any, according to the provisions of Public Act 495. **We** will notify **you**, any mortgagee and the municipality of any loss subject to the provisions of Public Act 495.

5. **Our Settlement Options.** **We** have the option of taking all or part of the property at the agreed or appraised value. **We** have the option to repair, rebuild or replace the damaged or destroyed property with property of like kind and quality within a reasonable time. **We** must give **you** notice of **our** intention within 30 days after **we** receive **your** signed, sworn proof of loss.
6. **Abandoned Property.** **We** are not obligated to accept any property abandoned by **you**.

7. **Appraisal.** If **you** and **we** fail to agree on the amount of loss, either **you** or **we** can make a written demand for an appraisal. Each party will select a competent and impartial appraiser and notify the other within 20 days of the appraiser's identity. The two appraisers will select a competent and impartial umpire. If the two appraisers are unable to select an umpire within 15 days, **you** or **we** can ask a judge of a court of record in the state where the **residence premises** is located to select an umpire.

The appraisers will appraise the loss and determine separately the full **replacement cost, actual cash value** and the loss as to each item. Any disagreement between the appraisers will be resolved by the umpire. The written award by two of these three people will determine the amount of loss.

Each party will pay the appraiser it chooses, and equally bear expenses for the umpire. All other expenses of appraisal will be paid by the party which incurs them.

8. **Rights and Duties Of Mortgagee.** The term "mortgagee" includes a trustee or a land contract holder, if applicable.

If a mortgagee is named in the Declarations, any payment for loss under Coverage A or B will be made to the mortgagee and **you**, as interests appear. If more than one mortgagee is named, payment will be made in the order of priority of the mortgagees.

The interest of the mortgagee under this policy will not be affected by any action or neglect by **you**. The interest of the mortgagee under this policy will terminate unless it notifies **us** of any change of ownership, occupancy or substantial change in risk of which the mortgagee has knowledge and pays upon demand any premium due if **you** fail to do so.

**We** will notify the mortgagee if **you** fail to give **us** proof of loss. Within 60 days after receiving such notice, the mortgagee must give **us** proof of loss. Policy conditions relating to appraisal, time of payment and time of bringing lawsuit apply to the mortgagee.

**We** will give the mortgagee not less than 10 days notice of cancellation or nonrenewal of the insurance protecting its interest.

If **we** pay the mortgagee for any loss and deny payment to **you**:

- A. **we** will be subrogated to the extent of **our** payment to all the rights that the mortgagee has under the mortgage on the property; or
- B. at **our** option, **we** may pay to the mortgagee the whole principal on the mortgage and any interest due. In this event, **we** may receive a full assignment and transfer of the mortgage and all securities held as collateral for the mortgage

debt.

Subrogation will not impair the right of the mortgagee to recover the full amount of the mortgagee's claim.

**Our** cancellation of the policy also applies to agreements under this condition.

If a municipality has elected to apply the provisions of Michigan Public Act 495 of 1980, a portion of **our** payment for fire or explosion loss to insured real property in that municipality will be withheld in the event that the loss is subject to the provisions of the Act. **We** will pay the withheld amount either to the municipality or to **you** and the mortgagee, if any, according to the provisions of Public Act 495. **We** will notify **you**, any mortgagee and the municipality of any loss subject to the provisions of Public Act 495.

9. **Loss To A Pair Or Set.** In case of loss to a pair or set **we** may elect to:

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

Loss to a part will not be considered a total loss of the pair or set.

10. **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.
11. **Suit Against Us.** No action may be brought against **us** by **you** unless there has been full compliance with all of the policy provisions and the lawsuit is filed within one year after the date of loss. The time for filing a lawsuit against **us** is tolled from the time **you** notify **us** of the loss until **we** deny liability in writing.
12. **Other Insurance.** If a loss covered by this policy is also covered by other insurance, **we** will pay only **our** share of the loss. **Our** share is the proportion of the loss that the applicable limit under this policy bears to the total amount of all insurance covering the loss.
13. **Recovered Property.** If **you** or **we** recover any property for which **we** have made payment under this policy, **you** or **we** will notify the other of the recovery. At **your** option, the property will be returned to or retained by **you** or it will become **our** property. If the recovered property is returned or retained by **you**, **you** will return to **us** the amount **you** received for the recovered property or the loss payment will be adjusted based on the amount **you** received for the recovered property.

## SECTION II - COVERAGES

### COVERAGE E - PERSONAL LIABILITY

#### LOSSES WE COVER UNDER COVERAGE E - PERSONAL LIABILITY

If a claim is made or a suit is brought against **you** for damages because of **bodily injury** or **property damage** caused by an **occurrence** to which this coverage applies, **we** will:

1. pay up to **our** limit of liability for the damages for which **you** are legally liable; and
2. provide a defense at **our** expense by counsel of **our** choice, even if the allegations are groundless, false or fraudulent. **We** may investigate and settle any suit or claim that **we** decide is appropriate. **Our** duty to settle or defend ends when the amount **we** pay for damages resulting from the **occurrence** equals **our** limit of liability.

#### LOSSES WE DO NOT COVER UNDER COVERAGE E -PERSONAL LIABILITY

**We** do not cover:

1. **bodily injury** or **property damage** resulting from:

- A. an act or omission by **you**, whether sane or insane, which may reasonably be expected or subjectively intended to cause **bodily injury** or **property damage**.

This exclusion applies even if the **bodily injury** or **property damage** is of a different kind or degree, or is sustained by a different person or property, than which may reasonably be expected or subjectively intended;

- B. an act or omission committed by **you** while insane or while lacking the mental capacity to control **your** conduct or while unable to form any intent to cause **bodily injury** or **property damage**;

- C. a criminal act or omission by **you**. This exclusion applies whether or not **you**:
  - (1.) are charged with a crime;
  - (2.) are convicted of a crime by a court, jury or plea of nolo contendere; or
  - (3.) enter a plea of guilty whether or not accepted by the court; or

- D. an act or omission which is criminal in nature and committed by **you** while lacking the mental capacity to appreciate the criminal nature or wrongfulness of the act or omission or to conform **your** conduct to the requirements of the law or to form the necessary intent under the law.

2. **bodily injury** or **property damage** arising out of or in connection with a **business** engaged by **you**. This exclusion applies, but is not limited to, an act

or omission regardless of its nature or circumstance, when it involves a service or duty rendered, promised, owed, or implied to be provided because of the nature of the **business**.

This exclusion does not apply to:

- A. employment as teachers and school administrators, including activities of a teacher in inflicting corporal punishment, while in the course and scope of his or her educational employment.
- B. **your** occasional or part-time **business** activities if **you** are under 19 years of age or a full time student under 21 years of age.
3. **your** legal liability to any person resulting from **your** regular care of one or more persons anywhere for economic gain and regardless of whether such care or premises is licensed or not. The mutual exchange of home day care services is not considered to be for economic gain. This exclusion does not apply to **your** occasional care or babysitting.
4. **bodily injury** or **property damage** arising out of the rendering of or failing to render professional services of any kind.
5. **bodily injury** or **property damage** arising out of the use of any premises owned by **you**, rented to **you**, or rented to others by **you**.

Coverage does apply to the **insured premises**. Coverage is provided for **bodily injury** to a **residence employee** arising out of and in the course of the **residence employee's** employment by **you**.

6. **bodily injury** or **property damage** arising out of:
  - A. the ownership, maintenance, occupancy, use, renting, loaning, loading or unloading of any motorized land vehicle or trailer;
  - B. the entrustment by **you** of a motorized land vehicle to any person.

This exclusion does not apply to:

- A. a motorized land vehicle in dead storage or used exclusively on an **insured premises**;
- B. any motorized land vehicle which is designed principally for recreational use off public roads, not subject to motor vehicle registration, licensing or permits, and owned by **you**, but only while the vehicle is on the **insured premises**;
- C. a motorized wheel chair;
- D. a motorized land vehicle not designed for use on public roads and not subject to motor vehicle registration, used to service an **insured premises**;

- E. a boat, camper, home or utility trailer not towed by or carried on a motorized land vehicle;
- F. a motorized golf cart owned by **you** while used for golfing.
- G. a motorized bicycle, tricycle or similar type of equipment owned by **you** while on the **insured premises**; or
- H. **bodily injury** to a **residence employee** arising out of and in the course of the **residence employee's** employment by **you**.

7. **bodily injury** or **property damage** arising out of:
- A. the ownership, maintenance, occupancy, use, renting, loaning, loading or unloading of an excluded watercraft described below;
  - B. the entrustment by **you** of an excluded watercraft described below to any person.

Excluded watercraft include watercraft:

- A. owned by or rented to **you** powered by inboard or inboard-outdrive engine or motor power of more than 50 horsepower;
- B. powered by one or more outboard engines or motors with a total of 50 horsepower or more if the outboard motors are owned by **you**; or
- C. owned by or rented to **you** that are sailing vessels, with or without auxiliary power, that are 26 feet or more in overall length.

**We do cover **bodily injury** to a **residence employee** arising out of and in the course of the **residence employee's** employment by **you**.**

8. **bodily injury** or **property damage** arising out of:
- A. the ownership, maintenance, occupancy, use, renting, loaning, loading or unloading of an aircraft or hovercraft;
  - B. the entrustment by **you** of an aircraft or hovercraft to any person.

Aircraft means any contrivance used or designed for flight, except model or hobby aircraft not used or designed to carry people or cargo.

Hovercraft means a self-propelled motorized ground effect vehicle and includes, but is not limited to, flarecraft and air cushion vehicles.

**We do cover **bodily injury** to a **residence employee** arising out of and in the course of the **residence employee's** employment by **you**.**

9. **bodily injury** or **property damage** caused directly or indirectly by war, including 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 to be a warlike act even if accidental.

10. **bodily injury** or **property damage** arising out of the use, sale, manufacture, delivery, transfer or possession by any person of a Controlled Substance as defined by the Federal Food and Drug Law at 21 U.S.C.A. Sections 811 and 812. Controlled substances include but are not limited to cocaine, LSD, marijuana and all narcotic drugs.

Coverage is provided for:

- A. the legitimate use of prescription drugs by a person following the orders of a licensed physician; and
- B. **you** if **you** do not have knowledge of the act or acts mentioned above and are not in a position to possess that knowledge.

11. **bodily injury** to any insured within the meaning of Part 1 of the definition of **you**.

12. **bodily injury** or **property damage** resulting in any manner from the discharge, disposal, release or escape of:

- A. vapors, fumes, acids, toxic chemicals, toxic liquids or toxic gases; or
- B. waste materials or other irritants, contaminants or pollutants.

Pollutants means any gaseous, liquid, solid or thermal irritant or contaminant, including **fungi**, acids, alkalis, chemicals, fumes, smoke, soot and waste. Waste includes materials to be reclaimed, reconditioned or recycled.

Coverage is provided if the loss is sudden and accidental.

13. **bodily injury** or **property damage** arising out of any liability statutorily imposed on **you** resulting from the discharge, disposal, release or escape of:

- A. vapors, fumes, acids, toxic chemicals, toxic liquids or toxic gases; or
- B. waste materials or other irritants, contaminants or pollutants.

Pollutants means any gaseous, liquid, solid or thermal irritant or contaminant, including **fungi**, acids, alkalis, chemicals, fumes, smoke, soot and waste. Waste includes materials to be reclaimed, reconditioned or recycled.

14. **bodily injury** caused by transmission of any venereal disease, Herpes, Acquired Immune Deficiency Syndrome (AIDS), AIDS Related Complex (ARC), Human Immunodeficiency Virus (HIV) or any other communicable disease, or any related or resulting symptom, effect, condition, disease or illness.

15. any loss assessment charged against **you** as a member of an association, corporation or community of property owners, except as provided under Section II - Additional Coverages, 4. Loss Assessment.
16. any liability assumed by **you** under any unwritten contract or agreement, or by any contract or agreement in connection with **your business**.
17. **property damage** to property owned by **you**.
18. **property damage** to property occupied or used by **you**, rented to **you**, in **your** care or over which **you** have physical control. Coverage is provided for **property damage** caused by fire, explosion or smoke.
19. **bodily injury** or **property damage** for which **you** are insured under any nuclear energy liability policy or would be insured but for the exhaustion of its limit of liability.  
  
A nuclear energy liability policy is one issued by American Nuclear Insurers, Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, Nuclear Insurance Association of Canada, or any of their successors.
20. **bodily injury** to any person eligible to receive benefits required to be provided or voluntarily provided by **you** under any workers compensation, non-occupational disability or occupational disease law.
21. **bodily injury**:
  - A. caused by a violation of a penal law or ordinance committed by **you** or with **your** knowledge or consent;
  - B. sustained by any person as a result of an offense directly or indirectly related to the employment of this person by **you**;
  - C. arising out of **your business** activities;
  - D. arising out of civic or public activities performed for pay by **you**; or
  - E. assumed by **you** under any written contract or agreement except any indemnity obligation assumed by **you** under a written contract directly relating to the ownership, maintenance or use of the **insured premises**.
22. any liability or damages arising out of any act, statement, omission, fraud, misrepresentation, fraudulent, silent or negligent concealment in the sale of any real or personal property, including, but not limited to the **residence premises**, by **you**, or any claim arising out of or under the Michigan "Seller Disclosure Act", Public Act 92 of the Public Acts of 1993 and including any amendments thereto.
23. the liability of any person, and **we** will not pay any claims for damages, which result directly or indirectly from the actual, alleged or threatened sexual molestation of a person by **you**.
24. **your** liability arising out of any court ordered restitution, fine or sanction.
25. punitive and exemplary damages awarded against **you**.
26. **bodily injury** or **property damage** arising out of:
  - A. toxic or pathological properties of lead, lead compounds or lead contained in any materials;
  - B. any cost or expense to abate, mitigate, remove or dispose of lead, lead compounds or materials containing lead;
  - C. any supervision, instruction, recommendations, warnings or advice given or which should have been given in connection with paragraphs A. or B. above; or
  - D. any obligation to share damages with or repay someone else who must pay damages in connection with injury or damage as described in any subsection above.
27. **bodily injury** or **property damage** arising out of:
  - A. any fungus or spore;
  - B. any substance, vapor or gas produced by or arising out of any fungus or spore. This includes, but is not limited to, any metabolite such as a mycotoxin or a volatile organic compound; or
  - C. any:
    - I. Material, product, dwelling or structure, including components thereof; or
    - II. Concentration of water, moisture, humidity or other liquids on or within such items in C. (I.) above; that contains, harbors, nurtures or acts as a means for growth of any fungus or spore.
    - III. But this only applies to the extent that any of the items in C. (I.) or C. (II.) above result in, cause or contribute concurrently or in any sequence to such injury or damage described in A. or B. above;
  - D. costs expended by anyone for testing for, monitoring, abatement, mitigation, removal, remediation or disposal of any of the items described in A. B. or C. above;
  - E. other cause or event to the extent that it contributed concurrently or in any sequence to such injury, damage or costs described in items A. through D. above;
  - F. supervision, instructions, recommendations, warnings or advice given or which should have been given in connection with items A. through E. above;
  - G. duty to share damages with or repay someone else who must pay costs because

of such injury, damage or costs described in items A. through F. above.

## **COVERAGE F - MEDICAL PAYMENTS TO OTHERS**

### **LOSSES WE COVER UNDER COVERAGE F - MEDICAL PAYMENTS TO OTHERS**

We will pay the necessary **medical expenses** that are incurred or medically ascertained within three years from the date of the accident causing **bodily injury**. This coverage does not apply to **you** or regular residents of **your** household, except **residence employees**. This coverage does apply to others who sustain **bodily injury** as a result of an accident, while they are:

1. on the **insured premises** with **your** permission.
2. off the **insured premises**, if the **bodily injury**:
  - A. arises out of a condition on the **insured premises** or immediately adjoining ways;
  - B. is caused by **your** activities;
  - C. is caused by a **residence employee** in the course of employment by **you**; or
  - D. is caused by an animal owned by **you** or in **your** care.

Payment under Coverage F is not an admission of liability by **us** or **you**.

### **LOSSES WE DO NOT COVER UNDER COVERAGE F -MEDICAL PAYMENTS TO OTHERS**

We do not cover:

1. **bodily injury** resulting from:
  - A. an act or omission by **you**, whether sane or insane, which may reasonably be expected or subjectively intended to cause **bodily injury**.

This exclusion applies even if the **bodily injury** is of a different kind or degree, or is sustained by a different person or property, than which may reasonably be expected or subjectively intended;
  - B. an act or omission committed by **you** while insane or while lacking the mental capacity to control **your** conduct or while unable to form any intent to cause **bodily injury**;
  - C. a criminal act or omission by **you**. This exclusion applies whether or not **you**:
    - (1.) are charged with a crime;
    - (2.) are convicted of a crime by a court, jury or plea of nolo contendere; or
    - (3.) enter a plea of guilty whether or not accepted by the court; or
  - D. an act or omission which is criminal in nature and committed by **you** while lacking the mental capacity to appreciate the criminal nature or wrongfulness of the act or omission or to conform **your** conduct to the

requirements of the law or to form the necessary intent under the law.

2. **bodily injury** arising out of or in connection with a **business** engaged by **you**. This exclusion applies, but is not limited to, an act or omission regardless of its nature or circumstance, involving a service or duty rendered, promised, owed, or implied to be provided because of the nature of the **business**.

This exclusion does not apply to:

- A. employment as teachers and school administrators, including activities of a teacher in inflicting corporal punishment, while in the course and scope of his or her educational employment.
  - B. **your** occasional or part-time **business** activities if **you** are under 19 years of age or a full time student under 21 years of age.
3. **your** legal liability to any person resulting from **your** regular care of one or more persons anywhere for economic gain and regardless of whether such care or premises is licensed or not. The mutual exchange of home day care services is not considered to be for economic gain. This exclusion does not apply to **your** occasional care or babysitting.
  4. **bodily injury** arising out of the rendering of or failing to render professional services of any kind.
  5. **bodily injury** arising out of the use of any premises owned by **you**, rented to **you**, or rented to others by **you**.

Coverage does apply to the **insured premises** and is provided for **bodily injury** to a **residence employee** arising out of and in the course of the **residence employee's** employment by **you**.

6. **bodily injury** arising out of:
  - A. the ownership, maintenance, occupancy, use, renting, loaning, loading or unloading of any motorized land vehicle or trailer;
  - B. the entrustment by **you** of a motorized land vehicle to any person.

We do cover:

- A. a motorized land vehicle in dead storage or used exclusively on an **insured premises**;
- B. any motorized land vehicle which is designed principally for recreational use off public roads, not subject to motor vehicle registration, and owned by **you**, but only while the vehicle is on the **insured premises**;
- C. a motorized wheel chair
- D. a vehicle not designed for use on public roads and not subject to motorized land vehicle registration, used to service an **insured premises**;

- E. a boat, camp, home or utility trailer not towed by or carried on a motorized land vehicle;
- F. a motorized golf cart owned by **you** while used for golfing
- G. a motorized bicycle, tricycle or similar type of equipment owned by **you** while on the **insured premises**; or
- H. **bodily injury** to a **residence employee** arising out of and in the course of the **residence employee's** employment by **you**.

7. **bodily injury** arising out of:

- A. the ownership, maintenance, occupancy, use, renting, loaning, loading or unloading of an excluded watercraft described below;
- B. the entrustment by **you** of an excluded watercraft described below to any person.

Excluded watercraft include watercraft:

- A. owned by or rented to **you** powered by inboard or inboard-outdrive engine or motor power of more than 50 horsepower;
- B. powered by one or more outboard engines or motors with a total of 50 horsepower or more if the outboard motors are owned by **you**;
- C. owned by or rented to **you** that are sailing vessels, with or without auxiliary power, that are 26 feet or more in overall length.

**We do cover **bodily injury** to a **residence employee** arising out of and in the course of the **residence employee's** employment by **you**.**

8. **bodily injury** arising out of:

- A. the ownership, maintenance, occupancy, use, renting, loaning, loading or unloading of an aircraft or hovercraft;
- B. the entrustment by **you** of an aircraft or hovercraft to any person.

Aircraft means any contrivance used or designed for flight, except model or hobby aircraft not used or designed to carry people or cargo.

Hovercraft means a self-propelled motorized ground effect vehicle and includes, but is not limited to, flarecraft and air cushion vehicles.

**We do cover **bodily injury** to a **residence employee** arising out of and in the course of the **residence employee's** employment by **you**.**

- 9. **bodily injury** caused directly or indirectly by war, including 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 to be a warlike act even if accidental.

- 10. **bodily injury** arising out of the use, sale, manufacture, delivery, transfer or possession by any person of a Controlled Substance as defined by the Federal Food and Drug Law at 21 U.S.C.A. Sections 811 and 812. Controlled substances include but are not limited to cocaine, LSD, marijuana and all narcotic drugs.

Coverage is provided for:

- A. the legitimate use of prescription drugs by a person following the orders of a licensed physician; and
- B. **you** if **you** do not have knowledge of the act or acts mentioned above and are not in a position to possess that knowledge.

- 11. **bodily injury** to any insured within the meaning of Paragraph 1 of the definition of **you**.

- 12. **bodily injury** resulting in any manner from the discharge, disposal, release or escape of:

- A. vapors, fumes, acids, toxic chemicals, toxic liquids or toxic gases; or
- B. waste materials or other irritants, contaminants or pollutants.

Pollutants means any gaseous, liquid, solid or thermal irritant or contaminant, including **fungi**, acids, alkalis, chemicals, fumes, smoke, soot and waste. Waste includes materials to be reclaimed, reconditioned or recycled.

Coverage is provided if the loss is sudden and accidental.

- 13. **bodily injury** arising out of any liability statutorily imposed on **you** resulting from the discharge, disposal, release or escape of:

- A. vapors, fumes, acids, toxic chemicals, toxic liquids or toxic gases; or
- B. waste materials or other irritants, contaminants or pollutants.

Pollutants means any gaseous, liquid, solid or thermal irritant or contaminant, including **fungi**, acids, alkalis, chemicals, fumes, smoke, soot and waste. Waste includes materials to be reclaimed, reconditioned or recycled;

- 14. **bodily injury** caused by transmission of any venereal disease, Herpes, Acquired Immune Deficiency Syndrome (AIDS), AIDS Related Complex (ARC), Human Immunodeficiency Virus (HIV) or any other communicable disease, or any related or resulting symptom, effect, condition, disease or illness.

15. **bodily injury** to a **residence employee** if the **bodily injury** occurs off the **insured premises** and does not arise out of or in the course of **your** employment.
16. **bodily injury** from nuclear reaction, radiation or radioactive contamination, all whether controlled or uncontrolled or however caused, or any consequence of any of these.
17. **bodily injury** to any regular resident of the **insured premises**, except **your residence employee**.
18. **bodily injury** to any person eligible to receive benefits required to be provided or voluntarily provided under any workers compensation, non-occupational disability or occupational disease law.
19. The liability of any person, and **we** will not pay any claims for damages, which result directly or indirectly from the actual, alleged or threatened sexual molestation of a person by **you**.
20. **bodily injury** arising out of:
  - A. toxic or pathological properties of lead, lead compounds or lead contained in any materials;
  - B. any cost or expense to abate, mitigate, remove or dispose of lead, lead compounds or materials containing lead.
  - C. Any supervision, instruction, warnings, recommendations, or advice given or which should have been given in connection with paragraphs A. or B. above; or
  - D. any obligation to share damages with or repay someone else who must pay damages in connection with injury or damage as described in any subsection above.
21. **bodily injury** arising out of:
  - A. any fungus or spore;
  - B. any substance, vapor or gas produced by or arising out of any fungus or spore. This includes, but is not limited to, any metabolite such as a mycotoxin or a volatile organic compound; or
  - C. any:
    - I. Material, product, dwelling or structure, including components thereof; or
    - II. Concentration of water, moisture, humidity or other liquids on or within such items in C. (I.) above; that contains, harbors, nurtures or acts as a means for growth of any fungus or spore.
    - III. But this only applies to the extent that any of the items in C. (I.) or C. (II.) above result in, cause or contribute concurrently or in any sequence to such injury or damage described in A. or B. above;
  - D. costs expended by anyone for testing for, monitoring, abatement, mitigation, removal, remediation or disposal of any of the items described in A. B. or C. above;
  - E. other cause or event to the extent that it contributed concurrently or in any sequence to such injury, damage or costs described in items A. through D. above;
  - F. supervision, instructions, recommendations, warnings or advice given or which should have been given in connection with items A. through E. above;
  - G. duty to share damages with or repay someone else who must pay costs because of such injury, damage or costs described in items A. through F. above.

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## SECTION II - ADDITIONAL COVERAGES

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**We** cover the following in addition to the limits of liability:

1. **Damage to Property of Others.** **We** will pay up to \$500 per **occurrence** for **property damage** to property of others caused by **you**. At **our** option, **we** will pay the cost to either repair or replace the damaged property.

**We** will not pay for **property damage**:

- A. to the extent of any amount recoverable under Section I of this policy;
- B. caused intentionally by **you** if **you** are 13 years of age or older;
- C. to property owned by **you**;
- D. to property owned by or rented to any of **your**

tenants or any resident of **your** household;

E. arising out of:

- (1.) any act or omission in connection with a premises **you** own, rent or control, other than the **insured premises**;
- (2.) a **business** engaged in by **you**; or
- (3.) the ownership, maintenance, occupancy, operation, use, or loading or unloading of any motor vehicle, aircraft or watercraft. Coverage is provided for any motorized land vehicle which is designed principally for recreational use off public roads, not subject to motor vehicle registration, licensing or permits, and not owned by **you**.

2. **Claim Expenses.** We will pay:
  - A. all costs **we** incur and costs taxed against **you** in any suit **we** defend;
  - B. premiums on bonds required in any suit **we** defend, but not for bond amounts more than the limit of liability for Coverage E - Personal Liability. **We** are not obligated to apply for or furnish any bonds;
  - C. reasonable expenses **you** incur at **our** request;
  - D. up to \$250 per day for lost wages or salary, but not other income, because **you** attended a hearing or trial at **our** request; and
  - E. interest on the entire judgement awarded in any suit **we** defend which accrues after entry of the judgment and before **we** pay, tender or deposit in court that part of the judgment which does not exceed the limit of liability that applies.
3. **First Aid Expenses.** We will pay expenses for first aid to others **you** incur at the time of the accident for **bodily injury** covered under this policy. **We** will not pay for first aid to **you**.
4. **Loss Assessment.** We will pay up to \$1000 for **your** share of any loss assessment charged during the policy period against **you** by a corporation or association of property owners, when the assessment is made as a result of:
  - A. **bodily injury** or **property damage** to which Section II of this policy would apply;
  - B. liability for an act of a director, officer or trustee

in the capacity as a director, officer or trustee, provided:

- (1.) the director, officer or trustee is elected by the members of a corporation or association of property owners; and
- (2.) the director, officer or trustee serves without deriving any income from the exercise of duties which are solely on behalf of a corporation or association of property owners.

This coverage applies only to loss assessments charged against **you** as owner or tenant of the **residence premises**. **We** do not cover loss assessments charged against **you** or a corporation or association of property owners by any governmental body.

Regardless of the number of assessments, the limit of \$1000 is the most **we** will pay for loss arising out of:

- A. one **occurrence**; or
  - B. 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.
5. **Statutorily Imposed Vicarious Parental Liability.** We will pay the statutorily imposed limit or \$3000, whichever is less, for the legal obligation **you** are required to pay as a result of acts of a minor child who resides with **you**.

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## SECTION II - CONDITIONS

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1. **Limit of Liability.** Under Coverage E - Personal Liability, the limit of liability shown in the Declarations for "each **occurrence**" is the maximum **we** will pay for all damages as the result of any one **occurrence**. All **bodily injury** and **property damage** resulting from any one accident or from continuous or repeated exposure to substantially the same general harmful conditions shall be considered to be the result of one **occurrence**.  
  
Under Coverage F - Medical Payments to Others, the limit of liability shown in the Declarations for "each person" is the maximum **we** will pay to any one person as a result of any one **occurrence**.
2. **Severability.** Subject to the limit of liability, this insurance applies separately to each covered person or organization against whom claim is made or suit is brought.
3. **What You Must Do After An Accidental Loss.** In case of an accident or **occurrence**, **you** must do the following things:
  - A. Promptly notify **us** or **our** representative, stating:

1. **Your** name.
2. **Your** policy number.
3. The date, the place and the circumstances of the loss.
4. The name and address of anyone who might have a claim against **you**.
5. The names and addresses of any witnesses.

**Your** notice to **our** authorized representative is considered notice to **us**. Failure to give any notice required by this section shall not invalidate any claim made by a person seeking coverage. It must be shown not to have been reasonably possible to give such notice promptly and that notice was given as soon as was reasonably possible.

- B. Promptly send **us** any legal papers relating to the accident or **occurrence**.
- C. At **our** request, assist **us** in:
  - (1.) making settlement;
  - (2.) the enforcement of any right of recovery against any person or organization who may be liable to **you**;
  - (3.) the conduct of suits and attend hearings

and trials; and  
(4.) securing and giving evidence and obtaining the attendance of witnesses.

D. Under Damage to Property of Others in Section II-Additional Coverages, give **us** a sworn statement of the loss within 60 days after the loss and show **us** the damaged property if in **your** control.

E. Submit to examinations by **us**, under oath, as often as may be reasonably required.

F. **You** must not voluntarily pay any money, assume any obligations, or incur any expenses, other than for first aid to others at the time of the loss as provided for in this policy.

4. **Duties of an Injured Person Under Coverage F – Medical Payments to Others.** The injured person, or someone acting for that person, will promptly give **us** written proof of the claim, submit to examinations by **us**, under oath, as often as may be reasonably required and authorize **us** to obtain copies of all medical records and reports.

The injured person will submit to a physical examination by a doctor of **our** choice when and as often as **we** may reasonably require.

5. **Our Payment of Loss Under Coverage F - Medical Payments to Others.** **We** may pay the injured person or the provider of the medical services.

6. **Lawsuits Against Us.** No action may be brought against **us** by **you** unless there has been full compliance with all of the policy provisions and the lawsuit is filed within one year after the date of loss. The time for filing a lawsuit against **us** is tolled from the time **you** notify **us** of the loss until **we** formally deny liability.

No action with respect to Coverage E - Personal Liability can be brought against **us** until **your** obligation has been determined either by final judgment or agreement signed by **us**.

No one will have the right to join **us** as a party to any action against **you**.

7. **Other Insurance Under Coverage E - Personal Liability.** This insurance is excess over other valid and collectible insurance except insurance written specifically to cover as excess, over the limits of liability that apply in this policy.

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## GENERAL CONDITIONS - SECTIONS I AND II

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1. **Policy Period.** This policy applies only to losses occurring during the policy period shown on the Declarations.

2. **Concealment or Fraud.** This policy is void as to all persons within the meaning of Paragraph 1 of the definition of **you** if any person so defined intentionally conceals or misrepresents any material fact or circumstance or makes false statements or engages in fraudulent conduct relating to this insurance, either before or after a loss.

3. **Conformity To Statute.** The terms of this policy which are in conflict with the statutes of the state in which the **insured premises** is located are hereby amended to conform to such statutes.

4. **Death.** If any person named in the Declarations dies, **we** insure:

A. the spouse, if a resident of the household at the time of death;

B. the legal representative of the deceased, but only with respect to the premises and property of the deceased covered by this policy at the time of death;

C. any member of the deceased's household who was covered at the time of death, but only while a resident of the **insured premises**;

D. with respect to the property of the deceased, the person having proper temporary custody thereof, but only until appointment and

qualification of a legal representative.

5. **Liberalization.** If **we** make a change which broadens coverage under this edition of **your** policy without additional premium charge, that change will automatically apply to **your** insurance as of the date **we** implement the change in **your** state, provided that this implementation date falls within 60 days prior to or during the policy period stated in the Declarations. This Liberalization Clause does not apply to changes implemented through introduction of a subsequent edition of **our** policy.

6. **Waiver or Change Of Policy Provisions.** Any waiver or change in any provision of this policy must be in writing. **Our** request for an appraisal or examination under oath will not waive any of **our** rights.

7. **Cancellation.**

A. If **you** cancel.

(1.) The first **Named Insured** shown on the Declarations may cancel this policy by giving written notice or returning the policy to **us** or **our** authorized representative and stating the date on which the cancellation is to be effective. Upon proof that **you** no longer have an insurable interest in the Dwelling to which this policy applies, **we** may honor a cancellation effective date that predates **your** request, but for no greater a period than 30 days;

(2.) When **you** cancel this policy, the return premium will be calculated on a pro rata basis.

**B. If we cancel.**

(1.) When **you** have not paid the premium, **we** may cancel at any time by notifying the first **Named Insured** at least 10 days before the date cancellation is to take effect;

(2.) **We** may cancel for reasons which conform to our underwriting rules by notifying the first **Named Insured** at least 30 days before the date cancellation is to take effect;

(3.) The notice will be delivered or mailed to the first **Named Insured** at the first **Named**

**Insured's** address last known to **us** or **our** authorized representative. Proof of mailing will be sufficient proof of notice;

(4.) When **we** cancel this policy, the return premium will be calculated on a pro rata basis.

C. The minimum earned premium on any policy which is cancelled by **you** or **us** shall not be less than the pro rata premium for the expired time or \$25.00, whichever is greater.

D. If **you** have elected to use **our** scheduled payment program, failure to pay any installment when due will result in cancellation. If the policy is reinstated after cancellation, there shall be no coverage during the period of time between the date the policy was cancelled and the date of the reinstatement. A check which is not honored for any reason will not constitute payment and will not continue coverage beyond any date when such coverage would otherwise terminate for lack of payment.

E. Cancellation will not affect any claim that originated prior to the date of cancellation.

8. **Nonrenewal.** **We** may elect not to renew this policy. **We** may do so by delivering to **you**, or

mailing to **you** at **your** mailing address shown in the Declarations, written notice at least 30 days before the renewal date of this policy. Proof of mailing will be sufficient proof of notice.

If **we** offer to renew this policy, and **you** decline, it will automatically terminate at the end of the policy term. Payment of the required renewal premium must be received in **our** office before the due date to constitute acceptance of the offer to renew **your** policy. Payments for the renewal premium received in **our** office within 30 days after the due date will constitute an offer to renew the policy effective 12:01a.m. the day after the payment is received. The policy may, at **our** option, be renewed with new effective dates. **We** will only pay for a loss or claim occurring within the policy effective dates.

9. **Assignment.** **You** may not assign this policy to another person without **our** written consent.

10. **Bankruptcy or Insolvency.** **Your** bankruptcy or insolvency will not relieve **us** of any obligation under this policy.

11. **Premium.** All premiums for this policy will be computed in accordance with **our** rules, rates, rating plans, premiums and minimum premiums in effect at the beginning of **your** current policy period. Each year, on the renewal date of the policy the premium for renewal of this policy will be computed on the basis of **our** manuals then in use. Premiums are payable on the dates set forth by **us**. **We** will round premium adjustments made for any reason to the nearest dollar, in accordance with the manuals in use by **us**.

12. **Change of Address.** The **Named Insured** shall give **us** written notice within 30 days of any change of address from that shown on the Declaration page.

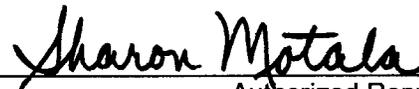
13. **Our Rights to Recover Payment.** When a covered loss occurs, **your** right to recover from any person, company or organization becomes **ours**. **You** must protect these rights and help **us** enforce them.

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## SIGNATURE CLAUSE

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*In witness whereof, we have caused this policy to be executed and attested, and if required by state law this policy shall not be valid unless signed by our duly authorized representative.*



Authorized Representative