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AGREEMENT

This policy, subject to all of its **terms**, provides insurance against loss to property, personal liability insurance and other described coverages during the policy period in return for payment of the required premium. It consists of this Agreement, the Declarations, the General Policy Provisions, Perils Section, Liability Coverage Section, and any endorsements made part of it.

It is important that **you** read each part of this policy carefully to understand the coverage provided, **your** obligations and **our** obligations under the policy. Each coverage is subject to all policy **terms** relating to that coverage including the **terms** applicable to the entire policy. **Each principal coverage described in this policy applies only if a limit is shown on the Declarations for that coverage.**

GENERAL POLICY PROVISIONS

DEFINITIONS

- The words **you** and **your** refer to the person or persons shown in the Declarations and **your** spouse if a resident of **your** household. The words **we**, **us**, and **our** refer to the insurance company providing this insurance.
- Actual Cash Value** - The following is added to any provision which uses the term **Actual Cash Value**: **Actual Cash Value** is calculated as the amount it would cost to repair or replace Covered Property, at the time of loss or damage, with material of like kind or quality, subject to a deduction for deterioration, depreciation 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.

- Aircraft** means any device used for or designed for flight, except model or hobby **aircraft** not used or designed to carry people or cargo.
- Bodily injury** means bodily harm, sickness or disease, except a sickness or disease which is transmitted by an **insured** through sexual contact. **Bodily injury** includes required care, loss of services and death resulting from covered bodily harm, sickness or disease.
- Business**
 - means:
 - any full or part time trade, profession or occupation including farming;
 - providing home day care services to a person or persons other than **insureds** and receipt of compensation for such services;
 - but it does not mean:
 - the occasional rental, for residential purposes, of the portion of the **insured premises** normally occupied exclusively by **your** household;
 - mutual exchange of home day care services; or
 - the rendering of home day care services by an **insured** to a relative of an **insured**.
- Credit Card** means a card, plate, coupon book, or other credit device existing for the purpose of obtaining money, property, labor, or services on credit. This includes debit cards or fund transfer cards used to deposit, withdraw, or transfer funds.
- Domestic Employee** means a person employed by an **insured** to perform duties in connection with the maintenance or use of the **insured premises**. This includes persons who perform household or domestic services or duties of a similar nature elsewhere for an **insured**. This does not include persons while performing duties in connection with an **insured's business**.

8. **Fully Enclosed Building** means a building with continuous walls on all sides, extending from the ground level to the roof, with doors and windows if necessary, at various locations in the walls and including a continuous roof sheltering all areas within the wall perimeter.
9. **Insured** means:
- you**;
 - your** relatives if residents of **your** household;
 - persons under the age of 21 in **your** care or in the care of **your** resident relatives; and
 - your** legal representative if **you** die while insured by this policy. This person is an **insured** only with respect to insurance on covered property and liability arising out of the property. An **insured** at the time of **your** death remains an **insured** while residing on the **insured premises**;

Under Coverage L - Personal Liability and Coverage M - Medical Payments to Others

- persons using or caring for watercraft or animals owned by an **insured** and to which this insurance applies (this does not include persons using or caring for watercraft or animals in the course of **business** or without the owner's consent); and
- persons in the course of performing domestic duties that relate to the **insured premises**.

Each of the above is a separate **insured** but does not increase **our limit**.

10. **Insured Premises** means:
- Described location:
 - If **you** own the one to four family house described in the Declarations, the **insured premises** means that house, related private structures, and grounds at that location.
 - If **you** own the town house or row house described in the Declarations, the **insured premises** means that town house or row house described in the Declarations, related private structures and grounds used or occupied solely by **your** household for residential purposes at that location.
 - If **you** own the one family manufactured/mobile home described in the Declarations, the **insured premises** means that manufactured/mobile home, related private structures, and grounds at that location.
 - If **you** reside in the condominium unit, cooperative, apartment, or rented premises described in the Declarations, the **insured premises** means the parts of the described location which are used or occupied solely by **your** household for residential purposes.
 - Under Coverages L - Personal Liability and M - Medical Payments to Others, **insured premises** also includes:
 - other premises shown on the Declarations;

- that part of a residential premises acquired and to be used by **you** while this policy is in effect;
- all vacant land owned by or rented to an **insured**. This includes land where a **residence** is being built for the use of an **insured**. This does not include farm land;
- your** cemetery lots and burial vaults or those of **your** resident relatives;
- that part of residential premises, not owned by an **insured**, while temporarily used by an **insured**;
- premises used by **you** in connection with the described location;
- all access ways immediately adjoining the **insured premises**;
- that part of premises occasionally rented to an **insured** for other than **business** purposes.

- Limit(s)** means the **limit(s)** of liability that applies.
- Motorized Vehicle** means any self-propelled land or amphibious vehicle (regardless of horsepower, number of wheels, or method of surface contact) including parts and equipment. The following categories of **motorized vehicles** have specific meaning as used in this policy:
 - Motor Vehicle** means a **motorized vehicle**, trailer, or semi-trailer (including any attached machinery or apparatus):
 - subject to **motor vehicle** licensing; or
 - designed for use or travel on public roads.
 - Recreational Motor Vehicle** means a **motorized vehicle** (other than a **motor vehicle** as defined above), trailer, or attached apparatus designed or used for recreation, vacation, or leisure time activities.
- Occurrence** means an accident, including continuous or repeated exposure to similar conditions, which results during the policy period in **bodily injury, personal injury or property damage**.
- Property Damage** means physical injury to or destruction of tangible property, including loss of its use.
- Personal Injury** means injury arising out of one or more of the following offenses: false arrest, false imprisonment, wrongful detention, libel, slander, defamation of character, invasion of privacy, wrongful eviction, or wrongful entry.
- Residence** means a one to four family house, town house, row house, or one family manufactured/mobile home.
- Terms** means all provisions, limitations, exclusions, conditions, and definitions used in this policy.
- 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.

19. **Volcanic Effusion** means wind, or airborne shock waves, ash, dust, particulate matter, or lava flow discharged or vented from a volcano.

SECTION I

PRINCIPAL PROPERTY COVERAGES

Coverage A - Residence

We cover the **residence** on the **insured premises**. This includes additions and built-in components and fixtures, and carpeting when permanently installed. This coverage includes building materials and supplies located on the **insured premises** and intended for use in construction, alteration or repair of the **residence**.

Coverage A does not cover:

1. land, including land on which the dwelling is located except as provided by Incidental Property Coverages; or
2. trees, plants, shrubs, and lawns except as provided by Incidental Property Coverages.

Coverage B - Related Private Structures on the Premises

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

This coverage includes fences, satellite dishes, driveways, sidewalks, and other permanently installed outdoor fixtures and building materials and supplies located on the **insured premises** for use in construction of or to a related private structure.

Coverage B does not cover:

1. structures used in whole or in part for **business**;
2. structures rented or held for rental to any person other than a tenant of the **residence** on the **insured premises**. However, this exclusion does not apply to structures used solely for private garage purposes;
3. land, including land on which the related private structures are located except as provided by Incidental Property Coverages; or
4. trees, plants, shrubs and lawns except as provided under Incidental Property Coverages.

Coverage C - Personal Property

We cover personal property owned or in the care of an **insured** while it is anywhere in the world. At **your** option the personal property of guests and **domestic employees** is covered while on that portion of the **insured premises** occupied exclusively by an **insured**.

Coverage for personal property usually situated at any residential premises, other than the **insured premises**, is limited to 10% of the **limit** for Coverage C. When **you** move to another location where **you** intend to reside, the Coverage C **limit** applies at the new location for 45 days from the date **you** begin to move but does not extend past the expiration date of the policy.

1. **Limitations on Certain Property** - These special **limits** do not increase the Coverage C **limit**. The special **limit** for each class below is the total **limit** for all property in that class:

- a. \$500 on money, bank notes, bullion, coins, medals, and numismatic property;
- b. \$1,000 on gold other than gold tableware, silver other than silver tableware, platinum, securities, commercial paper (commercial paper means drafts, checks, certificates of deposit, and notes other than bank notes, including negotiable orders of withdrawal), stamps, philatelic property, tickets, accounts, deeds, evidence of debt, and passports;
- c. \$1,000 on watercraft including their trailers, equipment, accessories, and outboard motors;
- d. \$2,500 total aggregate for loss by theft, subject to a \$1,500 **limit** per item for jewelry, watches, precious and semi-precious stones, gems, furs and garments trimmed with fur;
- e. \$2,000 for loss by theft of guns and gun accessories;
- f. \$5,000 for loss by theft of silver tableware, silver-plated ware, gold tableware, gold-plated ware, and pewter ware;
- g. \$1,000 on manuscripts, unpublished works, other valuable papers, and personal records;
- h. \$2,500 on **motorized vehicles** not designed or licensed for public roads and used to service the **insured premises** or for assisting the handicapped;
- i. **business** property up to the amounts shown below:
 - (1) \$2,500 while located on the **insured premises**;
 - (2) \$500 while located away from the **insured premises**;
- j. \$1,000 on dismantled camper bodies and trailers not used with watercraft and only while located on the **insured premises**.
- k. \$1,000 for loss of electronic devices, accessories, or antennas, while in or upon a **motorized vehicle**, or other motorized land conveyance, if the electronic device is equipped to be operated by power from the electrical system of the **motorized vehicle** or other conveyance while retaining its capability of being operated by other sources of power. Electrical devices include tapes, wires, records, discs or other media for use with any electrical device.
- l. \$1,000 for loss of electronic devices, accessories, or antennas, while not in or upon a motorized vehicle or other motorized land conveyance, if the electronic device:
 - (1) is equipped to be operated by power from the electrical system of the vehicle or conveyance while retaining its capability of being operated by other sources of power;
 - (2) is away from the **insured premises**; and
 - (3) is used at any time or in any manner for any **business**.

Electronic devices include tapes, wires, records, discs or other media for use with any electrical device.

- m. \$5,000 on any one article, but not more than \$10,000 in the aggregate, for loss by theft of any rug, carpet (except wall-to-wall carpet), tapestry, wall-hanging, or similar item.
 - n. \$3,000 on memorabilia, souvenirs, collectors' items and similar articles whose age or history contribute to their value.
2. Personal Property Not Covered - Coverage C does not cover:
- a. property covered by scheduled insurance not made a part of this policy;
 - b. animals, insects, birds, and fish;
 - c. **motorized vehicles** (including any attached parts and equipment). Except, **we** do cover **motorized vehicles** (including any attached parts and equipment), not subject to motor vehicle registration, which are used to service the **insured premises** or designed and used for assisting the handicapped, subject to Limitations on Certain Property;
 - d. electronic devices, accessories, or antennas that are designed to be operated solely by the electrical system of a **motorized vehicle**, farm equipment, or watercraft while in or on a **motorized vehicle**, farm equipment or watercraft. This includes films, tapes, wires, disks, records, or other media for use with such devices. This exclusion of property applies only while the property is in or upon the vehicle or conveyance;
 - e. **aircraft** including their parts and equipment;
 - f. property in an apartment or dwelling rented or held for rental to others by an **insured** except as provided under Incidental Property Coverages;
 - g. property of roomers, boarders, and other tenants who are not **insureds**;
 - h. recording or storage media for electronic data processing that cannot be replaced with other of like kind and quality on the current retail market;
 - i. trees, plants, shrubs, and lawns, except as provided under Incidental Property Coverages;
 - j. **credit cards** except as provided under Incidental Property Coverages.

Coverage D - Additional Living Costs or Loss of Rent

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

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

We pay **your** additional living costs and loss of rent for up to 30 days if the premises adjoining the **insured premises** are damaged from a peril insured against by this policy and **you** may not, by order of civil authority, use the **insured premises**. This is not limited by the policy period.

We do not pay for loss of rent or costs due to the cancellation of a lease or agreement.

INCIDENTAL PROPERTY COVERAGES

This policy provides the following Incidental Property Coverages. They are subject to all of the **terms** of the applicable Coverages A, B, or C. They do not increase the **limit** stated for the Principal Property Coverages unless otherwise stated.

1. **Emergency Removal - We** pay for loss to covered property that is moved from the **insured premises** to prevent a loss from perils insured against. The property is covered for direct physical loss not excluded, for up to 30 days. Emergency Removal Coverage does not extend past the date on which this policy expires.
We pay up to \$250 towing charge to move a covered manufactured/mobile home endangered by a peril insured against.
2. **Debris Removal - We** will pay, as additional insurance, **your** reasonable expenses, subject to a **limit** for any one loss of 10% of **our** Coverage A **limit**, for removal of:
 - a. debris of covered property following an insured loss;
 - b. ash, dust, or particulate matter from **volcanic effusion** which has caused direct loss or damage to a building or property contained in a building insured by this policy.

This coverage does not include costs to:

- a. extract pollutants from land or water; or
- b. remove, restore, or replace polluted land or water.

We also pay up to \$500 to remove fallen trees which cause damage to covered property if:

- a. the falling of the tree is caused by a peril insured against under Coverage C; and
- b. coverage is not provided elsewhere by this policy.

3. **Reasonable Repairs - We** will pay the reasonable cost incurred by **you** for necessary repairs made solely to protect covered property from further damage when an insured peril causes the loss. This coverage does not increase the **limit** that applies to the property being repaired.

4. **Trees, Plants, Shrubs, and Lawns - You** may apply up to 10% of the Coverage C **limit** to cover trees, plants, shrubs, and lawns on the **insured premises**. **We** pay only for loss caused by the following perils:

Fire, Lightning, Explosion, Riot, Civil Commotion, **Aircraft**, Vehicles not owned or operated by an occupant of the **insured premises**, and (if insured under this policy), Vandalism, Malicious Mischief or Theft.

We do not pay more than \$500 for any one tree, plant, shrub, or portion of lawn, including the cost of removing the debris of the covered item.

We do not cover trees, plants, shrubs, or portions of lawn grown for **business** purposes.

5. **Fire Department Service Charge - We** pay up to \$2,000 for charges **you** must pay when a fire department is called to protect the **insured premises** from a peril insured against.

We do not cover fire department service charges if the property is located within the limit of the city, municipality, or protection district furnishing the fire department response.

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

6. **Credit Card, Fund Transfer Card, Forgery and Counterfeit Money - We** pay up to \$1,000 if an **insured**:

- by law must pay for the unauthorized use of **credit cards** issued or registered in the name of the **insured**;
- has a loss when checks, drafts, notes, or negotiable instruments are forged or altered; or
- accepts in good faith counterfeit United States or Canadian paper money.

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

We do not pay for loss if:

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

7. **Loss Assessment - We** pay up to \$1,000 for **your** share of any loss assessment charged during the policy period against **you** by a corporation or association of property owners. This coverage applies only to loss assessments charged against **you** as owner occupant of the **insured premises** and caused by a covered peril.

We do not pay if the loss is caused by earthquake or volcanic eruption.

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

The **limit** of \$1,000 is the most **we** will pay with respect to any one loss, regardless of the number of assessments.

8. **Collapse - We** pay for accidental direct physical loss to covered property involving collapse of a building or any part of a building caused only by one or more of the following:

- Perils Insured Against in Coverage C - Personal Property. These perils apply to covered buildings and personal property for loss insured by this additional coverage;
- weight of contents, equipment, animals, or people;
- weight of rain which collects on a roof;
- use of defective material or methods in construction, remodeling, or renovation if the collapse occurs during the course of the construction, remodeling or renovation;
- insects, vermin, or hidden decay as regards to Coverage C - Personal Property only. **We** do not cover loss to the dwelling or related private structures themselves when collapse is caused by insects, vermin, or hidden decay.

We do not pay under items 8. c., d., and e., for the following: awnings, fences, patios, pavement, swimming pools, underground pipes, flues, drains, cesspools, septic tanks, foundations, retaining walls, bulkheads, piers, wharves, or docks, unless the loss is a direct result of the collapse of a building.

Collapse does not include settling, cracking, shrinking, bulging, or expansion.

9. **Lock Replacement - We** pay for the rekeying or replacement, if necessary, of locks to the **insured's residence** when the **insured's** keys have been stolen and such loss has been properly reported to the police. No deductible applies to this coverage.

10. **Landlords Furnishings - We** will pay up to \$3,500 for appliances, carpeting and other household furnishings in an apartment or dwelling rented or held for rental to others by an **insured**.

We pay only if the loss is caused by a peril insured against - Coverage C - Personal Property.

\$3,500 is the most **we** will pay for each **occurrence** regardless of the number of rentals or locations covered.

11. **Replacement or Stabilization of Land -** If there is a covered loss to the **residence** or related private structure and the repair or rebuilding requires replacement or stabilization of the land under the **residence** or related private structure, **we** will pay up to 10% of the amount of the covered loss for replacement or stabilization of the land. This coverage is subject to a maximum of \$1,000.

12. **Tenants Improvements** - If **you** are a tenant, **you** may apply up to 10% of the Coverage C **limit** to cover direct loss by perils insured against to permanent fixtures, alterations, decorations and additions installed on the **insured premises** and made or acquired at **your** expense.
13. **Condominium Unit Owners Additions** - If the **insured premises** is a condominium unit, **you** may apply up to 10% of the Coverage C **limit** to cover direct loss by perils insured against to permanent fixtures, alterations, decorations and additions **you** own within **your** condominium unit. This does not include parts of the building or other property in easements within the unit.
14. **Grave Markers** - **We** pay up to \$1,000 for loss to grave markers and mausoleums caused by a peril insured against Coverage C - Personal Property.

EXCLUSIONS THAT APPLY TO PROPERTY COVERAGES

We do not pay for loss or damage caused by any of the excluded events described in items 1-15 (Exclusions That Apply To Property Coverages). 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. **Ordinance or Law** - **We** do not pay for loss or increased cost which results from enforcement of a code, ordinance, or law which regulates the use, construction, repair, or demolition of property. When breakage of glass is covered, **we** pay to replace damaged glass with safety glazing materials if required by code, ordinance, or law.
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. **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.
4. **War** - **We** do not pay for loss which results from declared or undeclared war, civil war, insurrection,

rebellion, revolution, warlike acts by a military force or military personnel, or destruction, seizure or use of property for a military purpose. It includes any consequence of any of these. Discharge of a nuclear weapon shall be deemed a warlike act even if accidental.

5. **Neglect** - **We** do not pay for loss which results from the neglect of an **insured** to use all reasonable means to save and preserve covered property at and after the time of a loss.
6. **Earth Movement of Any Kind** - **We** do not pay for loss which results from earth movement whether the earth movement results from natural or artificial causes. Earth movement includes, but is not limited to:
 - a. earthquake;
 - b. mudflow;
 - c. earth sinking, rising, shifting, expanding or contracting; or
 - d. **volcanic eruption**.

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

7. **Collapse** - This includes the collapse of a building or any part of a building, except as provided by Incidental Property Coverage.
8. **Water Damage** - **We** do not pay for loss caused by:
 - a. flood, surface water, waves, tidal water, overflow of a body of water, or spray from any of these, whether wind driven or not;
 - b. water which backs up through sewers or drains; or
 - c. water below the surface of the ground, including 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 this policy.

Except, **we** pay for direct loss by fire, explosion (other than **volcanic eruption**), and (if covered under this policy) theft resulting from water damage.

9. **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.

10. **Business Interruption - We** do not pay for loss resulting from the interruption of **business**.
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 pollutant or contaminants, or smog, unless caused by a peril insured against by this policy.
12. **Absolute Mold Exclusion** – We do not insure:
 - a. **Mold or microbial matter**;
 - b. Losses caused by, contributed to, arising out of, aggravated by or resulting from **mold or microbial matter**, regardless of any other cause or event contributing concurrently or in any sequence to the loss;
 - c. **Mold or microbial matter** that results from, arises out of, or is aggravated by otherwise covered losses, including but not limited to covered water damage.

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.
13. **Intentional Acts - We** do not pay for any loss arising out of any act committed by or at the direction of any **insured** with the intent to cause a loss.
14. **Errors, Omissions and Defects - We** do not pay for loss which results from one or more of the following:
 - a. Acts or decision, including the failure to act or decide, of any person, group, organization, or governmental body;
 - b. Any act, error or omission (negligent or not, whether by the **insured** or others, whether on or off the **insured premises**) relating to:
 - (1) land use;
 - (2) the design, specifications, construction, workmanship, or installation of property;
 - (3) planning, zoning, development, surveying, siting, grading, or compaction;
 - (4) maintenance of property (including land, structures, or improvements); or
 - (5) establishing or enforcing building codes or standards for construction or materials.
 - c. A defect, a weakness, the inadequacy, a fault, or unsoundness in materials used in construction or repair, renovation, or remodeling.

We do pay for ensuing loss unless the ensuing loss is excluded.
15. **Weather Conditions - We** do not pay for loss by weather conditions. However, this exclusion applies only if weather conditions initiate or set in motion loss or damage excluded in items 1 through 14 listed above.

WHAT YOU MUST DO IN CASE OF LOSS

1. **Notice** - In case of a loss or if an **insured** becomes aware of anything that indicates there might be a claim under this policy, he or she must.
 - a. give **us** or **our** agency prompt notice without unnecessary delay (**we** may request written notice);
 - b. give notice to the police when the act that causes the loss is a crime; and
 - c. give notice to the **credit card** company if the loss involves a **credit card**.

The notice to **us** must state:

 - a. the name of the **insured**, policy number and the time, date, place, origin and details of the loss; and
 - b. names and addresses of all potential claimants and all witnesses.
2. **Cooperation** - The **insured** must cooperate with **us** in performing all acts required by this policy.
3. **Volunteer Payments** - An **insured** must not, except as his or her own cost, make any payments, pay or offer any rewards, assume obligations, or other costs. This does not apply to costs that are allowed by this policy.
4. **Other Duties - Property Coverages** - The **insured** must take all reasonable steps to protect covered property at and after the time of a loss to avoid further loss.

At **our** request the **insured** must:

 - a. give **us** a proof of loss, within 60 days after **our** request (unless the time is extended in writing by **us**), signed and sworn to by the **insured**, that shows:
 - (1) the time, date, place and the details of the loss;
 - (2) the interest of the **insured** and all others in the property. This includes all mortgages, encumbrances, and liens;
 - (3) all other contracts of insurance, whether valid or not, that may cover the loss;
 - (4) changes in the title, use, occupancy, possession or exposures since the issuing of this policy;
 - (5) available plans and specifications of buildings and fixtures destroyed or damaged;
 - (6) detailed quantities, costs, actual cash value, amount of loss claimed or estimates of repair;
 - b. separate the damaged and undamaged personal property, put it in the best possible order, furnish a complete inventory of the destroyed, damaged and undamaged property;
 - c. submit to examination under oath in matters that relate to the loss or claims as often as **we** reasonably request.

- d. display the damaged property as often as **we** reasonably request;
 - e. provide bills, invoices, receipts or records, including tax returns and bank records of all cancelled checks that relate to the value, loss and costs and permit copies to be made of them as often as **we** reasonably request. Tax returns are privileged against disclosure under California law; however, they may be necessary to process or determine the claim;
 - f. assist **us** to enforce the right of recovery which the **insured** may have against a party causing the loss;
 - g. provide records that prove loss of rents and provide receipts for additional living expenses; and
 - h. submit evidence or affidavit supporting a claim under **Credit Card, Forgery, and Counterfeit Money** coverage stating the amount and cause of loss.
5. **Other Duties - Coverage L - Personal Liability Coverage** - In case of an **occurrence** which might result in a claim, the **insured** must promptly give **us** copies of all notices, demands, and legal papers that relate to the **occurrence** or the claim. At **our** request, the **insured** must help us:
- a. to settle a claim;
 - b. to conduct suits. This includes attending trials and hearings;
 - c. to enforce the right of recovery against parties who may be liable to an **insured**;
 - d. to secure and give evidence; and
 - e. to obtain the attendance of all witnesses.
6. **Other Duties - Coverage M - Medical Payments to Others Coverage** - In case of a loss, the injured person or someone acting on behalf of that person must:
- a. give **us** written proof of claim (under oath if **we** request) as soon as practical; and
 - b. authorize **us** to obtain copies of medical records. The injured person must submit to physical exams by doctors chosen by **us** as often as **we** reasonably require.

HOW MUCH WE PAY FOR LOSS OR CLAIM

1. **Property Coverages** -
- a. **Insurable Interest and Our Limit** - Even if more than one person has an insurable interest in the property covered **we** pay no more than the lesser of:
 - (1) the amount of **your** interest in the property; or
 - (2) the **limit** that applies.
 - b. **Deductible** (shown on Declarations or endorsement) - This applies to Coverages A, B, and C. It also applies to Debris Removal, Trees, Plants, Shrubs and Lawns, Reasonable Repairs,

Loss Assessment, Collapse, Landlords Furnishings, Land Coverage, Tenant Improvements, and Condominium Unit Owners Additions. It applies to all perils insured against unless otherwise shown.

In case of loss **we** pay only that part of the loss over the deductible.

- c. **Loss to a Pair or Set** - If there is loss to an item which is part of a pair or set, **we** pay only:
 - (1) to replace or repair the item; or
 - (2) 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.
 - d. **Loss Settlement** - If **you** have purchased Replacement Cost Provisions, **we** will settle losses according to those provisions. Otherwise, **we** pay the least of the following, subject to items 1.a., b. and c. under How Much **We** Pay For Loss Or Claim or any other **terms** that apply:
 - (1) the **limit** that applies to the property;
 - (2) the cost to repair or replace the damage on the same premises using materials of like kind and quality, to the extent practical;
 - (3) the amount spent to repair or replace the damage;
 - (4) the **actual cash value** of the property at the time of loss; or
 - (5) (applies to manufactured/mobile homes) the difference in the **actual cash value** just before the loss and the **actual cash value** just after the loss.
2. **Coverage L - Personal Liability and Coverage M - Medical Payments to Others** - The **limit** shown on the Declarations is the most **we** pay for loss for each **occurrence**. This applies regardless of the number of:
- a. persons insured under this policy;
 - b. parties who sustain injury or damage; or
 - c. claims made or suits brought.
- The payment of a claim under Coverage M does not mean **we** admit **we** are liable under Coverage L.
3. **Insurance Under More Than One Coverage** - If more than one coverage of this policy applies to a loss, **we** pay no more than the actual loss.
4. **Insurance Under More Than One Policy** - Property Coverage - If there is other collectible 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 a condominium association, **our** insurance is excess.
- Coverage L - Personal Liability - This insurance is excess over other valid and collectible insurance that applies to the loss or claim.
5. **Restoration of Limits** - Any loss **we** pay under this policy does not reduce the policy's **limits**.

PAYMENT OF LOSS OR CLAIM

1. **Your Property - We** adjust each loss with **you**. **We** pay an insured loss within 30 days after an acceptable proof of loss is received and the amount of the loss is agreed to in writing. If **you** and **we** do not agree, **we** pay within 30 days after the filing of an appraisal award with **us**. Payment is made to **you** unless a loss payee is named.
2. **Additional Living Costs** - If the **insured premises** is made unfit for use for more than one month, covered costs are paid on a monthly basis. **You** must give **us** proof of such costs.
3. **Damage to Personal Property of Others** - At **our** option, an insured loss may be adjusted with and paid:
 - a. to **you** on behalf of the owner; or
 - b. to the owner. If **we** pay the owner, **we** do not have to pay an **insured**.
4. **Our Option - 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**.

5. **Liability Coverages** - A person who has secured judgment against an **insured** for an insured loss or has liability established by a written agreement between the claimant, an **insured** and **us**, is entitled to recover under this policy to the extent of coverage provided.

POLICY CONDITIONS APPLICABLE TO ALL COVERAGES

1. **Assignment** - This policy is void if it is assigned without **our** written consent.
2. **Cancellation** -
 - a. **By You - You** may cancel this policy at any time by giving **us** written notice or returning the policy to **us** and stating when thereafter the cancellation is to be effective.
 - b. **By Us - We** may cancel this policy by written notice delivered to or mailed to **you** at the mailing address shown in the Declarations. Proof of delivery or mailing is sufficient proof of notice.
 - c. **We** refund premium for the unexpired policy period as follows:
 - (1) if cancelled by **us** - on a pro rata basis;
 - (2) if cancelled by **you** - on a pro rata less 10% basis.
 - d. **Refund of Premium** - Payment or tender of unearned premium is not a condition of cancellation. If the unearned premium is not refunded with the cancellation notice, it will be sent to **you** within 30 days.

- e. **When We May Cancel - We** may cancel the policy under the following conditions:
 - (1) **Non-Payment of Premium** - If the premium has not been paid when due, **we** may cancel at any time by giving the required notice at least 10 days before cancellation is effective.
 - (2) **New Policy** - If this is a new policy which has been in effect less than 60 days and is not a renewal, **we** may cancel for any reason by giving the required notice at least 45 days before cancellation is effective. A renewal of a policy issued by **us** is not a new policy.
 - (3) **Policy with Term over One Year** - If this policy is written for a term longer than one year, **we** may cancel for any reason by giving **you** the required notice at least 45 days before the anniversary date.
 - (4) **All Other Situations** - If this policy has been in effect 60 days or more or is a renewal of a policy issued by **us**, **we** may cancel only for the reasons set forth below and by giving the required notice (including **our** reason for cancellation) at least 45 days before cancellation is effective.

The reasons are:

 - (a) the policy was obtained through fraud, material misrepresentation, or omission of fact which, if known by **us**, would have caused **us** not to issue the policy; or
 - (b) there has been a material change or increase in hazard of the risk.
 - (5) If the policy is cancelled by **us**, any mortgagee or other person with a financial interest in the property who is named in the Declarations or in any endorsement attached to this policy will be notified in writing at least 45 days (other than for non-payment cancellation) before the date cancellation takes effect. The cancellation notice may be delivered or mailed; proof of mailing will be sufficient proof of notice.
3. **Non-Renewal - We** may elect not to renew or continue this policy by giving written notice (including **our** reason for refusing to renew) of **our** intent at least 45 days before the expiration or anniversary date. The notice may be delivered to or mailed to **you** at the mailing address shown in the Declarations. Proof of delivery or mailing shall be sufficient proof of notice.

If **we** have offered in writing, at least 20 days before the expiration date of this policy, to renew this policy, and have included a statement of the renewal premium due, **we** may terminate this policy on its expiration date if **you** fail to pay the required premium when due.

This policy terminates automatically on its expiration or anniversary date if **you**

- a. surrender the policy to **us**;
 - b. have notified **us** or **our** agent in writing of **your** intent not to renew; or
 - c. have not paid the renewal or installment premium when due.
4. **Change, Modification or Waiver of Policy Terms** - A waiver or change of the **terms** of this policy must be issued by **us** in writing to be valid. If, in the policy period, **we** adopt a revision which broadens coverage without an additional premium, the broadened coverage will apply.
Our request for an appraisal or examination under oath does not waive policy **terms**.
This policy is issued on a continuous basis for successive policy periods until cancelled. **We** may substitute or **we** may add, at each anniversary date, forms that are then authorized for use.
5. **Conformity with Statute - Terms** in conflict with the laws of the state where the premises described on the Declarations is located are changed to conform to such laws.
6. **Misrepresentation, Concealment or Fraud** - This policy is void if, before or after a loss;
- a. an **insured** has willfully concealed or misrepresented:
 - (1) a material fact or circumstances with respect to this insurance; or
 - (2) any **insureds** interest herein.
 - b. there have been fraudulent acts, conduct, or false swearing by any **insured** regarding this insurance or the subject thereof.
7. **Inspection** - **We** are permitted but not obligated to inspect **your** property and operations. **Our** inspection or any resulting advice or report does not warrant that **your** property or operations are safe or healthful or comply with laws, rules or regulations.
8. **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. The **insured** must inform **us** or **we** must inform the **insured** if either recovers property or receives payment.
 - b. Proper costs incurred by either party in making the recovery are paid first.
 - c. The **insured** may keep the property. The amount of the claim paid or any 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 the **insured** and **us** based on the interests of each in the loss.
9. **Subrogation** - If **we** pay for a loss, **we** may require that the **insured** assign to **us** their right of recovery up to the amount **we** pay. **We** are not liable for a loss if, after the loss, an **insured** impairs **our** right to

recover against others. **You** may waive **your** right to recover, in writing, before a loss occurs without voiding the coverage. If **we** pay a loss to or for an **insured** and the **insured** recovers damages from another party for the same loss, the **insured** must pay **us** as stated in Recoveries.

Subrogation does not apply to Coverage M - Medical Payments to Others or Damage to Property of Others under Incidental Liability Coverage.

10. **Suit Against Us** - No suit may be brought against **us** unless all the **terms** of this policy have been complied with; and
- a. **Property Coverages** - The suit is brought within two years after the loss. If any law of the state where the premises described in the Declarations are located makes this limitation invalid, then suit must begin within the shortest period permitted by the law.
 - b. **Liability Coverages** - The amount of an **insured's** liability has been fixed by:
 - (1) a final judgment against an **insured** which is the result of a trial; or
 - (2) a written agreement of the **insured**, the claimant and **us**.
- No person has any right under this policy to join or implead **us** in actions that are brought to fix the liability of an **insured**.
11. **Bankruptcy of an Insured** - Bankruptcy or insolvency of an **insured** or their estate does not relieve **us** of **our** obligations under this policy.
12. **Claim Related Documents** - We shall notify every claimant that they may obtain, upon request, copies of claim-related documents. For purposes of this section, claim-related documents means all documents that relate to the evaluation of damages, including, but not limited to, repair and replacement estimates and bids, appraisals, scopes of loss, drawings, plans, reports, third party findings on the amount of loss, covered damages, and cost of repairs, and all other valuation, measurement, and loss adjustment calculations of the amount of loss, covered damage, and cost of repairs. However, attorney work product and attorney-client privileged documents, and documents that indicate fraud by the insured or that contain medically privileged information, are excluded from the documents we are required to provide pursuant to this section to a claimant. Within 15 calendar days after receiving a request from an insured for claim-related documents, we shall provide the insured with copies of all claim-related documents, except those excluded by this section. Nothing in this section shall be construed to affect existing litigation discovery rights.

POLICY CONDITIONS APPLICABLE TO PROPERTY COVERAGES ONLY

1. **Abandonment of Property** - An **insured** may not abandon the property to **us** unless **we** agree.
2. **Appraisal** - If **you** and **we** do not agree on the amount of the loss, the **actual cash value** of the property, or the cost to repair or replace the property, either party may demand that these amounts be determined by appraisal.

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

Appraisal proceedings are informal unless **you** and **we** mutually agree otherwise. For purposes of this section, **informal** means that no formal discovery shall be conducted, including depositions, interrogatories, requests for admission, or other forms of formal civil discover, no formal rules of evidence shall be applied, and no court reporter shall be used for the proceedings.

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

- a. the amount of 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**.

In the event of a government-declared disaster, as defined in the Government Code, appraisal may be requested by either the **insured** or **us** but shall not be compelled.

3. **Adjusters** - If, within a six-month period, **we** assign a third or subsequent adjuster to be primarily responsible for a claim, **we** will provide the **insured** (in a timely manner) a written status report. For purposes of this section, a written status report shall include a summary of any decisions or actions that are substantially related to the disposition of a claim, including, but not limited to, the amount of losses to structures or contents, the retention or consultation of design or construction professionals, the amount of coverage for losses to structures or contents and all items in dispute.

4. **No Benefit to Bailee** - Coverage under this policy will not benefit those who are paid to assume custody of the covered property.
5. **Mortgage Clause** - The word "mortgagee" includes trustee.

- a. If a mortgagee is named on the Declarations, a loss payable under Coverage A or B will be paid to the mortgagee and **you**, as interests appear. If more than one mortgagee is named, the order of payment will be the same as the order or 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 an **insured** failed to pay the premium; and
- (3) submitted a signed, sworn proof of loss within 60 days after receiving notice from **us** if an **insured** has failed to do so.

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

- b. If **we** cancel this policy, **we** will notify the mortgagee at least 10 days before the date cancellation 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; and
 - (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.

6. **Secured Party Coverage** - This applies only to coverage on manufactured/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 the **insured's** 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 interest 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 any change in ownership, occupancy or substantial change in risk of which the secured party became aware;
- (2) paid any premium due under the policy on demand if an **insured** has failed to pay the premium; and
- (3) submitted a signed, sworn proof of loss within 60 days after receiving notice from **us** if an **insured** has failed to do so.

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

- b. If **we** cancel this policy, **we** will notify the secured party at least 10 days before the date cancellation takes effect.
- c. If **we** pay the secured party for any loss for which **we** have denied 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; and
 - (2) at **our** option, **we** may pay the secured party the remaining amount due on the security agreement plus any accrued interest. In this event, **we** shall receive full assignment of the security agreement and all securities held as collateral for the agreement.

However, the secured party's interest is not covered for conversion, embezzlement, or secretion by an **insured** in possession of the encumbered property, unless specifically insured against and premium was paid for such.

7. **Inflation Guard - We** may increase the **limit** applying to Coverage A, B, C, and D 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 **residence** 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 **residence** is the amount shown on the Declarations for Coverage A plus the adjustment for inflation.