



OREGON MUTUAL INSURANCE COMPANY
DWELLING FIRE POLICY
BASIC FORM - OREGON

DF-1 OR (3-08)

The following Table of Contents shows how the policy is organized. It will help you locate particular sections of the policy.

TABLE OF CONTENTS

Agreement 1
Definitions 1
Principal Coverages 2
Incidental Coverages 3
Perils Insured Against - Coverages A, B, C, and D 4
General Exclusions 5
What You Must Do in Case of Loss 6
How Much We Pay for Loss or Claim 7
Payment of Loss 7
Policy Conditions 8

Required state endorsements may also be part of this policy.

Refer to the Definitions for words and phrases that have special meaning. These words and phrases are shown in bold type.

AGREEMENT (INCLUDES RESTRICTIONS OR ABRIDGEMENTS)

This policy, subject to all of its terms, provides property insurance and other described coverages during the policy period. In return you must pay the required premium. Each of the Principal Coverages described in this policy applies only if a limit is shown on the Declarations for that coverage.

DEFINITIONS

- 1. The words you and your mean the person or persons named on the Declarations and your spouse...
2. Actual Cash Value - The following is added to any provision which uses the term actual cash value. Actual cash value means:
a. when the damage to property is economically repairable, actual cash value means the cost of repairing the damage...
b. 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 at the time of loss, if reasonably available on the used market.
c. 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.
Actual cash value applies to valuation of Covered Property regardless of whether that property has sustained partial or total loss or damage.
The actual cash value of the lost or damaged property may be significantly less than its replacement cost.
3. Business means a trade, profession, or occupation including farming, all whether full or part time.
4. Credit Card means a card, plate, coupon book, or other credit device used to obtain money, property, labor, or services on credit. This includes debit cards or fund transfer cards used to deposit, withdraw or transfer funds.
5. Insured Premises means the location shown on the Declarations.
6. Limit means the limit of liability that applies.
7. Mold or Microbial Matter includes mold, fungi, viral or bacterial matter that reproduces by spores or splitting of cells, whether or not such matter is living.
8. Motorized Vehicle means a self-propelled land or amphibious vehicle regardless of method of surface contact.
9. Pollutant(s) or Contaminants means:
a. any solid, liquid, gaseous, thermal, or radioactive irritant or contaminant, including acids, alkalis, chemicals, fumes, smoke, soot, oils, vapor, or waste, including, but not limited to hazardous substances as listed in the Federal Water Pollution Control Act, Clean Air Act, Resource Conservation and Recovery Act of 1976, and toxic Substances Control Act or as designated by the U.S. Environmental Protection Agency. Waste includes materials to be recycled, reclaimed, or reconditioned, as well as disposed of; and
b. electrical or magnetic emissions, whether visible or invisible, and sound emissions.
7. Terms mean all provisions, limitations, exclusions, conditions, and definitions used in this policy.
8. Volcanic Eruption means the land shock waves, tremors, earthquakes, landslides, mud flows, tidal waves, flooding, earthsinking, earthrising, shifting, expanding, or contracting which occur before, during, or after the eruption or explosion of a volcano.

PRINCIPAL COVERAGES

COVERAGE A – RESIDENCE (INCLUDES RESTRICTIONS OR ABRIDGMENTS)

1. **We** cover the residence on the **insured premises**, including its additions, built-in components, and attached fixtures. On the **insured premises**, we also cover:
 - a. building items that can be detached from the covered residence, such as screens and storm doors;
 - b. appliances, carpets, and window coverings in that part of the residence **you** rent to others;
 - c. building materials and supplies for use in construction on the **insured premises**; and
 - d. if this policy does not provide Coverage C, tools and equipment used to service the **insured premises**. This includes **motorized vehicles** used only to service the **insured premises** that are not required to be licensed for road use.
2. **COVERAGE A DOES NOT COVER:**
 - a. land, including the land on which the property is located, underground water or surface water;
 - b. trees, plants, shrubs, and lawns; and
 - c. farm tools, farm equipment, and farm **motorized vehicles**.

COVERAGE B – RELATED PRIVATE STRUCTURES (INCLUDES RESTRICTIONS OR ABRIDGMENTS)

1. **We** cover related private structures on the **insured premises** which are not attached to the residence, including their additions, built-in components, and attached fixtures. Structures that are connected to the residence by only a fence, a utility line, or a similar connection are not considered attached. On the **insured premises**, we also cover:
 - a. fences, driveways, and sidewalks;
 - b. other permanently installed outdoor fixtures; and
 - c. building items that can be detached from covered related private structures, such as screens and storm doors.
2. **COVERAGE B DOES NOT COVER:**
 - a. land, including the land on which the property is located, underground water or surface water;
 - b. trees, plants, shrubs, and lawns;
 - c. structures used for **business**; and
 - d. structures rented or held for rental.
This does not apply to structures:
 - (1) rented or held for rental to a tenant of the covered residence and not used for **business** by the tenant; or
 - (2) used solely as a private garage.

COVERAGE C – PERSONAL PROPERTY (INCLUDES RESTRICTIONS OR ABRIDGMENTS)

1. **While on the Insured Premises** - This policy covers personal property, while on the **insured premises**,

which is usual to the occupancy of the dwelling as a residence. The personal property must be owned or used by **you** or **your** family members who reside with **you**.

2. **While Away from the Insured Premises** - **You** may apply up to 10 percent of the Coverage C **limit** to cover personal property, while away from the **insured premises**, which is usual to the occupancy of the dwelling as a residence. The personal property must be owned or used by **you**, or **your** family members who reside with **you**.
3. **While in a Newly Acquired Principal Residence** - **We** pay for loss to covered personal property in a newly acquired principal residence. The full Coverage C **limit** applies for 30 days from the date **you** begin to move. After that, coverage for personal property in a newly acquired principal residence is limited to 10 percent of the Coverage C **limit**. This coverage does not extend past the date on which the policy expires or the date on which the policy is terminated.
4. **Property of Others** - At **your** option, personal property owned by a guest or domestic employee is covered while it is in that part of the **insured premises** occupied by **you**. Payment under this coverage does not increase the Coverage C limit of liability.
5. **Limited Coverage on Certain Property Otherwise Excluded** - The special **limits** shown below do not increase the Coverage C **limit**. The **limit** for each category (listed below) is the total **limit** per occurrence for all items in that category. This limited personal property coverage, otherwise excluded under subsection 6, applies only if you are the owner occupying this premises.
 - a. \$200 on money, bank notes, bullion, gold other than goldware and gold-plated ware, silver other than silverware and silver-plated ware, platinum, coins, and numismatic property.
 - b. Regardless of their storage medium, \$1,000 on securities, bills, letters of credit, notes other than bank notes, tickets, accounts, deeds, evidence of debt, passports, manuscripts, stamps, and philatelic property.
 - c. \$1,000 on watercraft including their trailers, furnishings, equipment, and motors.
 - d. **Business** property, up to the amounts shown below:
 - (1) \$2,500 while on the **insured premises**;
 - (2) \$250 while away from the **insured premises**.
 - e. \$1,000 on trailers not otherwise provided for.
6. **Personal Property Not Covered - Coverage C Does Not Cover:**
 - a. accounts, bank notes, bills, bullion, coins, currency, deeds, evidences of debt, gold other than goldware, letters of credit, manuscripts, medals, money, notes other than bank notes, passports, personal records, platinum, securities, silver other than silverware, tickets

and stamps, except as described in Coverage C Personal Property 5, Limitations On Certain Property Otherwise Excluded.

- b. land, including the land on which the property is located, underground water or surface water;
- c. trees, plants, shrubs, and lawns;
- d. animals, birds, fish, or insects;
- e. **motorized vehicles**. This includes their parts, equipment, and accessories while in or on a **motorized vehicle**.
- f. aircraft, including self-propelled missiles, and spacecraft, including their parts and equipment;
- g. electronic devices, accessories, or antennas that may be operated from the electrical system of a **motorized vehicle**, farm equipment, or watercraft while in or on the **motorized vehicle**, farm equipment, or watercraft. This includes films, tapes, wires, discs, records, or other media for use with such devices;
- h. loss that results from **credit cards**;
- i. farm property (other than that provided under Limited Coverage on Certain Property Otherwise Excluded, Business property); or
- j. data, including data stored in:
 - (1) books of accounts, drawings or other paper records; or
 - (2) electronic data processing tapes, records, discs or other software media.

However, **we** do cover the cost of blank recording or storage media, and of pre-recorded computer programs available on the retail market.

COVERAGE D – ADDITIONAL LIVING COSTS AND FAIR RENTAL VALUE (INCLUDES RESTRICTIONS OR ABRIDGMENTS)

If a loss to property described in Coverage A, B, or C by a peril insured against under this policy makes that part of the **insured premises** rented to others or held for rental by **you** not habitable for its normal use, **we** cover its:

1. **Fair Rental Value**, meaning the fair rental value of that part of the **insured premises** rented to others or held for rental by **you** less any expenses that do not continue while that part of the **insured premises** rented or held for rental is not habitable to live in; or
2. **Additional Living Costs**, meaning any necessary increase in living costs incurred by **you** so that **your** household can maintain its normal standard of living.

Payment will be for the shortest time required to repair or replace the **insured premises** or, if **you** permanently relocate, the shortest time required for **your** household to settle elsewhere.

We pay **your additional living costs** and **fair rental value** for up to two weeks if the premises next to the

insured premises is damaged by a peril insured against and **you** may not, by order of civil authority, use the **insured premises**. This period of time is not limited by the policy period.

We do not pay for **additional living costs** or **fair rental value** due to the cancellation of a lease or an agreement.

INCIDENTAL COVERAGES (INCLUDES RESTRICTIONS OR ABRIDGMENTS)

This policy provides the following Incidental Coverages. They are subject to all of the **terms** of the applicable Coverages A, B, C or D. They are not extended to farm property. These coverages provide additional insurance unless otherwise stated.

1. **Emergency Removal** - **We** pay for loss to covered property that is moved to prevent loss by a peril insured against. The property is covered for direct physical loss not excluded, for up to 30 days. This coverage does not extend past the date on which this policy terminates.

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

This coverage does not increase the **limits** shown for the property being removed.

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

You may apply up to 25% of the **limit** that applies to the damaged property to cover debris removal.

We will not pay more for direct loss to property and debris removal combined than the **limit** that applies to the damaged property.

However, when the covered loss plus the cost of debris removal is more than the applicable **limit**, **we** will pay up to an extra 5% of the applicable **limit** to cover the cost of debris removal.

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

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

- a. the falling of the tree is caused by any of the perils insured against; and
- b. coverage is not provided elsewhere by this policy.

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

3. **Fire Department Service Charge** - **We** pay up to \$500 for charges assumed by **you** under a contract or agreement when a fire department is called to protect covered property from a peril insured against.
4. **Tenant's Improvements** - If **you** are a tenant, **we** pay for loss by perils insured against to

improvements on the **insured premises** made or acquired at **your** expense. These are permanent fixtures, alterations, decorations, and additions.

You may apply up to 10 percent of the Coverage C **limit** to cover tenant's improvements. Payment under this coverage does not increase the Coverage C limit of liability.

5. **Other Structures.** You may use up to 10% of the Coverage A limit of liability for loss by a Peril Insured Against to other structures described in Coverage B. Use of this coverage does not increase the Coverage A limit of liability.

6. **Rental Value.** You may use up to 10% of the Coverage A limit of liability for loss of **additional living costs** and **fair rental value** as described in Coverage D. **We** will pay only 1/12 of this 10% for each month the rented part of the **insured premises** is unfit for its normal use.

Payment under this coverage does not increase the Coverage A limit of liability.

7. **Limited Mold and Microbial Matter Coverage - We** will pay for direct physical loss to property covered under Coverages A, B, or C, caused by or consisting of **mold or microbial matter**, where the presence of **mold or microbial matter** is the direct result of a Peril insured Against that applies to the damaged property.

Payment for loss due to **mold or microbial matter** is conditioned upon the following:

- a. **You** giving **us** or our agency notice, in writing, with five (5) days of any insured's discovery of loss caused by an insured peril;
- b. The loss occurred during the policy period; and
- c. All reasonable means were used to save and preserve covered property from **mold or microbial matter** loss or damage.

Subject to the provisions below, a mold or Microbial Matter Aggregate Property limit of \$2,000 shall apply to all **mold or microbial matter** losses to property covered under Coverages A, B, or C. This limit applies to:

- a. The cost to investigate or test air or property to confirm the absence, presence, or level of loss attributed to **mold or microbial matter**;
- b. The cost to tear out and replace any part of the building or other covered property as needed to gain access to the **mold or microbial matter**; and
- c. The cost to remove **mold or microbial matter** from covered property.

We do not pay for any **additional living costs** or loss of rent under Coverage D or for any increase in expenses for Loss of Use and/or Debris Removal due to investigating or testing of **mold or microbial matter**. This **limit** applies to the total of all loss payable, regardless of the number of occurrences or the number of claims made. This **limit** does not increase the limit of liability applying to the damaged covered property.

PERILS INSURED AGAINST – COVERAGES A, B, C, AND D (INCLUDES RESTRICTIONS OR ABRIDGMENTS)

We insure against direct physical loss caused by the following perils, unless the loss is excluded under the General Exclusions:

1. Fire or Lightning

2. **Internal Explosion**, meaning explosion occurring in the dwelling or other structure covered on the **insured premises** or in a structure containing personal property covered.

Explosion does not mean:

- a. electric arcing;
- b. breakage of water pipes; or
- c. breakage or operation of pressure relief devices.

This peril does not include loss by explosion of steam boilers, or steam pipes, if owned or leased by **you** or operated under your control.

Optional Perils - Extended Coverage - The following perils (Numbers 3 through 10) are subject to an additional premium charge and apply only if coverage for Extended Coverage is shown on the Declarations.

3. Windstorm or Hail

However, **we** do not pay for loss:

- a. to the interior of a building or mobile home, or to property inside a structure caused by dust, rain, sand, sleet, snow or water, all whether driven by wind or not, which enter through an opening not made by the direct force of wind or hail;
- b. to watercraft and their trailers, furnishings, equipment and motors unless inside a fully enclosed building.

We do cover canoes and rowboats while on the **insured premises**; or

- c. to outdoor antennas, including their lead-in wiring, masts and towers.

4. Explosion

This peril does not include loss by explosion of steam boilers or steam pipes, if owned or leased by **you** or operated under **your** control.

Explosion does not mean:

- a. electric arcing;
- b. breakage of water pipes; or
- c. breakage or operation of pressure relief devices.

This peril replaces Peril 2.

5. Riot or Civil Commotion

6. **Aircraft**, including self-propelled missiles and spacecraft - This means direct loss from actual physical contact of an aircraft with covered property and includes objects falling from aircraft.

7. **Vehicles**, meaning a device designed or used to transport persons or property.

However, **we** do not pay for loss to fences, driveways and walks caused by a vehicle owned or operated by **you** or an occupant of the **insured premises**.

8. **Sudden and Accidental Damage from Smoke**
However, **we** do not pay for loss caused by smoke from agricultural smudging or industrial operations.
9. **Sinkhole Collapse** - This means loss caused by sudden settlement or collapse of earth supporting covered property. The earth settlement or collapse must result from subterranean voids created by the action of water on a limestone or similar rock formation.

However, **we** do not cover the value of land or the cost of filling sinkholes.

10. **Volcanic Effusion** - This means wind, or airborne shock waves, ash, dust, particulate matter, or lava flow discharged or vented from a volcano.
However, **we** do not cover removal of ash, dust, or particulate matter that does not cause direct physical loss to covered property.

Optional Peril - Vandalism - This peril (Number 11) is subject to an additional premium charge and applies only if coverage for Vandalism is shown on the Declarations.

11. **Vandalism**

However, **we** do not pay for loss on the **insured premises** if the residence is vacant for more than 30 days in a row just before the loss. A residence being built is not vacant.

GENERAL EXCLUSIONS

We do not pay for loss or damage caused by any of the excluded events described in items 1-16 GENERAL EXCLUSIONS. Loss or damage will be considered to have been caused by an excluded event if that event directly or solely results in loss or damage, or initiates a sequence of events that results in loss or damage, regardless of the nature of any intermediate or final event in that sequence.

1. **Business Interruption** - **We** do not pay for loss which results from interruption of **business**.
2. **Civil Authority** - **We** do not pay for loss, including seizure, confiscation, or destruction of property, caused by order of any civil authority.
We pay for loss resulting from acts of destruction by civil authority to prevent the spread of fire as long as the fire did not originate from a peril excluded by this policy.
3. **Earth Movement** - **We** do not pay for loss which results from earth movement whether the earth movement results from natural or artificial causes.
Earth movement includes but is not limited to:
- earthquake;
 - landslide, subsidence, erosion;
 - mudflow;
 - earth sinking, rising, shifting, expanding, or contracting.

This does not include Sinkhole Collapse as described under Perils Insured Against.

- e. **volcanic eruption.**

Volcanic eruption does not include Volcanic Effusion as described under Perils Insured Against.

Also excluded are acts or omissions of persons who cause, contribute to, or aggravate earth movement. Whenever earth movement occurs naturally to cause loss, or combines with acts or omissions of persons to cause loss it is always excluded under this policy.

We do pay for direct loss caused by fire, explosion (other than a **volcanic eruption**) and, if covered by this policy, theft resulting from earth movement.

4. **Intentional Acts** - **We** do not pay for loss which results from an act committed with intent to cause a loss:
- by **you** or at **your** direction; or
 - by or at the direction of any other insured.
5. **Neglect** - **We** do not pay for loss which results from **your** neglect to use all reasonable means to save and preserve covered property at and after the time of a loss.
6. **Nuclear Hazard** - **We** do not pay for loss which results from nuclear reaction, nuclear radiation, or radioactive contamination, including radon (all whether controlled or uncontrolled and whether caused by, contributed to or aggravated by a peril insured against).

Also excluded are acts or omissions of persons who cause, contribute to or aggravate nuclear hazard. Whenever nuclear hazard occurs naturally to cause loss or combines with acts or omissions of persons to cause loss, the resulting loss is always excluded by this policy. Loss caused by nuclear hazard is not considered loss caused by Fire, Explosion, or Smoke. Except, direct loss by fire resulting from the nuclear hazard is covered.

7. **Ordinance or Law** - **We** do not pay for loss or increased cost which results from:
- the enforcement of a code, ordinance, or law which regulates the use, construction, repair, demolition of property, or removal of its debris;
 - the requirements of which result in a loss in value to property; or
 - requiring **you** 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** or **contaminants**.

This exclusion applies whether or not the property has been physically damaged.

When breakage of glass is covered, **we** pay to replace damaged glass with safety glazing materials if required by code, ordinance, or law.

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

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

9. **War** - **We** do not pay for loss which results from declared or undeclared war, civil war, insurrection, rebellion, revolution, warlike act by a military force or military personnel, or destruction, seizure, or use of property for a military purpose. It includes the

consequences of these. Discharge of a nuclear weapon is deemed an act of war even if it is accidental.

10. **Water Damage - We** do not pay for loss caused by:
- flood, surface water, waves, tidal water, overflow of a body of water, or spray from any of these, whether driven by wind or not;
 - water which backs up through or overflows from sewers, drains, or sumps; or
 - water below the surface of the ground. This includes water which exerts pressure on, or seeps or leaks through or into a building, sidewalk, driveway, foundation, swimming pool, or other structure.

Also excluded are acts or omissions of persons who cause contribute to or aggravate water damage. Whenever water damage occurs naturally to cause a loss or combines with acts or omissions of persons to cause a loss the resulting loss is always excluded under the policy.

We pay for direct loss caused by fire; explosion (other than a **volcanic eruption**); and, (if covered by this policy), theft resulting from water damage.

11. **Wear and Tear - We** do not pay for loss which results from marring, deterioration, inherent vice, latent defect, mechanical breakdown, rust, wet or dry rot, corrosion, discharge, dispersal or release of **pollutants** or **contaminates** or smog, unless caused by a peril insured against by this policy.

12. **Mold or Microbial Matter - We** do not pay for loss or damage caused by, contributed to, arising out of, aggravated by or consisting of **mold or microbial matter**, regardless of any other cause or event contributing concurrently or in any sequence to the loss, except as provided by Section I - Incidental Property Coverages 7. Limited Mold and Microbial Matter Coverage.

13. **Errors, Omissions, and Defects - We** do not pay for loss which results from one or more of the following:
- acts or decision, including the failure to act or decide, of any person, group, organization, or governmental body;
 - any act, error, or omission (negligent or not, whether by **you** or others, whether on or off **insured premises**) relating to:
 - land use;
 - the design, specification, construction, workmanship, or installation of property;
 - planning, zoning, development, surveying, siting, grading, compaction;
 - maintenance of property (including land, structures, or improvements); or
 - establishing or enforcing building codes or standards for construction or materials.
 - a defect, a weakness, the inadequacy, a fault, or unsoundness in materials used in construction or repair, renovation, or remodeling.

We do pay for an ensuing loss unless the ensuing loss itself is excluded.

14. **We** do not cover loss to lawns, plants, shrubs or trees whether inside or outside of buildings.
15. **Pollutants** or **contaminants - We** do not cover loss or expense arising out of any:

- request, demand or order that **you** or others test for, monitor, clean up, remove, contain, treat, detoxify, neutralize, or in any way respond to or assess the effects of **pollutants** or **contaminants**; or
- claim or suit by or on behalf of any governmental authority for damages resulting from testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, or in any way responding to or assessing the effects of **pollutants** or **contaminants**.

16. **Weather Conditions - We** do not pay for loss which results from weather conditions that initiate, set in motion, or in any way contribute to losses excluded under the preceding General Exclusions (Numbers 1 through 15).

However, if loss or damage by fire or explosion results in loss to property described in Coverages A and B, **we** will pay for that resulting loss or damage.

WHAT YOU MUST DO IN CASE OF LOSS (INCLUDES RESTRICTIONS OR ABRIDGMENTS)

- Notice** - In case of a loss, **you** must:
 - give **us** or **our** agent prompt notice (**We** may request written notice); and
 - give notice to the police when the act that causes the loss is a crime.The notice to **us** must state:
 - your** name, the policy number and the time, place, and the details of the loss; and
 - the names and addresses of all known potential claimants and witnesses.
- Cooperation** - **You** must cooperate with **us** in investigating and settling the claim.
- Volunteer Payments** - **You** must not make payments, pay or offer rewards or assume obligations or other costs, except at **your** own cost. This does not apply to costs that are allowed by this policy.
- Other Duties** - **You** must take all reasonable steps to protect covered property at and after an insured loss to avoid further loss. **We** will pay the reasonable costs incurred by **you** for necessary repairs or emergency measures performed solely to protect covered property from further damage by a peril insured against if a peril insured against has already caused a loss to covered property. **You** must keep an accurate record of such costs. However, **we** will not pay for such repairs or emergency measures performed on property which has not been damaged by a peril insured against. This does not increase **our limit**.
At **our** request **you** must:
 - give **us** a signed, sworn proof of loss, within 90 days after **our** request that shows:
 - the time, place, and the details of the loss;

- (2) **your** interest and the interest of all others in the property. This includes all mortgages and liens;
 - (3) other policies that may cover the loss;
 - (4) changes in title or use;
 - (5) available plans and specifications of buildings;
 - (6) detailed estimates for repair; and
 - (7) in detail, the quantity, description, cost, amount of loss, and **actual cash value** of the personal property involved in the loss. **You** must give **us** copies of all bills, receipts, and related documents to confirm these;
- b. submit to examination under oath (and sign the same) in matters that relate to the loss or claim as often as **we** reasonably request. If more than one person is examined, **we** have the right to examine and receive statements separately from each person and not in the presence of the others;
 - c. show the damaged property and allow **us** to take samples of damaged property for inspection, testing, and analysis as often as **we** reasonably request;
 - d. show records, including tax returns and bank records of all canceled checks that relate to the value, loss, and costs, and permit copies to be made of them as often as **we** reasonably request;
 - e. assist **us** to enforce any right of recovery which **you** may have against a party causing the loss; and
 - f. show records that prove loss of rents and show receipts for **additional living costs**, and permit copies to be made of them as often as **we** reasonably request.

HOW MUCH WE PAY FOR LOSS OR CLAIM (INCLUDES RESTRICTIONS OR ABRIDGMENTS)

Loss Settlement Terms - Subject to the deductible or other limitation that applies, **we** pay the lesser of:

- a. the **limit** that applies;
 - b. **your** interest in the property; or
 - c. the amount determined under the Actual Cash Value Terms.
1. **Actual Cash Value Terms - Actual cash value** includes a deduction for depreciation, however caused. The smallest of the following amounts is used in applying the Loss Settlement Terms:
 - a. the cost to repair or replace the property with materials of like kind and quality to the extent practical;
 - b. the **actual cash value** of the property at the time of loss; or
 - c. (applies only to mobile homes) the difference in the **actual cash value** just before the loss and the **actual cash value** just after the loss.
 2. **Deductible** (shown on Declaration or Endorsement)
 - This applies to Coverages A, B, and C; Debris Removal; Trees, Plants, Shrubs and Lawns; and

Tenant's Improvements. It applies to all perils insured against unless otherwise shown.

We pay that part of the loss over the deductible. Not more than one deductible applies per occurrence. If this policy covers more than one residence, the deductible applies separately to each residence.

3. **Loss to a Pair or Set** - If there is loss to an item which is part of a pair or set, **we** pay only to replace or repair the item, or **we** pay the difference in the **actual cash value** of the pair or set just before the loss and the **actual cash value** just after the loss.
4. **Insurance Under More Than One Coverage** - If more than one coverage of this policy applies to a loss, **we** pay no more than the actual loss.
5. **Insurance Under More Than One Policy** - If there is other insurance that applies to the loss, **we** pay **our** share of the loss. **Our** share is that part of the loss that the **limit** of this policy bears to the total amount of insurance that applies to the loss. When a loss is also covered by the master policy of an association or corporation of property owners, this insurance is excess.
6. **Restoration of Limits** - Each loss **we** pay under this policy does not reduce the **limits** available over the policy term.
7. **Notice of Our Intent** - Unless **we** need more time to investigate **your** claim, **we** will give **you** notice of **our** intent to accept or deny **your** claim within 30 days after receipt of a duly executed proof of loss.

If **we** deny **your** claim, **we** will give **you** written notice of **our** denial. **Our** notice will identify any provision of this policy on which the denial is based. If **we** need more time to investigate **your** claim, **we** will give **you** notice of **our** need for more time within 30 days after receipt of a duly executed proof of loss. **Our** notice will state why more time is needed. If **our** investigation cannot be completed within 45 days of **our** initial notice, **we** will give **you** written notice to state why more time is needed. **We** will give **you** such notice within 45 days of the date of **our** initial notice.

We will continue to give **you** written notice every 45 days thereafter to state why more time is needed until **we** give **you** notice of **our** intent to accept or deny **your** claim.

PAYMENT OF LOSS (INCLUDES RESTRICTIONS OR ABRIDGMENTS)

1. **Your Property** - **We** adjust each loss with **you**. **We** pay an insured loss within 30 days after an acceptable proof of loss is received and the amount of the loss is agreed to in writing. If **you** and **we** do not agree, **we** pay within 30 days after the filing of an appraisal award with **us**, or there is an entry of a final judgment. Payment is made to **you** unless a loss payee is named.
2. **Additional Living Costs** - If the insured premises is unfit for use for more than one month, covered costs are paid on a monthly basis. **You** must give **us** proof of such costs.

3. **Damage to Personal Property of Others** - At our option, an insured loss may be adjusted with and paid:
 - a. to **you** on behalf of the owner; or
 - b. to the owner. If **we** pay the owner, **we** do not have to pay **you**.
4. **Our Options** - **We** may:
 - a. pay the loss in money; or
 - b. rebuild, repair or replace the property. **We** must give **you** notice of **our** intent to do so within 30 days after **we** receive an acceptable proof of loss.

We may take all or part of the damaged property at the agreed or appraised value. Property paid for or replaced by **us** becomes **ours**.

POLICY CONDITIONS (INCLUDES RESTRICTIONS OR ABRIDGMENTS)

1. **Abandonment of Property** - **You** may not abandon the property to **us** unless **we** agree.
2. **Appraisal** - This condition applies only if **you** and **we** agree to the appraisal and agree to be bound by the results established by the **terms** of this condition.

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

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

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

- a. the amount of the loss;
- b. the **actual cash value** of the property; and
- c. the cost to repair or replace the property.

Each amount will be stated separately.

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

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

If **we** make the written request for an appraisal, **we** will pay:

- a. the reasonable and necessary cost for **your** appraiser; and
 - b. **your** share of the cost for the umpire.
3. **Assignment** - This policy may not be assigned without **our** written consent.
 4. **Cancellation and Nonrenewal** - **You** may cancel this policy by returning the policy to **us** or by giving **us** written notice and stating at what future date coverage is to stop.

We may cancel or not renew this policy by written notice to **you** at the address shown on the Declarations. Proof of delivery or mailing is sufficient proof of notice. The notice will state the effective date and the reason for cancellation or nonrenewal. If this policy has been in effect less than 60 days **we** may cancel for any reason. **We** will give **you** notice at least ten working days before cancellation is effective.

If this policy has been in effect 60 days or more, or if it is a renewal of a policy issued by **us**, **we** may cancel this policy only on the anniversary date unless one or more of the following reasons apply:

- a. nonpayment of premium;
- b. fraud or material misrepresentation made by **you** or with your knowledge in obtaining the policy, continuing the policy, or in presenting a claim under the policy;
- c. substantial increase in the risk of loss after insurance coverage has been issued or renewed, including but not limited to an increase in exposure due to rules, legislation, or court decision.
- d. failure to comply with reasonable loss control recommendations;
- e. substantial breach of contractual duties, conditions, or warranties;
- f. a determination by the Director that the continuation of a line of insurance or class of business to which the policy belongs will jeopardize **our** solvency or will place **us** in violation of the insurance laws of Oregon or any other state;
- g. loss or decrease in reinsurance covering the risk; or
- h. any other reason approved by the Director by rule.

If **we** cancel this policy for nonpayment of premium, **we** will give you notice at least 10 days before cancellation is effective. Otherwise, **we** will give **you** notice at least 30 days in advance of cancellation or nonrenewal.

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

5. **Change, Modification, or Waiver of Policy Terms** - A waiver or change of the **terms** of this policy must be issued by **us** in writing to be valid.

If **we** adopt a revision which broadens coverage under this edition of **our** policy without an additional premium, the broadened coverage will apply to **your** policy as of the date **we** adopt the revision in the state in which the premises shown on the declarations as the described location is located. This applies only to revisions adopted 60 days prior to or during the policy period shown on the declarations.

This does not apply to changes adopted as a result of the introduction of a subsequent edition of **our** policy.

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

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

6. **Conformity With Statute - Terms** in conflict with the laws of the state where the **insured premises** is located are changed to conform to such laws.
7. **Death - On your death**, protection on **your** covered property passes to:
 - a. **your** legal representative, but only with respect to the property of the deceased covered under this policy at the time of death; or
 - b. any other persons having proper, temporary custody of covered property.
8. **Inspection - We** have the right, but are not required to, inspect **your** property and operations. **Our** inspection or resulting advice or report does not warrant that **your** property or operations are safe or healthful or comply with laws, rules, or regulations.
9. **Misrepresentation, Concealment, or Fraud - We** do not provide coverage if, before or after a loss:
 - a. **you** or any other insured have willfully concealed or misrepresented:
 - (1) a material fact or circumstance with respect to this insurance; or
 - (2) their interests herein; or
 - b. there has been fraud or false swearing by **you** or any other insured with respect to this insurance or the subject thereof.

All statements made by or on behalf of the insured, in the absence of fraud, shall be deemed representations and not warranties. No such statements that arise from an error in the application shall be used in defense of a claim under the policy unless:

- a. the statements are contained in a written application; and
- b. a copy of the application is endorsed upon or attached to the policy when issued

In order to use any representation by or on behalf of the insured in defense of a claim under the policy, the insurer must show that the representations are material and that the insurer relied on them.

10. **Additional Mortgage Provisions** - This applies only to coverage on buildings. The word "mortgagee" includes trustee.

- a. If a mortgagee is named on the Declarations, a loss payable under Coverages A or B will be paid to the mortgagee and **you**, as interests appear. If more than one mortgagee is named, the order of payment will be the same as the order of precedence of the mortgages.

If **we** deny **your** claim, that denial does not apply to a valid claim of the mortgagee, if the mortgagee has:

- (1) notified **us** of change in ownership, occupancy, or substantial change in risk of which the mortgagee became aware;
- (2) paid the premium due under this policy on demand if **you** neglected to pay the premium; and
- (3) submitted a signed, sworn proof of loss within 60 days after receiving notice from **us** if **you** failed to do so.

All **terms** of this policy apply to the mortgagee unless changed by this clause.

- b. If **we** cancel or do not renew this policy, **we** will notify the mortgagee at least 10 days before the date cancellation or nonrenewal takes effect.
- c. If **we** pay the mortgagee for a loss and deny payment to **you**:
 - (1) **we** are subrogated, up to the amount **we** paid for the loss, to all the rights of the mortgagee granted under the mortgage on the property; or
 - (2) at **our** option, **we** may pay to the mortgagee the whole principal on the mortgage plus the accrued interest. In this event, **we** shall receive a full assignment and transfer of the mortgage and all securities held as collateral to the mortgage debt.

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

- d. Oregon Insurance statutes stipulate the following mortgagee provisions:
 - (1) If loss hereunder is made payable, in whole or in part, to a designated mortgagee not named herein as the insured, such interest in this policy may be cancelled by giving to such mortgagee a 10 days' written notice of cancellation.
 - (2) If the insured fails to render proof of loss such mortgagee, upon notice, shall render proof of loss in the form herein specified within 60 days thereafter and shall be subject to the provisions hereof relating to appraisal and time of payment and of bringing suit. If this company shall claim that no liability existed as to the mortgagor or owner, it shall, to the extent of payment of

loss to the mortgagee, be subrogated to all the mortgagee's rights of recover, but without impairing mortgagee's right to sue; or it may pay off the mortgage debt and require an assignment thereof and of the mortgage. Other provisions relating to the interests and obligations of such mortgagee may be added hereto by agreement in writing.

11. **No Benefit To Bailee** - Coverage under this policy will not directly or indirectly benefit those who are paid to assume custody of the covered property.
12. **Policy Period** - This policy only covers losses that occur during the policy period.
13. **Recoveries** - This applies if **we** pay for a loss and lost or damaged property is recovered, or payment is made by those responsible for the loss.
 - a. **You** must inform **us** or **we** must inform **you** if either recovers property or receives payment.
 - b. Proper costs incurred by either party are paid first.
 - c. **You** may keep the property. The amount of the claim paid or a lesser amount to which **we** agree, must be returned to **us**.
 - d. If the claim paid is less than the agreed loss due to a deductible, or other limiting **terms**, the recovery is prorated between **you** and **us** based on the interest of each in the loss.
14. **Safety Glass** - When breakage of glass is covered, **we** pay to replace the damaged glass with safety glazing materials if required by code, ordinance or law.
15. **Secured Party Coverage** - This applies only to coverage on mobile homes and personal property. This entire clause is void unless the name of a secured party is shown on the Declarations. This clause applies only to the interest of a secured party and does not affect **your** rights or duties under the policy.
 - a. If a secured party is named on the Declarations, a loss payable on property subject to the security interest will be paid to the secured party and **you** as interests may appear. If there is more than one security interest in the same property, the order of payment will be the same as their order of priority.

If **we** deny **your** claim, that denial does not apply to a valid claim of a secured party if the secured party has:

 - (1) notified **us** of a change in ownership, occupancy, or substantial change in risk of which the secured party became aware;
 - (2) paid the premium due under this policy on demand if **you** neglected to pay the premium; and
 - (3) submitted a signed, sworn proof of loss within 60 days after receiving notice from **us** if **you** failed to do so.

All **terms** of this policy apply to the secured party unless changed by this clause.

- b. If **we** cancel or do not renew this policy, **we** will notify the secured party at least 10 days before the date cancellation or nonrenewal takes effect.
 - c. If **we** pay the secured party for a loss and deny payment to **you**:
 - (1) **we** are subrogated, up to the amount **we** paid for the loss, to all the rights of the secured party granted under the security agreement; or
 - (2) at **our** option, **we** may pay the secured party the remaining amount due on the security agreement plus the accrued interest. In this event, **we** shall receive full assignment of the security agreement and securities held as collateral for the agreement.
- However, the secured party's interest is not covered for **your** conversion, embezzlement, or secretion of encumbered property in **your** possession, unless specifically insured against and premium paid for such.
16. **Subrogation** - If **we** pay for a loss, **we** may require that **you** assign to **us** the right of recovery up to the amount **we** pay. **We** are not liable for a loss if, after the loss, **you** impair **our** right to recover against others. **You** may waive **your** right to recover, in writing, before a loss occurs, without affecting coverage. If **we** pay a loss to or for **you** and **you** recover from another party for the same loss, **you** must pay **us** as stated in Recoveries.
 17. **Suit Against Us** - No suit may be brought against us unless all the **terms** of this policy have been complied with and the suit is brought within two years after the loss.
 18. **Volcanic Effusion** - All **volcanic effusion** that occurs within a 72-hour period constitutes a single occurrence.
 19. **Inflation Guard** - **We** may increase the **limit** applying to Coverage A, B, and C to reflect changes in costs of construction and personal property values. Any such increase will be made on the renewal date of this policy.

The following coverage applies when the covered **insured premises** is damaged by a peril insured against and the loss is greater than the Coverage A **limit** shown in the Declarations. **We** will add an adjustment for inflation to the Coverage A **limit**. The adjustment is determined as follows. **We** determine the annual rate of increase in construction costs in **your** area due to inflation. To do this, **we** use a price index from a recognized appraisal agency. This rate is measured from the date the policy was issued or last renewed to the date of the loss. **Our** total **limit** for the covered **insured premises** is the amount shown on the Declarations for Coverage A plus the adjustment for inflation.