

HOMEOWNERS 3-SPECIAL FORM**AGREEMENT**

We will provide the insurance described in this policy in return for the premium and compliance with all applicable provisions of this policy.

DEFINITIONS

In this policy, "you" and "your" refer to the "named insured" shown in the Declarations and the spouse if a resident of the same household. "We", "us" and "our" refer to the Company providing this insurance. In addition, certain words and phrases are defined as follows:

1. **"bodily injury"** means bodily harm, sickness or disease, including required care, loss of services and death that results.
 2. **"business"** includes trade, profession or occupation.
 3. **"insured"** means you and residents of your household who are:
 - a. your relatives; or
 - b. other persons under the age of 21 and in the care of any person named above.

Under Section II, **"insured"** also means:

 - c. with respect to animals or watercraft to which this policy applies, any person or organization legally responsible for these animals or watercraft which are owned by you or any person included in 3a or 3b above. A person or organization using or having custody of these animals or watercraft in the course of any **business** or without consent of the owner is not an **insured**;
 - d. with respect to any vehicle to which this policy applies:
 - (1) persons while engaged in your employ or that of any person included in 3a or 3b above; or
 - (2) other persons using the vehicle on an **insured location** with your consent.
 4. **"insured location"** means:
 - a. the **residence premises**;
 - b. the part of other premises, other structures and grounds used by you as a residence and:
 - (1) which is shown in the Declarations; or
 - (2) which is acquired by you during the policy period for your use as a residence;
 - c. any premises used by you in connection with a premises in 4a or 4b above;
 - d. any part of a premises:
 - (1) not owned by an **insured**; and
 - (2) where an **insured** is temporarily residing;
 - e. vacant land, other than farmland, owned by or rented to an **insured**;
 - f. land owned by or rented to an **insured** on which a one or two family dwelling is being built as a residence for an **insured**;
 - g. individual or family cemetery plots or burial vaults of an **insured**; or
 - h. any part of a premises occasionally rented to an **insured** for other than **business** use.
5. **"occurrence"** means an accident, including exposure to conditions, which results, during the policy period, in:
 - a. **bodily injury**; or
 - b. **property damage**.
 6. **"property damage"** means physical injury to, destruction of, or loss of use of tangible property.
 7. **"residence employee"** means:
 - a. an employee of an **insured** whose duties are related to the maintenance or use of the **residence premises**, including household or domestic services; or
 - b. one who performs similar duties elsewhere not related to the **business** of an **insured**.
 8. **"residence premises"** means:
 - a. the one family dwelling, other structures, and grounds; or
 - b. that part of any other building;

where you reside and which is shown as the **"residence premises"** in the Declarations. **"Residence premises"** also means a two family dwelling where you reside in at least one of the family units and which is shown as the **"residence premises"** in the Declarations.

SECTION I—PROPERTY COVERAGES

COVERAGE A-Dwelling

We cover:

1. the dwelling on the **residence premises** shown in the Declarations, including structures attached to the dwelling; and
2. materials and supplies located on or next to the **residence premises** used to construct, alter or repair the dwelling or other structures on the **residence premises**.

This coverage does not apply to land, including land on which the dwelling is located.

COVERAGE B-Other Structures

We cover other structures on the **residence premises** set apart from the dwelling by clear space. This includes structures connected to the dwelling by only a fence, utility line, or similar connection.

This coverage does not apply to land, including land on which the other structures are located.

We do not cover other structures:

1. used in whole or in part for **business**; or
2. rented or held for rental to any person not a tenant of the dwelling, unless used solely as a private garage.

The limit of liability for this coverage will not be more than 10% of the limit of liability that applies to Coverage A. Use of this coverage does not reduce the Coverage A limit of liability.

COVERAGE C-Personal Property

We cover personal property owned or used by an **insured** while it is anywhere in the world. At your request, we will cover personal property owned by:

1. others while the property is on the part of the **residence premises** occupied by an **insured**;
2. a guest or a **residence employee**, while the property is in any residence occupied by an **insured**.

Our limit of liability for personal property usually located at an **insured's** residence, other than the **residence premises**, is 10% of the limit of liability for Coverage C, or \$1000, whichever is greater. Personal property in a newly acquired principal residence is not subject to this limitation for the 30 days from the time you begin to move the property there.

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

1. \$200 on money, bank notes, bullion, gold other than goldware, silver other than silverware, platinum, coins and medals.

2. \$1000 on securities, accounts, deeds, evidences of debt, letters of credit, notes other than bank notes, manuscripts, passports, tickets and stamps.
3. \$1000 on watercraft, including their trailers, furnishings, equipment and outboard motors.
4. \$1000 on trailers not used with watercraft.
5. \$1000 on grave markers.
6. \$1000 for loss by theft of jewelry, watches, furs, precious and semi-precious stones.
7. \$2000 for loss by theft of firearms.
8. \$2500 for loss by theft of silverware, silver-plated ware, goldware, gold-plated ware and pewterware. This includes flatware, hollowware, tea sets, trays and trophies made of or including silver, gold or pewter.
9. \$2500 on property, on the **residence premises**, used at any time or in any manner for any **business** purpose.
10. \$250 on property, away from the **residence premises**, used at any time or in any manner for any **business** purpose.

Property Not Covered. We do not cover:

1. articles separately described and specifically insured in this or other insurance;
2. animals, birds or fish;
3. motor vehicles or all other motorized land conveyances. This includes:
 - a. equipment and accessories; or
 - b. any device or instrument for the transmitting, recording, receiving or reproduction of sound or pictures which is operated by power from the electrical system of motor vehicles or all other motorized land conveyances, including:
 - (1) accessories or antennas; or
 - (2) tapes, wires, records, discs or other media for use with any such device or instrument; while in or upon the vehicle or conveyance.

We do cover vehicles or conveyances not subject to motor vehicle registration which are:

- a. used to service an **insured's** residence; or
 - b. designed for assisting the handicapped.
4. aircraft and parts. Aircraft means any contrivance used or designed for flight, except model or hobby aircraft not used or designed to carry people or cargo;

5. property of roomers, boarders and other tenants, except property of roomers and boarders related to an **insured**;
6. property in an apartment regularly rented or held for rental to others by an **insured**;
7. property rented or held for rental to others off the **residence premises**.
8. a. books of account, drawings or other paper records; or
b. electronic data processing tapes, wires, records, discs or other software media;
containing **business** data. But, we do cover the cost of blank or unexposed records and media.
9. credit cards or fund transfer cards except as provided in Additional Coverages 6.

COVERAGE D—Loss Of Use

The limit of liability for Coverage D is the total limit for all the coverages that follow.

1. If a loss covered under this Section makes that part of the **residence premises** where you reside not fit to live in, we cover, at your choice, either of the following. However, if the **residence premises** is not your principal place of residence, we will not provide the option under paragraph b below.
 - a. **Additional Living Expense**, meaning any necessary increase in living expenses incurred by you so that your household can maintain its normal standard of living; or
 - b. **Fair Rental Value**, meaning the fair rental value of that part of the **residence premises** where you reside less any expenses that do not continue while the premises is not fit to live in.

Payment under a or b will be for the shortest time required to repair or replace the damage or, if you permanently relocate, the shortest time required for your household to settle elsewhere.

2. If a loss covered under this Section makes that part of the **residence premises** rented to others or held for rental by you not fit to live in, we cover the:

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

Payment will be for the shortest time required to repair or replace that part of the premises rented or held for rental.

3. If a civil authority prohibits you from use of the **residence premises** as a result of direct damage to neighboring premises by a Peril Insured Against in this policy, we cover the Additional Living Expense or Fair Rental Value loss as

provided under 1 and 2 above for no more than two weeks.

The periods of time under 1, 2 and 3 above are not limited by expiration of this policy.

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

ADDITIONAL COVERAGES

1. **Debris Removal**. We will pay your reasonable expense for the removal of:

- a. debris of covered property if a Peril Insured Against causes the loss; or
- b. ash, dust or particles from a volcanic eruption that has caused direct loss to a building or property contained in a building.

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

We will also pay your reasonable expense for the removal of fallen trees from the **residence premises** if:

- a. coverage is not afforded under Additional Coverage 3. Trees, Shrubs and Other Plants for the peril causing the loss; or
- b. the tree is not covered by this policy;

provided the tree damages covered property and a Peril Insured Against under Coverage C causes the tree to fall. Our limit of liability for this coverage will not be more than \$500 in the aggregate for any one loss.

2. **Reasonable Repairs**. We will pay the reasonable cost incurred by you for necessary repairs made solely to protect covered property from further damage if a Peril Insured Against causes the loss. This coverage does not increase the limit of liability that applies to the property being repaired.

3. **Trees, Shrubs and Other Plants**. We cover trees, shrubs, plants or lawns, on the **residence premises**, for loss caused by the following Perils Insured Against: Fire or lightning, Explosion, Riot or civil commotion, Aircraft, Vehicles not owned or operated by a resident of the **residence premises**, Vandalism or malicious mischief or Theft.

The limit of liability for this coverage will not be more than 5% of the limit of liability that applies to the dwelling, or more than \$500 for any one tree, shrub or plant. We do not cover property grown for **business** purposes.

This coverage is additional insurance.

4. **Fire Department Service Charge.** We will pay up to \$500 for your liability assumed by contract or agreement for fire department charges incurred when the fire department is called to save or protect covered property from a Peril Insured Against. We do not cover fire department service charges if the property is located within the limits of the city, municipality or protection district furnishing the fire department response. This coverage is additional insurance. No deductible applies to this coverage.
5. **Property Removed.** We insure covered property against direct loss from any cause while being removed from a premises endangered by a Peril Insured Against and for no more than 30 days while removed. This coverage does not change the limit of liability that applies to the property being removed.
6. **Credit Card, Fund Transfer Card, Forgery and Counterfeit Money.**

We will pay up to \$500 for:

- a. the legal obligation of an **insured** to pay because of the theft or unauthorized use of credit cards issued to or registered in an **insured's** name.
- b. loss resulting from theft or unauthorized use of a fund transfer card used for deposit, withdrawal or transfer of funds, issued to or registered in an **insured's** name.
- c. loss to an **insured** caused by forgery or alteration of any check or negotiable instrument; and
- d. loss to an **insured** through acceptance in good faith of counterfeit United States or Canadian paper currency.

We do not cover use of a credit card or fund transfer card:

- a. by a resident of your household;
- b. a person who has been entrusted with either type of card; or
- c. if an **insured** has not complied with all terms and conditions under which the cards are issued.

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 cover loss arising out of **business** use or dishonesty of an **insured**.

This coverage is additional insurance.

No deductible applies to this coverage.

Defense:

- a. We may investigate and settle any claim or suit that we decide is appropriate. Our duty to defend a claim or suit ends when the amount we pay for the loss equals our limit of liability.

- b. If a suit is brought against an **insured** for liability under the Credit Card or Fund Transfer Card coverage, we will provide a defense at our expense by counsel of our choice.
- c. We have the option to defend at our expense an **insured** or an **insured's** bank against any suit for the enforcement of payment under the Forgery coverage.

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

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

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

8. **Collapse.** We insure for 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:

- a. Perils Insured Against in Coverage C-Personal Property. These perils apply to covered building and personal property for loss insured by this additional coverage;
- b. hidden decay;
- c. hidden insect or vermin damage;
- d. weight of contents, equipment, animals or people;
- e. weight of rain which collects on a roof; or
- f. use of defective material or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation.

Loss to an awning, fence, patio, pavement, swimming pool, underground pipe, flue, drain, cesspool, septic tank, foundation, retaining wall, bulkhead, pier, wharf or dock is not included under items b, c, d, e, and f unless the loss is a direct result of the collapse of a building.

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

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

SECTION 1—PERILS INSURED AGAINST

COVERAGE A—DWELLING and COVERAGE B—OTHER STRUCTURES

We insure against risks of direct loss to property described in Coverages A and B only if that loss is a physical loss to property; however, we do not insure loss:

1. involving collapse, other than as provided in Additional Coverage 8;
2. caused by:
 - a. freezing of a plumbing, heating, air conditioning or automatic fire protective sprinkler system or of a household appliance, or by discharge, leakage or overflow from within the system or appliance caused by freezing. This exclusion applies only while the dwelling is vacant, unoccupied or being constructed unless you have used reasonable care to:
 - (1) maintain heat in the building; or
 - (2) shut off the water supply and drain the system and appliances of water;
 - b. freezing, thawing, pressure or weight of water or ice, whether driven by wind or not, to a:
 - (1) fence, pavement, patio or swimming pool;
 - (2) foundation, retaining wall or bulkhead; or
 - (3) pier, wharf or dock;
 - c. theft in or to a dwelling under construction, or of materials and supplies for use in the construction until the dwelling is finished and occupied;
 - d. vandalism and malicious mischief or breakage of glass and safety glazing materials if the dwelling has been vacant for more than 30 consecutive days immediately before the loss. A dwelling being constructed is not considered vacant;
 - e. constant or repeated seepage or leakage of water or steam over a period of weeks, months or years from within a plumbing, heating, air conditioning or automatic fire protective sprinkler system or from within a household appliance;
 - f.
 - (1) wear and tear, marring, deterioration;
 - (2) inherent vice, latent defect, mechanical breakdown;
 - (3) smog, rust, mold, wet or dry rot;
 - (4) smoke from agricultural smudging or industrial operations;
 - (5) release, discharge or dispersal of contaminants or pollutants;
 - (6) settling, cracking, shrinking, bulging, or expansion of pavements, patios, foundations, walls, floors, roots, or ceilings; or

(7) birds, vermin, rodents, insects or domestic animals.

If any of these cause water damage not otherwise excluded, from a plumbing, heating, air conditioning or automatic fire protective sprinkler system or household appliance, we cover loss caused by the water including the cost of tearing out and replacing any part of a building necessary to repair the system or appliance. We do not cover loss to the system or appliance from which this water escaped.

3. excluded under Section I—Exclusions,

Under items 1 and 2, any ensuing loss to property described in Coverages A and B not excluded or excepted in this policy is covered.

COVERAGE C—PERSONAL PROPERTY

We insure for direct physical loss to property described in Coverage C caused by a peril listed below unless the loss is excluded in Section I—Exclusions.

1. **Fire or lightning.**

2. **Windstorm or hail.**

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

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

3. **Explosion.**

4. **Riot or civil commotion.**

5. **Aircraft**, including self-propelled missiles and spacecraft.

6. **Vehicles.**

7. **Smoke**, meaning sudden and accidental damage from smoke.

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

8. **Vandalism or malicious mischief.**

9. **Theft**, including attempted theft and loss of property from a known location when it is likely that the property has been stolen.

This peril does not include loss caused by theft:

- a. committed by an **insured**;

b. in or to a dwelling under construction, or of materials and supplies for use in the construction until the dwelling is finished and occupied; or

c. from that part of a **residence premises** rented by an **insured** to other than an **insured**.

This peril does not include loss caused by theft that occurs off the **residence premises** of:

- a. property while at any other residence owned, rented to, or occupied by an **insured**, except while an **insured** is temporarily living there. Property of a student who is an **insured** is covered while at a residence away from home if the student has been there at any time during the 45 days immediately before the loss;
- b. watercraft, including their furnishings, equipment and outboard motors; or
- c. trailers and campers.

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

11. Weight of ice, snow or sleet which causes damage to property contained in a building.

12. Accidental discharge or overflow of water or steam from within a plumbing, heating, air conditioning or automatic fire protective sprinkler system or from within a household appliance. This peril does not include loss:

- a. to the system or appliance from which the water or steam escaped;

b. caused by or resulting from freezing except as provided in the peril of freezing below; or

c. on the **residence premises** caused by accidental discharge or overflow which occurs off the **residence premises**.

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

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

14. Freezing of a plumbing, heating, air conditioning or automatic fire protective sprinkler system or of a household appliance.

This peril does not include loss on the **residence premises** while the dwelling is unoccupied, unless you have used reasonable care to:

- a. maintain heat in the building; or
- b. shut off the water supply and drain the system and appliances of water.

15. Sudden and accidental damage from artificially generated electrical current.

This peril does not include loss to a tube, transistor or similar electronic component.

16. Damage by glass or safety glazing material which is part of a building, storm door or storm window.

This peril does not include loss on the **residence premises** if the dwelling has been vacant for more than 30 consecutive days immediately before the loss. A dwelling being constructed is not considered vacant.

17. Volcanic Eruption other than loss caused by earthquake, land shock waves or tremors.

SECTION I—EXCLUSIONS

1. We do not insure for loss caused directly or indirectly by any of the following. Such loss is excluded regardless of any other cause or event contributing concurrently or in any sequence to the loss.
 - a. **Ordinance or Law**, meaning enforcement of any ordinance or law regulating the construction, repair, or demolition of a building or other structure, unless specifically provided under this policy.
 - b. **Earth Movement**, meaning earthquake including land shock waves or tremors before, during or after a volcanic eruption; landslide; mudflow; earth sinking, rising or shifting; unless direct loss by:
 - (1) fire;
 - (2) explosion; or
 - (3) breakage of glass or safety glazing material which is part of a building, storm door or storm window;ensues and then we will pay only for the ensuing loss.

This exclusion does not apply to loss by theft.
 - c. **Water Damage**, meaning:
 - (1) flood, surface water, waves, tidal water, overflow of a body of water, or spray from any of these, whether or not driven by wind;
 - (2) water which backs up through sewers or drains; or
 - (3) water below the surface of the ground, including water which exerts pressure on or seeps or leaks through a building, sidewalk, driveway, foundation, **swimming pool** or other structure.Direct loss by fire, explosion or theft resulting from water damage is covered.
 - d. **Power Failure**, meaning the failure of power or other utility service if the failure takes place off the **residence premises**. But, if a Peril Insured Against ensues on the **residence premises**, we will pay only for that ensuing loss.
 - e. **Neglect**, meaning neglect of the **insured** to use all reasonable means to save and preserve property at and after the time of a loss.
 - f. **War**, including undeclared war, civil war, insurrection, rebellion, revolution, warlike act by a military force or military personnel, destruction or seizure or use for a military purpose, and including any consequence of any of these. Discharge of a nuclear weapon will be deemed a warlike act even if accidental.
 - g. **Nuclear Hazard**, to the extent set forth in the Nuclear Hazard Clause of Section I—Conditions.
 - h. **Intentional Loss**, meaning any loss arising out of any act committed:
 - a. by or at the direction of an **insured**; and
 - b. with the intent to cause a loss.
2. We do not insure for loss to property described in Coverages A and B caused by any of the following. However, any ensuing loss to property described in Coverages A and B not excluded or excepted in this policy is covered.
 - a. **Weather conditions**. However, this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in paragraph 1. above to produce the loss;
 - b. **Acts or decisions**, including the failure to act or decide, of any person, group, organization or governmental body;
 - c. **Faulty, inadequate or defective**:
 - (1) planning, zoning, development, surveying, siting;
 - (2) design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
 - (3) materials used in repair, construction, renovation or remodeling; or
 - (4) maintenance;of part or all of any property whether on or off the **residence premises**.

SECTION I—CONDITIONS

1. **Insurable Interest and Limit of Liability.** Even if more than one person has an insurable interest in the property covered, we will not be liable in any one loss:
 - a. to the **insured** for more than the amount of the **insured's** interest at the time of loss; or
 - b. for more than the applicable limit of liability.
2. **Your Duties After Loss.** In case of a loss to covered property, you must see that the following are done:
 - a. give prompt notice to us or our agent;
 - b. notify the police in case of loss by theft;
 - c. notify the credit card or fund transfer card company in case of loss under Credit Card or Fund Transfer Card coverage;
 - d. (1) protect the property from further damage;
(2) make reasonable and necessary repairs to protect the property; and
(3) keep an accurate record of repair expenses;
 - e. prepare an inventory of damaged personal property showing the quantity, description, actual cash value and amount of loss. Attach all bills, receipts and related documents that justify the figures in the inventory;
 - f. as often as we reasonably require:
 - (1) show the damaged property;
 - (2) provide us with records and documents we request and permit us to make copies; and
 - (3) submit to questions under oath and sign and swear to them;
 - g. send to us, within 60 days after our request, your signed, sworn proof of loss which sets forth, to the best of your knowledge and belief:
 - (1) the time and cause of loss;
 - (2) the interest of the **insured** and all others in the property involved and all liens on the property;
 - (3) other insurance which may cover the loss;
 - (4) changes in title or occupancy of the property during the term of the policy;
 - (5) specifications of damaged buildings and detailed repair estimates;
 - (6) the inventory of damaged personal property described in 2e above;
 - (7) receipts for additional living expenses incurred and records that support the fair rental value loss;
- (8) evidence or affidavit that supports a claim under the Credit Card, Fund Transfer Card, Forgery and Counterfeit Money coverage, stating the amount and cause of loss.
3. **Loss Settlement.** Covered property losses are settled as follows:
 - a. (1) Personal property;
(2) Awnings, carpeting, household appliances, outdoor antennas, and outdoor equipment, whether or not attached to buildings; and
(3) Structures that are not buildings;

at actual cash value at the time of loss but not more than the amount required to repair or replace.
 - b. Buildings under Coverage A or B at replacement cost without deduction for depreciation, subject to the following:
 - (1) If, at the time of loss, the amount of insurance in this policy on the damaged building is 80% or more of the full replacement cost of the building immediately before the loss, we will pay the cost to repair or replace, after application of deductible and without deduction for depreciation, but not more than the least of the following amounts:
 - (a) the limit of liability under this policy that applies to the building;
 - (b) the replacement cost of that part of the building damaged for like construction and use on the same premises; or
 - (c) the necessary amount actually spent to repair or replace the damaged building.
 - (2) If, at the time of loss, the amount of insurance in this policy on the damaged building is less than 80% of the full replacement cost of the building immediately before the loss, we will pay the greater of the following amounts, but not more than the limit of liability under this policy that applies to the building:
 - (a) the actual cash value of that part of the building damaged; or
 - (b) that proportion of the cost to repair or replace, after application of deductible and without deduction for depreciation, that part of the building damaged, which the total amount of insurance in this policy on the damaged building bears to 80% of the replacement cost of the building.

(3) To determine the amount of insurance required to equal 80% of the full replacement cost of the building immediately before the loss, do not include the value of:

- (a) excavations, foundations, piers or any supports which are below the undersurface of the lowest basement floor;
- (b) those supports in (a) above which are below the surface of the ground inside the foundation walls, if there is no basement; and
- (c) underground flues, pipes, wiring and drains.

(4) We will pay no more than the actual cash value of the damage unless:

- (a) actual repair or replacement is complete; or
- (b) the cost to repair or replace the damage is both:
 - (i) less than 5% of the amount of insurance in this policy on the building; and
 - (ii) less than \$1000.

(5) You may disregard the replacement cost loss settlement provisions and make claim under this policy for loss or damage to buildings on an actual cash value basis. You may then make claim within 180 days after loss for any additional liability on a replacement cost basis.

4. Loss to a Pair or Set. In case of loss to a pair or set we may elect to:

- a. repair or replace any part to restore the pair or set to its value before the loss; or
- b. pay the difference between actual cash value of the property before and after the loss.

5. Glass Replacement. Loss for damage to glass caused by a Peril Insured Against will be settled on the basis of replacement with safety glazing materials when required by ordinance or law.

6. Appraisal. If you and we fail to agree on the amount of loss, either may demand an appraisal of the loss. In this event, each party will choose a competent appraiser within 20 days after receiving a written request from the other. The two appraisers will choose an umpire. If they cannot agree upon an umpire within 15 days, you or we may request that the choice be made by a judge of a court of record in the state where the **residence premises** is located. The appraisers will separately set the amount of loss. If the appraisers submit a written report of an agree-

ment to us, the amount agreed upon will be the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will set the amount of loss.

Each party will:

- a. pay its own appraiser; and
- b. bear the other expenses of the appraisal and umpire equally.

7. Other Insurance. If a loss covered by this policy is also covered by other insurance, we will pay only the proportion of the loss that the limit of liability that applies under this policy bears to the total amount of insurance covering the loss.

8. Suit Against Us. No action can be brought unless the policy provisions have been complied with and the action is started within one year after the date of loss.

9. Our Option. If we give you written notice within 30 days after we receive your signed, sworn proof of loss, we may repair or replace any part of the damaged property with like property.

10. Loss Payment. We will adjust all losses with you. We will pay you unless some other person is named in the policy or is legally entitled to receive payment. Loss will be payable 60 days after we receive your proof of loss and:

- a. reach an agreement with you;
- b. there is an entry of a final judgment; or
- c. there is a filing of an appraisal award with us.

11. Abandonment of Property. We need not accept any property abandoned by an **insured**.

12. Mortgage Clause.

The word "mortgagee" includes trustee.

If a mortgagee is named in this policy, any loss payable under Coverage A or B will be paid to the mortgagee and you, as interests appear. If more than one mortgagee is named, the order of payment will be the same as the order or precedence of the mortgages.

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

- a. notifies us of any change in ownership, occupancy or substantial change in risk of which the mortgagee is aware;
- b. pays any premium due under this policy on demand if you have neglected to pay the premium; and

- c. submits a signed, sworn statement of loss within 60 days after receiving notice from us of your failure to do so. Policy conditions relating to Appraisal, Suit Against Us and Loss Payment apply to the mortgagee.

If the policy is cancelled or not renewed by us, the mortgagee will be notified at least 10 days before the date cancellation or nonrenewal takes effect.

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

- a. we are subrogated to all the rights of the mortgagee granted under the mortgage on the property; or
- b. at our option, we may pay to the mortgagee the whole principal on the mortgage plus any accrued interest. In this event, we will receive a full assignment and transfer of the mortgage and all securities held as collateral to the mortgage debt.

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

- 13. No Benefit to Baliee.** We will not recognize any assignment or grant any coverage that benefits a person or organization holding, storing or moving property for a fee regardless of any other provision of this policy.

14. Nuclear Hazard Clause

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

- 15. Recovered Property.** If you or we recover any property for which we have made payment under this policy, you or we will notify the other of the recovery. At your option, the property will be returned to or retained by you or it will become our property. If the recovered property is returned to or retained by you, the loss payment will be adjusted based on the amount you received for the recovered property.

- 16. Volcanic Eruption Period.** One or more volcanic eruptions that occur within a 72-hour period will be considered as one volcanic eruption.

SECTION II—LIABILITY COVERAGES

COVERAGE E—Personal Liability

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

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

COVERAGE F—Medical Payments To Others

We will pay the necessary medical expenses that are incurred or medically ascertained within three years from the date of an accident causing **bodily injury**.

Medical expenses means reasonable charges for medical, surgical, x-ray, dental, ambulance, hospital, professional nursing, prosthetic devices and funeral services. This coverage does not apply to you or regular residents of your household except **residence employees**. As to others, this coverage applies only:

- 1. to a person on the **insured location** with the permission of an **insured**; or
- 2. to a person off the **insured location**, if the **bodily injury**:
 - a. arises out of a condition on the **insured location** or the ways immediately adjoining;
 - b. is caused by the activities of an **insured**;
 - c. is caused by a **residence employee** in the course of the **residence employee's** employment by an **insured**; or
 - d. is caused by an animal owned by or in the care of an **insured**.

SECTION II—EXCLUSIONS

1. Coverage E—Personal Liability and Coverage F—Medical Payments to Others do not apply to **bodily injury** or **property damage**:

- a. which is expected or intended by the **insured**;
- b. arising out of **business** pursuits of an **insured** or the rental or holding for rental of any part of any premises by an **insured**.

This exclusion does not apply to:

- (1) activities which are usual to non - **business** pursuits; or
- (2) the rental or holding for rental of an **insured location**:
 - (a) on an occasional basis if used only as a residence;
 - (b) in part for use only as a residence, unless a single family unit is intended for use by the occupying family to lodge more than two roomers or boarders; or
 - (c) in part, as an office, school, studio or private garage;
- c. arising out of the rendering of or failure to render professional services;
- d. arising out of a premises:
 - (1) owned by an **insured**;
 - (2) rented to an **insured**; or
 - (3) rented to others by an **insured**;that is not an **insured location**;
- e. arising out of:

- (1) the ownership, maintenance, use, loading or unloading of motor vehicles or all other motorized land conveyances, including trailers, owned or operated by or rented or loaned to an **insured**;
- (2) the entrustment by an **insured** of a motor vehicle or any other motorized land conveyance to any person; or
- (3) statutorily imposed vicarious parental liability for the actions of a child or minor using a conveyance excluded in paragraph (1) or (2) above.

This exclusion does not apply to:

- (1) a trailer not towed by or carried on a motorized land conveyance.
- (2) a motorized land conveyance designed for recreational use off public roads, not subject to motor vehicle registration and:
 - (a) not owned by an insured; or

(b) owned by an **insured** and on an **insured location**.

- (3) a motorized golf cart when used to play golf on a golf course.
- (4) a vehicle or conveyance not subject to motor vehicle registration which is:
 - (a) used to service an **insured's** residence;
 - (b) designed for assisting the handicapped; or
 - (c) in dead storage on an **insured location**.

f. arising out of:

- (1) the ownership, maintenance, use, loading or unloading of a watercraft described below;
- (2) the entrustment by an **insured** of a watercraft described below to any person; or
- (3) statutorily imposed vicarious parental liability for the actions of a child or minor using a watercraft described below.

Watercraft:

- (1) with inboard or inboard-outdrive motor power owned by an **insured**;
- (2) with inboard or inboard-outdrive motor power of more than 50 horsepower rented to an **insured**;
- (3) that is a sailing vessel, with or without auxiliary power, 26 feet or more in length owned by or rented to an **insured**; or
- (4) powered by one or more outboard motors with more than 25 total horsepower if the outboard motor is owned by an **insured**. But, outboard motors of more than 25 total horsepower are covered for the policy period if:
 - (a) you acquire them prior to the policy period and:
 - (i) you declare them at policy inception; or
 - (ii) your intention to insure is reported to us in writing within 45 days after you acquire the outboard motors.
 - (b) you acquire them during the policy period.

This exclusion does not apply while the watercraft is stored.

g. arising out of:

- (1) the ownership, maintenance, use, loading or unloading of an aircraft;

- (2) the entrustment by an **insured** of an aircraft to any person; or
- (3) statutorily imposed vicarious parental liability for the actions of a child or minor using an aircraft.

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

- h. caused directly or indirectly by war, including undeclared war, civil war, insurrection, rebellion, revolution, warlike act by a military force or military personnel, destruction or seizure or use for a military purpose, and including any consequence of any of these. Discharge of a nuclear weapon will be deemed a warlike act even if accidental.

Exclusions d, e, f, and g do not apply to **bodily injury** to a **residence employee** arising out of and in the course of the **residence employee's** employment by an **insured**.

2. **Coverage E-Personal Liability**, does not apply to:

- a. liability:
 - (1) for your share of any loss assessment charged against all members of an association, corporation or community of property owners;
 - (2) under any contract or agreement. However, this exclusion does not apply to written contracts:
 - (a) that directly relate to the ownership, maintenance or use of an **insured location**; or
 - (b) where the liability of others is assumed by the **insured** prior to an **occurrence**;

unless excluded in (1) above or elsewhere in this policy;
- b. **property damage** to property owned by the **insured**;
- c. **property damage** to property rented to, occupied or used by or in the care of the **insured**. This exclusion does not apply to **property damage** caused by fire, smoke or explosion;
- d. **bodily injury** to any person eligible to receive any benefits:
 - (1) voluntarily provided; or
 - (2) required to be provided;

by the **insured** under any:

 - (1) workers compensation law;

- (2) non-occupational disability law; or
- (3) occupational disease law;

e. **bodily injury** or **property damage** for which an **insured** under this policy:

- (1) is also an insured under a nuclear energy liability policy; or
- (2) would be an insured under that policy but for the exhaustion of its limit of liability.

A nuclear energy liability policy is one issued by:

- (1) American Nuclear Insurers;
- (2) Mutual Atomic Energy Liability Underwriters;
- (3) Nuclear Insurance Association of Canada; or any of their successors; or

f. **bodily injury** to you or an **insured** within the meaning of part a. or b. of "**insured**" as defined.

3. **Coverage F-Medical Payments to Others**, does not apply to **bodily injury**:

- a. to a **residence employee** if the **bodily injury**:
 - (1) occurs off the **insured location**; and
 - (2) does not arise out of or in the course of the **residence employee's** employment by an **insured**;
- b. to any person eligible to receive benefits:
 - (1) voluntarily provided; or
 - (2) required to be provided;

under any:

 - (1) workers compensation law;
 - (2) non-occupational disability law; or
 - (3) occupational disease law;
- c. from any:
 - (1) nuclear reaction;
 - (2) nuclear radiation; or
 - (3) radioactive contamination;

all whether controlled or uncontrolled or however caused; or

 - (4) any consequence of any of these.
- d. to any person other than a **residence employee** of an **insured**, regularly residing on any part of the **insured location**.

SECTION II—ADDITIONAL COVERAGES

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

1. **Claim Expenses.** We pay:

- a. expenses we incur and costs taxed against an **insured** in any suit we defend;
- b. premiums on bonds required in a suit we defend, but not for bond amounts more than the limit of liability for Coverage E. We need not apply for or furnish any bond;
- c. reasonable expenses incurred by an **insured** at our request, including actual loss of earnings (but not loss of other income) up to \$50 per day, for assisting us in the investigation or defense of a claim or suit;
- d. interest on the entire judgment which accrues after entry of the judgment and before we pay or tender, or deposit in court that part of the judgment which does not exceed the limit of liability that applies;
- e. prejudgment interest awarded against the **insured** on that part of the judgment we pay. If we make an offer to pay the applicable limit of liability, we will not pay any prejudgment interest based on that period of time after the offer.

2. First Aid Expenses. We will pay expenses for first aid to others incurred by an **insured** for **bodily injury** covered under this policy. We will not pay for first aid to you or any other **insured**.

3. Damage to Property of Others. We will pay, at replacement cost, up to \$500 per **occurrence** for **property damage** to property of others caused by an **insured**.

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

- a. to the extent of any amount recoverable under Section I of this policy;
- b. caused intentionally by an **insured** who is 13 years of age or older;
- c. to property owned by an **insured**;
- d. to property owned by or rented to a tenant of an **insured** or a resident in your household; or

e. arising out of:

- (1) **business** pursuits;
- (2) any act or omission in connection with a premises owned, rented or controlled by an **insured**, other than the **insured location**; or
- (3) the ownership, maintenance, or use of aircraft, watercraft or motor vehicles or all other motorized land conveyances.

This exclusion does not apply to a motorized land conveyance designed for recreational use off public roads, not subject to motor vehicle registration and not owned by an **insured**.

4. Loss Assessment. We will pay up to \$1000 for your share of any loss assessment charged during the policy period against you by a corporation or association of property owners, when the assessment is made as a result of:

- a. each **occurrence** to which Section II of this policy would apply;
- b. liability for each act of a director, officer or trustee in the capacity as a director, officer or trustee, provided:
 - (1) the director, officer or trustee is elected by the members of a corporation or association of property owners; and
 - (2) the director, officer or trustee serves without deriving any income from the exercise of duties which are solely on behalf of a corporation or association of property owners.

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

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

Section II-Coverage E-Personal Liability Exclusion 2.a.(1) does not apply to this coverage.

SECTION II—CONDITIONS

- 1. Limit of Liability.** Our total liability under Coverage E for all damages resulting from any one **occurrence** will not be more than the limit of liability for Coverage E as shown in the Declarations. This limit is the same regardless of the number of **insureds**, claims made or persons injured.

Our total liability under Coverage F for all medical expense payable for **bodily injury** to one person as the result of one accident will not be more than the limit of liability for Coverage F as shown in the Declarations.

- 2. Severability of Insurance.** This insurance applies separately to each **insured**. This condition will not increase our limit of liability for any one **occurrence**.
- 3. Duties After Loss.** In case of an accident or **occurrence**, the **insured** will perform the following duties that apply. You will help us by seeing that these duties are performed:
 - give written notice to us or our agent as soon as is practical, which sets forth:
 - (1) the identity of the policy and **insured**;
 - (2) reasonably available information on the time, place and circumstances of the accident or **occurrence**; and
 - (3) names and addresses of any claimants and witnesses;
 - promptly forward to us every notice, demand, summons or other process relating to the accident or **occurrence**;
 - at our request, help us:
 - (1) to make settlement;
 - (2) to enforce any right of contribution or indemnity against any person or organization who may be liable to an **insured**;
 - (3) with the conduct of suits and attend hearings and trials;
 - (4) to secure and give evidence and obtain the attendance of witnesses;

- under the coverage-Damage to Property of Others-submit to us within 60 days after the loss, a sworn statement of loss and show the damaged property, if in the **insured's** control;
- the **insured** will not, except at the **insured's** own cost, voluntarily make payment, assume obligation or incur expense other than for first aid to others at the time of the **bodily injury**.

4. Duties of an Injured Person-Coverage F—Medical Payments to Others.

The injured person or someone acting for the injured person will:

- give us written proof of claim, under oath if required, as soon as is practical; and
- authorize us to obtain copies of medical reports and records.

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

5. Payment of Claim-Coverage F-Medical Payments to Others. Payment under this coverage is not an admission of liability by an **insured** or us.

6. Suit Against Us. No action can be brought against us unless there has been compliance with the policy provisions.

No one will have the right to join us as a party to any action against an **insured**. Also, no action with respect to Coverage E can be brought against us until the obligation of the **insured** has been determined by final judgment or agreement signed by us.

7. Bankruptcy of an Insured. Bankruptcy or insolvency of an **insured** will not relieve us of our obligations under this policy.

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

SECTION I AND SECTION II—CONDITIONS

1. **Policy Period.** This policy applies only to loss in Section I or **bodily injury or property damage** in Section II, which occurs during the policy period.

2. **Concealment or Fraud.** We do not provide coverage for an **insured** who has:

- intentionally concealed or misrepresented any material fact or circumstance; or
- made false statements or engaged in fraudulent conduct;

relating to this insurance.

3. **Liberalization Clause.** If we adopt a revision which would broaden the coverage under this policy without additional premium within 60 days prior to or during the policy period, the broadened coverage will immediately apply to this policy.

4. **Waiver or Change of Policy Provisions.**

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

5. **Cancellation.**

- You may cancel this policy at any time by returning it to us or by letting us know in writing of the date cancellation is to take effect.
- We may cancel this policy only for the reasons stated below by letting you know in writing of the date cancellation takes effect. This cancellation notice may be delivered to you, or mailed to you at your mailing address shown in the Declarations.

Proof of mailing will be sufficient proof of notice.

- (1) When you have not paid the premium, we may cancel at any time by letting you know at least 10 days before the date cancellation takes effect.
- (2) When this policy has been in effect for less than 60 days and is not a renewal with us, we may cancel for any reason by letting you know at least 10 days before the date cancellation takes effect.
- (3) When this policy has been in effect for 60 days or more, or at any time if it is a renewal with us, we may cancel:
 - if there has been a material misrepresentation of fact which if known to us would have caused us not to issue the policy; or
 - if the risk has changed substantially since the policy was issued.This can be done by letting you know at

least 30 days before the date cancellation takes effect.

(4) When this policy is written for a period more than one year, we may cancel for any reason at anniversary by letting you know at least 30 days before the date cancellation takes effect.

c. When this policy is cancelled, the premium for the period from the date of cancellation to the expiration date will be refunded pro rata.

d. If the return premium is not refunded with the notice of cancellation or when this policy is returned to us, we will refund it within a reasonable time after the date cancellation takes effect.

6. **Non-Renewal.** We may elect not to renew this policy. We may do so by delivery to you, or mailing to you at your mailing address shown in the Declarations, written notice at least 30 days before the expiration date of this policy. Proof of mailing will be sufficient proof of notice.

7. **Assignment.** Assignment of this policy will not be valid unless we give our written consent.

8. **Subrogation.** An **insured** may waive in writing before a loss all rights of recovery against any person. If not waived, we may require an assignment of rights of recovery for a loss to the extent that payment is made by us.

If an assignment is sought, an **insured** must sign and deliver all related papers and cooperate with us.

Subrogation does not apply under Section II to Medical Payments to Others or Damage to Property of Others.

9. **Death.** If any person named in the Declarations or the spouse, if a resident of the same household, dies:

a. we insure the legal representative of the deceased but only with respect to the premises and property of the deceased covered under the policy at the time of death;

b. **insured** includes:

(1) any member of your household who is an **insured** at the time of your death, but only while a resident of the **residence premises**; and

(2) with respect to your property, the person having proper temporary custody of the property until appointment and qualification of a legal representative.

THE FOLLOWING ENDORSEMENTS ONLY APPLY IF THE FORM NUMBER IS INDICATED ON THE DECLARATIONS PAGE.

**HO-300 (Ed. 12-92) CALIFORNIA
SPECIAL PROVISIONS**

SECTION I - CONDITIONS

Item 10. **Loss Payment**, is deleted and replaced by the following:

10. Loss Payment. We will adjust all losses with you. We will pay you unless some other person is named in the policy or is legally entitled to receive payment. Loss will be payable 30 days after we receive your proof of loss and:

- a. reach an agreement with you;
- b. there is an entry of a final judgment; or
- c. there is a filing of an appraisal award with us.

SECTIONS I AND II - CONDITIONS

5. Cancellation. Paragraphs b.(2), b.(3), b.(4) and d. are deleted and replaced by the following:

(2) When this policy has been in effect for less than 60 days and is not a renewal with us, we may not cancel this policy solely because you have accepted our offer of earthquake coverage. However, we may cancel for any other reason by letting you know at least 10 days before the date cancellation takes effect.

(3) When this policy has been in effect for 60 days or more, or at any time if it is a renewal with us, we may cancel if there has been:

- (a) Conviction of a crime having as one of its necessary elements an act increasing the hazard insured against; or
- (b) Discovery of fraud or material misrepresentation; or
- (c) Discovery of grossly negligent acts or omissions substantially increasing any of the hazards insured against; or

(d) Physical changes in the property insured against which result in the property becoming uninsurable.

This can be done by notifying you at least 30 days before the date cancellation takes effect.

(4) When this policy is written for a period longer than one year, we may cancel for any reason at anniversary by notifying you at least 45 days before the date cancellation takes effect.

d. If, when we cancel this policy, the return premium is not refunded with the notice of cancellation, we will refund it within 25 days after the date cancellation takes effect. If, when you cancel this policy, the return premium is not refunded when this policy is returned to us, we will refund it within a reasonable time after the date cancellation takes effect.

6. Nonrenewal is deleted and replaced by the following:

6. Nonrenewal

- a. We may elect not to renew this policy, subject to the provisions of b. below. We may do so by delivering to you at your mailing address shown in the Declarations, written notice at least 45 days before the expiration date of this policy. Proof of mailing will be sufficient proof of notice.
- b. We will not refuse to renew this policy solely because you have accepted our offer of earth-quake coverage.
- c. If this policy is written for a period of less than one year, we agree not to refuse to renew except at the end of an annual period commencing with the original or renewal effective date.

All other provisions of this policy apply.

**HO-325 (Ed. 12-85)
COMMUNICABLE DISEASE EXCLUSION**

SECTION II - EXCLUSIONS

The following exclusion is added:

Coverage E-Personal Liability and Coverage F-Medical Payments to Others do not apply to **bodily**

injury or property damage which arises out of the transmission of a communicable disease by an **insured**.

HO-90 (Ed. 9-84)
WORKERS' COMPENSATION—CALIFORNIA
Residence Employees

We agree, with respect to **residence employees**:

Under Coverage I

To pay when due all benefits required of an **insured** by the California Workers' Compensation Law; and

Under Coverage II

To pay on behalf of an **insured** all damages for which the **insured** is legally liable because of **bodily injury** sustained by a **residence employee**. The **bodily injury** must be caused by accident or disease and arise out of and in the course of employment by the **insured** while:

- a. in the United States of America, its territories or possessions, or Canada, or
- b. temporarily elsewhere if the **residence employee** is a citizen or resident of the United States or Canada.

Coverage II does not apply to any suit brought in or judgment rendered by any court outside of the United States of America, its territories and possessions, or Canada, or to any action on such judgment.

Who is Covered

A **residence employee** is covered if during the 90 calendar days immediately before the date of injury the employee has:

- a. actually been engaged in such employment by the **insured** for no less than 52 hours, and
- b. earned no less than one hundred dollars (\$100) in wages.

Application of Coverage

This insurance applies only to **bodily injury** which occurs during the policy period. If the **bodily injury** is a disease, it must be caused or aggravated by the conditions of the **residence employee's** employment by the **insured**.

Policy Provisions

This insurance is subject to all the provisions of this endorsement and the following provisions of this policy:

- a. Under Section I and II—Conditions:
 4. Waiver or Change of Policy Provisions.
 5. Cancellation.
 7. Assignment.
 8. Subrogation.
- b. Under Section II—Conditions:
 3. Duties After Loss.
 6. Suit Against Us.

- c. Our agreement to defend the **insured** as provided under Coverage E—Personal Liability.
- d. Under Section II—Additional Coverages:
 1. Claim Expenses.
 2. First Aid Expenses.
- e. The definition of "**bodily injury**," "**business**," "**insured**" and "**residence employee**."

Additional Provisions Applicable to Coverage I

The following provisions are applicable to Coverage I:

- a. We shall be directly and primarily liable to any **residence employee** of an **insured** entitled to the benefits of the California Workers' Compensation Law.
- b. As between the **residence employee** and us, notice to or knowledge of the **occurrence** of the injury on the part of an **insured** will be deemed notice or knowledge on our part.
- c. The jurisdiction of an **insured** will, for the purpose of the law imposing liability for compensation, be our jurisdiction.
- d. We will be subject to the orders, findings, decisions or awards rendered against an **insured**, under the provisions of the law imposing liability for compensation, subject to the provisions, conditions and limitations of this policy. This policy shall govern as between an **insured** and us as to payments by either in discharge of an **insured's** liability for compensation.
- e. The **residence employee** has a first lien upon any amount which **we** owe you on account of this insurance. In case of your legal incapacity or inability to receive the money and pay it to the **residence employee**, **we** will pay it directly to the **residence employee**. Your obligation to the **residence employee** will be discharged to the extent of such payment.

Limits of Liability Coverage II

Our total limit of liability will not exceed \$100,000 for all damages because of **bodily injury**:

- a. sustained by one or more **residence employees** in any one accident; or
- b. caused by disease and sustained by a **residence employee**.

Our total limit of liability will not exceed \$500,000 for all damages arising out of **bodily injury** by disease regardless of the number of **residence employees** who sustain **bodily injury** by disease.

Other Insurance

This insurance does not apply to any loss to which other valid and collectible Workers' Compensation or Employers' Liability Insurance applies.

Conformity to Statute

Terms of this insurance which are in conflict with the California Workers' Compensation Law are amended to conform to that law.

Exclusions

This policy does not apply:

- a. to liability for additional compensation imposed on an **insured** under Sections 4553 and 4557, Division IV, Labor Code of the State of California, because of the serious and willful misconduct of an **insured**, or because of **bodily injury** to an

employee under 16 years of age and illegally employed at the time of injury;

- b. to liability for **bodily injury** arising out of **business** pursuits of an **insured**.
- c. Under Coverage II:
 1. to liability assumed by the **insured** under any contract or agreement.
 2. to **bodily injury** by disease unless a written claim is made or suit brought against the **insured** within 36 months after the end of the policy period.
 3. to any obligation under a workers' compensation, unemployment or disability benefits law or any similar law.

HO-216 (Ed. 4-84) PREMISES ALARM OR FIRE PROTECTION SYSTEM

For a premium credit, we acknowledge the installation of an alarm system or automatic sprinkler system approved by us on the **residence premises**. You agree to maintain this system in working order and to notify us promptly of any change made to the system or if it is removed.

HO-322 (Ed. 9-87) NO SECTION II—LIABILITY COVERAGES FOR HOME DAY CARE BUSINESS LIMITED SECTION I—PROPERTY COVERAGES FOR HOME DAY CARE BUSINESS

If an **insured** regularly provides home day care services to a person or persons other than **insureds** and receives monetary or other compensation for such services, that enterprise is a **business**. Mutual exchange of home day care services, however, is not considered compensation. The rendering of home day care services by an **insured** to a relative of an **insured** is not considered a **business**.

Therefore, with respect to a home day care enterprise which is considered to be a **business**, this policy:

1. does not provide Section II—Liability Coverages because a **business** of an **insured** is excluded under exclusion 1.b.(1) of Section II—Exclusions;

2. does not provide Section I—Coverage B coverage where other structures are used in whole or in part for **business**;
3. limits coverage for property used on the **residence premises** for the home day care enterprise to \$2,500, because Coverage C—Special Limits of Liability—item 9 imposes that limit on business property on the **residence premises**;
4. limits coverage for property used off the **residence premises** for the home day care enterprise to \$250, because Coverage C—Special Limits of Liability—item 10 imposes that limit on **business** property off the **residence premises**.

THIS ENDORSEMENT DOES **NOT** CONSTITUTE A REDUCTION OF COVERAGE

HO-52 (Ed. 4-84) RENEWAL PLAN

This policy is changed as follows:

1. If we elect to continue this insurance, we will renew this policy if you pay the required renewal premium for each successive policy period, subject to our premiums, rules and forms then in effect. You must pay us prior to the end of the current policy period or else this policy will expire.
2. If a mortgagee is named in this policy, we will continue this insurance for the mortgagee's interest for ten days after written notice of termination to the mortgagee and then this policy will expire.

All other provisions of this policy apply.

SI-3213
MINIMUM EARNED PREMIUM

SECTIONS I AND II—CONDITIONS

5. Cancellation. Paragraph c is deleted and replaced by the following:

- c. When this policy is cancelled by us, the premium for the period from the effective date of cancellation to the expiration date will be refunded pro rata.

When the policy is cancelled by you, the minimum earned or retained premium shall not be less than 25% of the annual premium plus any fees. A cancellation for non-payment of premium shall be considered a cancellation request by you.

All other provisions of this policy apply.

SI-3219
ABSOLUTE POLLUTION AND LEAD EXCLUSION

Subject to all conditions, definitions, terms and provisions of this policy not expressly amended herein, it is agreed between the Company and the Named Insured(s) that the following additional provisions apply:

Exclusions to Property Coverages

The property coverages afforded under this policy do not apply to damages or loss to any insured dwelling, other structure or personal property arising out of the release, discharge, dispersal, or escape of contaminants or pollutants or caused or contributed to by lead, in a solid, liquid or gaseous state.

Exclusions to Liability Coverages

The liability coverages afforded under this policy do not apply to bodily injury, property damage or medical payments arising out of the actual, alleged or threatened discharge, dispersal, release or escape of pollutants at or from premises owned, rented or occupied by the Insured, or arising out of, resulting from, caused by or contributed to by lead, in a solid, liquid or gaseous state or as an ingredient in any substance, including but not limited to, any exposure to, inhalation or ingestion of, or any other contact with

lead or any other substance having lead as an ingredient, anywhere at any time, under any circumstance.

This exclusion does not apply to bodily injury or property damage arising out of heat, smoke, or fumes from a hostile fire. As used in this exclusion, a hostile fire means one which becomes uncontrollable or breaks out from where it was intended to be.

Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, smoke, vapor, soot, fumes, acids, chemicals, and waste.

The coverages afforded by this policy do not apply to pay for the investigation or defense of any loss, injury or damage, or pay for any cost, fine, penalty, or assessment arising out of, resulting from, or in any way connected with abating, mitigating, removing, or disposing of pollutants or lead, in a solid, liquid, or gaseous state or as an ingredient in any other substance, or in any other way assessing or responding to the existence, presents or effect of lead or any other substance having lead as an ingredient, anywhere, at any time, under any circumstance.

SI-3221
NONRESIDENCY ENDORSEMENT

It is a condition of this policy that it applies to a loss otherwise covered under Section 1—Property Coverages—to the “resident premises” only while the “insured” is residing in the “resident premises”. If the “resident premises” is a two-family dwelling the “insured”, as a condition for the coverage of this policy to apply must reside in at least one of the family units.

SI-3222
ANIMAL LIABILITY COVERAGE LIMITATION

It is agreed that the Liability and Medical Payments coverages afforded under the Comprehensive Personal Liability or Owner’s Landlord’s and Tenant’s Liability Endorsement that is part of the Policy is hereby limited to a maximum combined limit of \$25,000 per occurrence for any claim caused or occasioned by any animal. This limitation applies on an aggregate basis to Liability and Medical Payments coverage.

SI-3223 (5/02)
SPECIAL FINE ARTS LIMITATION

It is hereby agreed that under Coverage C, Personal Property, this Company shall not be liable for loss in any one occurrence with respect to the following property for more than:

\$5000.00 for all Fine Arts, including but not limited to, Paintings, Etchings, Pictures, Tapestries, Art Glass, and Art Glass Windows, Statuary, Marbles, Bronzes, Antique Furniture, Rare Glass, Bric-a-Brack, Rugs (with the exception of wall to wall carpeting) and any Bona Fide Works of Art and items of Rarity, Historical value or Artistic merit, for the purpose of this policy, the Term “Fine Arts” shall include any single item of the categories described here whose Market Value exceeds \$1000.00 or whose age exceeds 100 years.

LENDER'S LOSS PAYABLE ENDORSEMENT

1. Loss or damage, if any, under this policy, shall be paid to the Payee named on the first page of this policy, its successors and assigns, hereinafter referred to as "the Lender," in whatever form or capacity its interests may appear and whether said interest be vested in said lender in its individual or in its disclosed or undisclosed fiduciary or representative capacity, or otherwise, or vested in a nominee or trustee of said lender.
2. The insurance under this policy, or any rider or endorsement attached thereto, as to the interest only of the Lender, its successors and assigns, shall not be invalidated nor suspended: (a) by any error, omission, or change respecting the ownership, description, possession, or location of the subject of the insurance or the interest therein, or the title thereto; (b) by the commencement of foreclosure proceeding or the giving of notice of sale of any of the property covered by this policy by virtue of any mortgage or trust deed; (c) by any breach of warranty, act of omission, neglect, or non-compliance with any of the provisions of this policy, including any and all riders now or hereafter attached thereto, by the named insurer, the borrower, mortgagor, trustor, vendee, owner, tenant, warehouseman, custodian, occupant, or by the agents of either or any of them or by the happening of any event permitted by them or either of them, or their agents, or which they failed to prevent, whether occurring before or after the attachment of this endorsement, or whether before or after a loss, which under the provisions of this policy of insurance or of any rider or endorsement attached thereto would invalidate or suspend the insurance as the named insured, excluding herefrom however, any acts or omissions of the Lender while exercising active control and management of the property.
3. In the event of failure of the insured to pay any premium or additional premium which shall be or become due under the terms of this policy or on account of any change in occupancy or increase in hazard not permitted by this policy, the Company agrees to give written notice to the Lender of such non-payment of premium after sixty (60) days from and within one hundred and twenty (120) days after due date of such premium and it is a condition of the continuance of the rights of the Lender hereunder that the Lender when so notified in writing by the Company of the failure of the insured to pay such premium shall pay or cause to be paid the premium due within ten (10) days following receipt of the Company's demand in writing therefor. If the Lender shall decline to pay said premium or additional premium, the rights of the Lender under this Lender's Loss Payable Endorsement shall not be terminated before ten (10) days after receipt of said written notice to the Lender.
4. Whenever this Company shall pay to the Lender any sum for loss or damage under this policy and shall claim that as to the insured no liability therefor exists, this Company, at its option, may pay to the Lender the whole principal sum and interest and other indebtedness due or to become due from the insured, whether secured or unsecured (with refund of all interest not accrued), and this Company, to the extent of such payment, shall thereupon receive a full assignment and transfer, without recourse, of the debt and all rights and securities held as collateral thereto.
5. If there be any other insurance upon the within described property, this Company shall be liable under this policy as to the Lender for the proportion of such loss or damage that the sum hereby insured bears to the entire insurance of similar character on said property under policies held by, payable to and expressly consented to by the Lender. Any Contribution Clause included in any Fallen Building Clause Waiver or any Extended Coverage Endorsement attached to this contract of insurance is hereby nullified, and also any Contribution Clause in any other endorsement or rider attached to this contract of insurance is hereby nullified except Contribution Clauses for the compliance with which the insured has received reduction in the rate charged or has received extension of the coverage to include hazards other than fire and compliance with such Contribution Clause is made a part of the consideration for insuring such other hazard. The Lender upon the payment to it of the full amount of its claim, will subrogate this Company (pro rata with all other insurers contributing to said payment) to all of the Lender's rights of contribution under said other insurance.
6. This Company reserves the right to cancel this policy at any time, as provided by its terms, but in such case this policy shall continue in force for the benefit of the Lender for ten (10) days after written notice of such cancellation is received by the Lender and shall then cease.
7. This policy shall remain in full force and effect as to the interest of the Lender for a period of ten (10) days after its expiration, unless an acceptable policy in renewal thereof with loss thereunder payable to the Lender in accordance with the terms of this Lender's Loss Payable Endorsement shall have been issued by some insurance company and accepted by the Lender.
8. Should legal title to and beneficial ownership of any of the property covered under this policy become vested in the Lender or its agents, insurance under this policy shall continue for the term thereof for the benefit of the Lender but, in such event, any privileges granted by this Lender's Loss Payable Endorsement which are not also granted the insured under the terms and conditions of this policy and/or under other riders or endorsements attached thereto shall not apply to the insurance hereunder as respects such property.
9. All notice herein provided to be given by the Company to the Lender in connection with the policy and this Lender's Loss Payable Endorsement shall be mailed to or delivered to the Lender at its office or branch described on the first page of this policy.

Approved: Board of Fire Underwriters of the Pacific
California Bankers' Association, Committee on Insurance.
Form 438 BFU NS (Rev. May 1, 1942) X

THIS COVERAGE IS AN ADDITIONAL COVERAGE OPTION THAT YOU MAY SELECT. IT DOES NOT APPLY UNLESS SPECIFICALLY LISTED IN THE DECLARATIONS AND AN ADDITIONAL PREMIUM CHARGE HAS BEEN MADE SPECIFICALLY FOR SUCH COVERAGE

HO-82 (Ed. 4-84)
PERSONAL INJURY

For an additional premium, under Coverage E— Personal Liability, the definition **bodily injury** is amended to include personal injury.

“Personal injury” means injury arising out of one or more of the following offenses:

1. false arrest, detention or imprisonment, or malicious prosecution;
2. libel, slander or defamation of character; or
3. invasion of privacy, wrongful eviction or wrongful entry.

Section II Exclusions do not apply to personal injury. Personal injury insurance does not apply to:

1. liability assumed by the **insured** under any contract or agreement except any indemnity obligation assumed by the **insured** under a written contract directly relating to the ownership, maintenance or use of the premises;
2. injury caused by a violation of a penal law or ordinance committed by or with the knowledge or consent of an **insured**;
3. injury sustained by any person as a result of an offense directly or indirectly related to the employment of this person by the **insured**;
4. injury arising out of the **business** pursuits of an **insured**; or
5. civic or public activities performed for pay by an **insured**.

All other provisions of this policy apply.

SI-3200
BUILDING CODE UPGRADE

This policy does not include Building Code Upgrade.

SI 3321
PUNITIVE OR EXEMPLARY DAMAGES EXCLUSION

In consideration of the premium charged, it is agreed that Section II - Personal Liability does not apply to punitive or exemplary damages.

PRIVACY INFORMATION

About Insurance Information Practices And How Your Right To Privacy Is Protected

Like you, we are concerned with your privacy, and its protection. As our customer, we want you to understand how we gather information, how we protect it, and what are your rights and responsibilities regarding recorded information about you.

Most of the personal information we collect comes from your application. We use this information to help decide whether or not a policy can be issued and for rating purposes. To assist in making necessary business decisions, we may need to obtain additional information about you and any family members who are applying for insurance. This information may be requested from public records, consumer reporting agencies, doctors, hospitals, other insurance companies or other individuals. Some examples of this information are: the value and condition of your property, your driving record, employment history, other insurance coverage, general reputation, or health and medical history.

If we order a consumer report from an independent reporting agency, it will obtain information about you in the same way that we would. That is, it may contact you or persons you know. It may personally inspect your property. The information collected by the agency is retained and later shared with others who use these reports. If we use a consumer reporting agency to prepare a report on you, you have the right to be personally interviewed by it. Information you give the agency during an interview will be included in the report sent to us. If you wish to be interviewed, please tell us how the agency can contact you. Every effort will be made to interview you. Even if you are not interviewed, you have the right to request a copy of the report. Contact us or your agent.

What We Do With Information About You

Information about you will be kept in our policy records. We will refer to and use that information for purposes related to issuing and servicing insurance policies and settling claims. Without your prior authorization, we may, as permitted by law, share information about you contained in our files with certain persons or organizations. The types of persons or organizations we may share this information with include:

- your agent, broker or sales representative
- adjusters, appraisers, investigators and attorneys
- persons or organizations who need the information to perform a business, professional or insurance function for us, such as businesses that help us with data processing or marketing
- other insurance companies, agents or consumer reporting agencies as it is needed in connection with any application, policy or claim involving you
- an insurance-support organization which is established to collect information for the purpose of detecting and preventing insurance crimes or fraudulent claims
- a medical professional to inform you of a medical condition of which you may not be aware

- persons or organizations that conduct scientific research, including actuarial or underwriting studies
- our affiliated companies
- law enforcement or other governmental authority as required by law

How You Can Review Recorded Information About You

You have the right to review recorded information about you contained in our files. If you have any questions about what information we have on file, please write us. We will need your complete name, address, date of birth, and all policy numbers under which you are insured. Tell us what information you would like to receive. Within 30 business days of receipt of your request, we will contact you and inform you of the nature of recorded information about you in our files. At that time, we will also tell you the identity of the persons or organizations to whom we have disclosed this information in the preceding two years. We will also let you see and copy, in person, such recorded information or we will mail you a copy if you prefer. There will be nominal fee charged for the costs of providing this information to you.

Sometimes, if your file contains medical information, we may ask you to name a doctor, licensed to treat the condition to which the medical information relates, to whom we can send such information so that he or she may explain it to you.

There are some kinds of information, however, that we are not required to give you access to. This type of information is generally collected when we evaluate a claim under an insurance policy or when the possibility of a lawsuit exists.

If You Disagree With Our Records

If, after reading the information in your file, you believe it is incorrect, please notify us. Tell us what is inaccurate and why. You have the right to request that we correct, amend or delete information that you feel is incorrect.

Upon receiving your request, we reinvestigate the information you think is incorrect. If we agree with you, we will make the necessary corrections, amendments or deletions. We will also notify persons or organizations to whom we have previously disclosed the inaccurate information of the change. Insurance-support organizations to whom we systematically reveal information will also be informed of the change.

If we disagree with you, we will notify you and give you our reasons for refusing to correct, amend or delete the information you feel is incorrect. If you are not satisfied by our refusal and the reasons, you have the right to place a statement in our files, explaining why you believe the information is incorrect. In that case, we will ask you to send us a concise statement of what you believe is the correct information and why you disagree with our refusal to correct it. When we receive your statement, we will place it in our file and send a copy of it to persons and organizations to whom we have previously disclosed or systematically disclose information. If we make any subsequent disclosure of information in your file, we will also disclose your statement.

SI-3256
LOSS SETTLEMENT ENDORSEMENT

SECTION I - CONDITIONS

For the premium charged, paragraph **3. Loss Settlement**, is amended as follows:

Subparagraph **a.** is deleted and the following substituted:

- a. (1) Personal property;
- (2) Awnings, carpeting, household appliances, outdoor equipment, whether or not attached to buildings; and
- (3) Structures that are not buildings

at actual cash value or market value, whichever is less, at the time of loss, but not exceeding the amount required to repair or replace the property with material of like kind and quality within a reasonable time after such loss, and in no event in an amount exceeding the limit of liability that applies to the covered property.

There is added to subparagraph **b. (5)** the following sentence:

- b. However, all loss paid under this subparagraph **b. (5)** shall not exceed, in the aggregate, the limit of liability under this policy applying to the covered buildings.

There is added subparagraph **c.** as follows:

- c. In determining the actual cash value of the covered property, proper deduction for depreciation, however caused, shall be taken.

Whenever the company or its agent has been unable to resolve a consumer complaint affecting this policy, the below listed state agency may be contacted to assist the complainant in pursuing a resolution of the complaint:

California Department of Insurance
Consumer Affairs Division
600 South Commonwealth Avenue
Los Angeles, California 90005
Toll-Free Telephone (800) 233-9045

TO OUR POLICYHOLDERS

Section 1063 of the California Insurance Code created the Insurance Guarantee Association to pay certain claims against licensed insurers which become insolvent. The Association assesses the costs of such claims against solvent licensed insurers and these insurers in turn are directed by Section 1063 to recoup the assessments paid by them from their policyholders. Your policy includes this surcharge. Should you wish further information about the surcharge, please contact your agent.