
AGREEMENT

In return for payment of premium and subject to all terms of this policy, we will provide the insurance described.

DEFINITIONS

In this policy, "you" and "your" refer to the "named insured" shown in the Declarations and the spouse when a resident of the same household. "We", "us" and "our" refer to the Company providing this insurance. Certain words and phrases are defined and are printed in boldface and quotation marks when used.

1. **"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 and 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 loss, or total loss. The **"actual cash value"** of lost or damaged property may be significantly less than its replacement cost.
2. **"Aircraft"** means any conveyance used or designed for flight, except model or hobby aircraft not used or designed to carry people or cargo.
3. **"Bodily injury"** means physical injury, sickness or disease, including required care, loss of services and death that results.

"Bodily injury" does not include mental injuries such as: emotional distress, mental anguish, humiliation, mental distress, or any similar injury unless it arises out of physical injury to the person claiming a mental injury.
4. **"Business"** means any full or part-time activity arising out of or related to any trade, profession or occupation of any **"insured"**.
5. **"Collapse"** means:
 - a. A sudden falling or caving in;
 - b. A sudden breaking apart or deformation such that the building or part of a building is in imminent peril of falling or caving in and is not fit for its intended use.

Damage consisting solely of settling, cracking, shrinking, bulging or expansion is not covered unless it is the direct result of **"collapse"**.
6. **"Damages"** means compensatory damages the **"insured"** is legally obligated to pay as a result of **"bodily injury"** or **"property damage"** covered by this insurance, but does not include punitive, exemplary or multiple damages.
7. **"Fungus"** means any microorganism or by-product of any microorganism, including, but not limited to mold, mildew, fungi, mycotoxins and spores.
8. **"Hovercraft"** means a self-propelled motorized ground effect vehicle and includes, but is limited to, flarecraft and air cushion vehicles.
9. **"Insured"** means:
 - a. The **"member"**;
 - b. Spouse when a resident of the same household, and
 - c. Residents of your household who are:
 - (1) Your relatives; or

- (2) Other persons under the age of 21 and in the care of any person named above.

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

- d. With respect to animals, **"watercraft"** or **"personal watercraft"** to which this policy applies, any person or organization legally responsible for these animals, **"watercraft"** or **"personal watercraft"** which are owned by you or any person included in 9.a., 9.b or 9.c above. A person or organization using or having custody of these animals **"watercraft"** or **"personal watercraft"** without consent of the owner is not an **"insured"**.

- e. With respect to any vehicle or conveyance to which this policy applies:

- (1) **"Residence employees"** while engaged in your employ or that of any person included in 9.a, 9.b. or 9.c. above; or
- (2) Other persons using the vehicle on an **"insured location"** with your consent.

10. **"Insured location"** means:

- a. The **"residence premises"**;
- b. Any premises used by you in connection with a 10.a. above;
- c. Any part of a premises:
 - (1) Not owned by any **"insured"**; and
 - (2) Where any **"insured"** is temporarily residing;
- d. Vacant land, other than farm land owned by or rented to any **"insured"**;
- e. Land owned by or rented to any **"insured"** on which a one or two family dwelling is being built as residence for any **"insured"**;
- f. Individual or family cemetery plots or burial vaults of any **"insured"**; or

- g. Any part of a premises occasionally rented to any **"insured"** for other than **"business"** use.

11. **"Member"** means the owner of the policy who is the person who meets all eligibility requirements for membership and whose membership number is shown in the Declarations of this policy.

12. **"Motor vehicle(s)"** means any type of motorized land vehicle or conveyance, whether or not subject to motor vehicle registration.

13. **"Named peril(s)"** means one or more of the perils listed under LOSSES WE COVER.

14. **"Occurrence"** means an accident, including continuous or repeated exposure to substantially the same general harmful conditions, which results, during the policy period, in:

- a. **"Bodily injury"**; or
- b. **"Property damage"**.

15. **"Personal watercraft"** means a conveyance, used or designed to be used on water that uses a jet pump powered by an internal combustion engine as the primary source of propulsion.

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

17. **"Professional services"** means any type of service to the public that requires members rendering a service to obtain an advanced degree and/or obtain a license or other legal authorization to provide the service and includes, but is not limited to services rendered by dentists, naturopaths, chiropractors, physicians and surgeons, doctors of dentistry, physical therapists, occupational therapists, podiatrists, optometrists, nurses, nurse-midwives, veterinarians, pharmacists, architects, landscape architects, engineers, accountants, land surveyors, psychologists, attorney-at-law, therapists, counselors and social workers.

18. **"Property damage"** means physical damage to, or destruction of tangible property, including loss of use of this property.
19. **"Residence employee"** means an employee of any **"insured"** whose primary duties are related to the maintenance or use of the **"residence premises"**, including household or domestic service.

20. **"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.

21. **"Sudden and accidental"** means an abrupt, fortuitous event which is unintended from the perspective of a reasonable person.
22. **"War"** means war whether declared or undeclared; civil war; insurrection; rebellion; revolution; any warlike act by friendly or enemy forces, destruction or seizure for a military purpose.
23. **"Watercraft"** means a conveyance principally designed to be propelled on or in water by wind, current, paddles, oars, engine power or electric motor.

DEDUCTIBLE

Unless otherwise noted in this policy, the following deductible provision applies:

Subject to the applicable amount of insurance that applies, we will pay only that part of the total of all loss payable under SECTION I - PROPERTY WE COVER that exceeds the deductible amount shown in the Declarations.

SECTION I - PROPERTY WE COVER

COVERAGE A - Dwelling Protection

We cover:

1. The alterations, appliances, custom or permanently installed window treatments, permanently installed carpeting, fixtures and improvements which are part of the building and contained within the **"residence premises"**;
2. Items of real property which pertain exclusively to the **"residence premises"**;
3. Property which is your insurance responsibility under a corporation or association of property owners agreement; and

4. Structures owned solely by you, other than the **"residence premises"**, at the location of the **"residence premises"**.

This coverage does not apply to land, including land on which the **"residence premises"**, real property or structures are located.

We do not cover:

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

COVERAGE C - Personal Property Protection

We cover:

Tangible personal property owned or used by any **"insured"** while it is anywhere in the world. After a loss and at your request, we will cover the loss of personal property owned by:

1. Others while the property is on the part of the **"residence premises"** occupied by any **"insured"**.
2. A guest or a **"residence employee"** while the property is in any residence occupied by any **"insured"**.

The amount of insurance for personal property usually located at any **"insured's"** residence, other than the **"residence premises"** is limited to 10% of the amount of insurance for Personal Property Protection, or \$1,000, 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 Amounts of Insurance. The special amounts set out below do not increase the Personal Property Protection amount of insurance. The special amount for each numbered category below is the total amount for each loss for all property in that category.

1. \$200 for money, bank notes, bullion, gold other than goldware, silver other than silverware, platinum other than platinumware, coins, medals, scrip, stored value cards, smart cards and gift certificates including electronic gift certificates.
2. \$1,000 for securities, accounts, deeds, evidences of debt, letters of credit, notes other than bank notes, manuscripts, passports, and tickets.

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

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

3. \$1,500 for **"watercraft"** or **"personal watercraft"**, including their trailers, furnishings, equipment and outboard motors.
4. \$1,500 for trailers not used with **"watercraft"** or **"personal watercraft"**.
5. \$10,000 for loss by theft of jewelry, watches, precious and semi-precious stones, fur garments, including any garment containing fur, which represents its principal value.
6. \$2,500 on stamps, trading cards and comic books, including any of these that are part of a collection.
7. \$10,000 for loss by theft of firearms.
8. \$10,000 for loss by theft of silverware, silver-platedware, goldware, gold-plated ware, platinumware, platinum-plated ware and pewterware. This category includes but is not limited to flatware, hollowware, tea sets, trays and trophies made of or including silver, gold or pewter.
9. (a) \$10,000 for tangible **"business"** property at your residence.
(b) \$1,000 for tangible **"business"** property away from your residence.
10. \$3,000 on motorized golf carts and their equipment and accessories. But if, at the time of loss, there is any other insurance covering physical loss to golf carts, then this policy does not apply.
11. \$3,000 for motorized vehicles designed or modified to operate at speeds not to exceed 15 miles per hour and for use off public roads. However, this limit does not apply to vehicles not subject to motor vehicle registration which are:
 - a. Used to service any **"insured's"** residence, or
 - b. Designed for assisting the handicapped.

Property We Do Not Cover.

1. Personal property separately described and specifically insured in this or other insurance.
2. Animals, birds or fish.
3. **"Motor vehicle(s)"**. This includes but is not limited to:
 - a. Equipment, accessories, and parts; or
 - b. Any device or instrument for the transmitting, recording, receiving or reproduction of data, sound or pictures which is permanently installed in a **"motor vehicle"**. We do not cover antennas, tapes, wires, discs or other media, for use with any such device or instrument, while in or upon the **"motor vehicle"**.

We do cover **"motor vehicle(s)"** or all other motorized land conveyances not subject to motor vehicle registration which are:

- a. Used to service any **"insured's"** residence; or
- b. Designed for assisting the handicapped.

We also cover:

- a. Motorized golf carts and their equipment and accessories; and
- b. Motorized vehicles designed or modified to operate at speeds not to exceed 15 miles per hour and for use off public roads.

subject to the provisions under Special Amounts of Insurance.

4. **"Aircraft"** and parts.
5. **"Hovercraft"** and parts.
6. Personal property of roomers, roommates, boarders, or other tenants. This does not apply to property of roomers, roommates, boarders or other tenants who qualify as **"insured"**.

7. Personal property in an apartment regularly rented or held for rental to others by any **"insured"**.
8. Personal property rented or held for rental to others off the **"residence premises"**.
9. **"Business"** data, records, recordings, images and photographs including such data stored in:
 - a. Books of account, drawings or other paper records; or,
 - b. Electronic storage media.

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

10. Personal data, records, recordings, images, and photographs, regardless of storage media. This includes songs, movies and other audio or video media which you purchase and download onto a computer or portable electronic media player, other than as provided in ADDITIONAL COVERAGES, Electronic Media. However, we do cover the cost of blank recording or storage media, and of prerecorded computer programs available on the retail market.
11. Credit cards, electronic fund transfer cards or access devices used solely for deposit, withdrawal or transfer of funds except as provided in ADDITIONAL COVERAGES, Credit Card Coverage and Identity Fraud Expense Coverage.

COVERAGE D - Loss of Use Protection

The amount of insurance for Loss of Use shown on the Declarations is the total limit for all the coverages that follow.

1. **Additional Living Expense.** If a loss covered under Section I - LOSSES WE COVER to covered property or the building containing the property, makes that part of the **"residence premises"** where you reside uninhabitable, we cover the reasonable and necessary increase in living expenses incurred by you so that your household can maintain its normal standard of living.

Payment will be for the shortest time required to repair or replace the damage or, if you permanently relocate, the shortest time required for your household to settle elsewhere, in either event, not to exceed 12 months.

However, if a loss covered under Section I - LOSSES WE COVER results from an event which is assigned a Property Claims Service (PCS) catastrophe code, payment 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, in either event not to exceed 24 months. This extension does not increase the amount of insurance provided under Loss of Use Protection.

2. **Fair Rental Value.** If a loss covered under Section I - LOSSES WE COVER makes that part of the "residence premises" rented to others or held for rental by you uninhabitable, we cover 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 uninhabitable.

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

3. **Prohibited Use.** If a loss covered under Section I - LOSSES WE COVER results in an order from a civil authority prohibiting you from use of the "residence premises" as a result of direct damage to neighboring premises by a loss covered under Section I - LOSSES WE COVER we cover the Additional Living Expense or Fair Rental Value loss as provided under 1. and 2. above for not more than two weeks. A neighboring premise is defined as a premises that is adjacent to the "residence premises".

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.

Except as provided by ADDITIONAL COVERAGES, Fungus, or Wet or Dry Rot, the Loss of Use coverage afforded under 1. 2. and 3. does not apply to loss caused by "fungus", wet or dry rot.

No deductible applies to the coverage afforded under 1., 2. and 3. above.

ADDITIONAL COVERAGES

Unless specifically addressed elsewhere in this policy, the coverages provided below are the only coverages provided for the following:

1. Debris Removal

- a. We will pay your reasonable expense for the removal of:
 - (1) Debris of covered property if loss to the damaged property is covered under SECTION I - LOSSES WE COVER; or
 - (2) 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 amount of insurance that applies to the damaged property. When the amount payable for the actual damage to the property plus the expense for debris removal exceeds the amount of insurance for the damaged property, an additional 5% of that amount of insurance will be available to cover debris removal expense.

- b. We will also pay your reasonable expense, up to \$1,000 in the aggregate, for the removal from the "residence premises" of:
 - (1) Your tree(s) felled by the peril of windstorm or hail, or weight of ice, snow or sleet; or

(2) A neighbor's tree(s) felled by a loss covered under "named peril(s)"

provided the tree(s) damage(s) a covered structure.

The \$1,000 limit is the most we will pay in any one loss regardless of the number of fallen trees. No more than \$500 of this limit will be paid for the removal of any one tree.

This coverage reduces the amount of insurance that applies to the covered property.

The policy deductible applies.

2. **Reasonable Repairs.** In the event that covered property is damaged by an applicable loss under Section I - LOSSES WE COVER, we will pay the reasonable expense incurred by you, for necessary measures taken solely to protect against further damage. If the measures taken involve repair to other damaged property, we will pay for those measures only if that property is covered under this policy and the damage to that property is caused by an applicable loss under SECTION I - LOSSES WE COVER. This coverage reduces the amount of insurance that applies to the covered property and does not relieve you of your duties in case of a loss to covered property, as set forth in SECTION I - CONDITIONS 2.d.

The policy deductible applies.

3. **Trees, Shrubs and Other Plants.**

We cover trees, shrubs, plants, lawns or landscaping on the "residence premises"; for loss caused by the following Losses We Cover: 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.

We will pay up to 5% of the amount of insurance that applies to the dwelling for all trees, shrubs, plants, lawns or landscaping. No more than \$500 of this limit will be available for any one tree, shrub or plant. We do not cover property grown for "business" purposes.

This coverage is additional insurance and does not reduce the amount of insurance.

The policy deductible applies.

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 loss under Section I - LOSSES WE COVER.

This coverage is additional insurance and does not reduce the amount of 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 loss under Section I - LOSSES WE COVER and for no more than 30 days after the property has been removed. We will also pay for reasonable expenses incurred by you for the removal and return of the covered property.

This coverage reduces the amount of insurance that applies to the property being removed..

The policy deductible applies.

6. **Credit Card Coverage and Identity Fraud Expense Coverage.**

We will pay up to \$5,000 in the aggregate for all loss and defense costs resulting from **Credit Card Coverage and Identity Fraud Expense Coverage.**

For the purposes of **Credit Card Coverage** and **Identity Fraud Expense Coverage**, a series of acts committed by any one person in which any one person is concerned or implicated is considered to be one loss, even if a series of acts continues into a subsequent policy period.

a. **Credit Card Coverage** also includes, fund transfer cards, forgery and counterfeit money. Under **Credit Card Coverage**, we pay for all loss and defense costs resulting from:

- (1) The legal obligation of any **"insured"** to pay because of the theft or unauthorized use of credit cards issued to or registered in any **"insured's"** name;
- (2) Loss resulting from theft or unauthorized use of electronic fund transfer cards or access devices used for deposit, withdrawal or transfer of funds, issued to or registered in any **"insured's"** name;
- (3) Loss to any **"insured"** caused by forgery or alteration of any check or negotiable instrument written on an **"insured's"** bank account. This does not include loss by the acceptance of a forged, altered or, other negotiable instrument, by an **"insured"**.
- (4) Loss to any **"insured"** through acceptance in good faith of counterfeit United States or Canadian paper currency.

For losses covered by this additional insurance we will provide defense as follows:

- (1) We may investigate and settle any claim or suit as we deem to be appropriate. Any duty to defend a claim or suit ends when the amount we pay or tender for the loss equals the applicable amount of insurance.

- (2) If a suit is brought against any **"insured"** as a result of theft or unauthorized use of a credit card or fund transfer card, we will provide a defense at our expense by counsel of our choice. We have the option to defend at our expense any **"insured"** against any suit for the enforcement of payment under the forgery coverage.

This is additional insurance and does not reduce the amount of insurance.

No deductible applies to **Credit Card Coverage**.

- b. Under **Identity Fraud Expense Coverage**, we pay for **"expenses"** and defense cost incurred by any **"insured"** as the direct result of **"identity fraud"**.

With respect to the provisions of this coverage only, the following definitions are added:

"Identity Fraud" means the act of knowingly transferring or using, without lawful authority, a means of identification of any **"insured"** with the intent to commit, or aid or abet, any unlawful activity that constitutes a violation of federal law or a felony under any applicable state or local law.

"Expenses" means:

- (1) Costs for notarizing fraud affidavits or similar documents for financial institutions or similar credit grantors or credit agencies that have required that such affidavits be notarized;
- (2) Costs for certified mail to law enforcement agencies, credit agencies, financial institutions or similar credit grantors;
- (3) Lost wages as a result of time taken off from work to meet with, or talk to, law enforcement agencies, credit agencies, merchandise, and/or legal counsel, or to complete fraud affidavits, not to exceed \$250 per day;

- (4) Loan application fees for re-applying for a loan or loans when original application is rejected solely because the lender received incorrect credit information resulting from **"identity fraud"**;
- (5) Reasonable attorney fees incurred, with our prior consent, for:
 - (a) Defense of lawsuits brought against the **"insured"** by merchants or their collection agencies; and
 - (b) The removal of any criminal or civil judgments wrongly entered against an **"insured"**.
- (6) Charges incurred for long distance telephone calls to merchants, law enforcement agencies, financial institutions or similar credit grantors, or credit agencies to report or discuss an actual **"identity fraud"**;
- (7) Research fees charged by merchants, financial institutions or similar credit grantors, or credit agencies resulting from **"identity fraud"**.

This coverage is additional insurance and does not reduce the amount of insurance.

A \$100 deductible applies to **Identity Fraud Expense Coverage**.

The following exclusions apply to **Credit Card Coverage and Identity Fraud Expense Coverage**:

- (1) We do not cover forgery, theft or use of a credit card, electronic fund transfer card or access device:
 - (a) By a resident of your household or any **"insured"**.
 - (b) By a person who has been entrusted with the card(s) or device(s);
 - (c) If any **"insured"** has not complied with all terms and conditions under which the cards or devices are issued.

- (2) We do not cover loss arising out of **"business"** pursuits, dishonesty, fraud, or criminal activity of any **"insured"**.

- 7. **Loss Assessment.** We will pay up to \$10,000 for your share of loss assessment charged against you by a corporation or association of property owners, for an event which occurs during the policy period, when the assessment is made as a result of **"sudden and accidental"** direct physical loss to the property, owned by all Members collectively, caused by a loss under Section I - LOSSES WE COVER, subject to all provisions of the policy.

This coverage does not apply to assessments made as a result of damage caused by:

- a. Earthquake; or
- b. 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 government body.

The limit of \$10,000 is the most we will pay with respect to any one loss, regardless of the number of assessments.

This coverage is not limited by the expiration of this policy.

This coverage is an additional insurance and does not reduce the amount of insurance.

No deductible applies to this coverage.

- 8. **"Collapse"**. For an entire building or any part of a building covered by this insurance we insure for direct physical loss to covered property involving **"collapse"** of a building or any part of a building only when the **"collapse"** is caused by one or more of the following:

- a. **"Named peril(s)"** apply to covered buildings and personal property for loss insured by this additional coverage.
- b. Decay that is hidden from view, meaning damage that is unknown prior to **"collapse"** or that does not result from a failure to reasonably maintain the property;
- c. Insect or vermin damage that is hidden from view, meaning damage that is unknown prior to **"collapse"** or that does not result from a failure to reasonably maintain the property;
- 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, water well, cistern, 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.

This coverage reduces the amount of insurance that applies to the damaged covered property.

The policy deductible applies.

- 9. Lock Replacement.** When the dwelling door keys are stolen in a covered theft loss, we will pay the cost to:
- a. Change the combination in the lock hardware of the doors, or
 - b. Change the lock hardware of the doors.

The most we will pay for Lock Replacement is \$250. No deductible applies to this coverage.

- 10. Refrigerated Products.** We will pay you up to \$500 for loss to the contents of a freezer or a refrigerator located on your **"residence premises"**, as a consequence of power failure or mechanical breakdown. This \$500 limit is the most we will pay in any one loss regardless of the number of freezers or refrigerators.

The Power Failure exclusion under Section I - LOSSES WE DO NOT COVER UNDER DWELLING PROTECTION, AND PERSONAL PROPERTY PROTECTION does not apply to Refrigerated Products.

This coverage does not increase the Personal Property Protection amount of insurance.

No deductible applies to this coverage.

11. Glass or Safety Glazing Material

We cover:

- a. The breakage of glass or safety glazing material caused by a loss under Section I - LOSSES WE COVER which is part of a covered building, storm door or storm window; and
- b. Damage to covered property by glass or safety glazing material which is part of a building storm door or storm window.

This coverage does not include loss to the **"residence premises"** if the building containing the **"residence premises"** has been vacant for more than 30 consecutive days immediately before the loss. An insured dwelling being constructed is not considered vacant.

This coverage reduces the amount of insurance that applies to the damaged property.

The policy deductible applies.

12. **Building Ordinance or Law.** For loss caused by a loss under Section I - LOSSES WE COVER to buildings under Dwelling Protection, we will pay the increased costs which are required and you actually incur to comply with any ordinance or law governing the rebuilding, repair or demolition of the damaged property.

The limit for this coverage will not be more than 5% of the Dwelling Protection amount of insurance.

This coverage is additional insurance and does not reduce the Dwelling Protection amount of insurance.

The policy deductible applies.

13. **Temporary Living Expense.** We will pay up to \$2,000 for necessary increase in costs which you incur to maintain your normal standard of living when the "**residence premises**" is uninhabitable due to a loss caused by earthquake, volcanic eruption, landslide, or if a civil authority prohibits your use of the "**residence premises**" because an earthquake, volcanic eruption or landslide has occurred. This coverage is additional insurance and does not reduce the Loss of Use Protection amount of insurance.

No deductible applies to this coverage.

14. **Military Uniforms and Equipment.** We will waive your deductible for loss to uniforms and military equipment, owned by you, including but not limited to clothing, insignia, flight cases, headsets, personal body armor and GPS devices for a loss caused by "**named peril(s)**" while you are on active or active reserve duty.

This coverage reduces the Personal Property Protection amount of insurance.

No deductible applies to this coverage.

15. **War.** To the extent that coverage for "**war**" is provided here, item f. under LOSSES WE DO NOT COVER UNDER DWELLING PROTECTION AND PERSONAL PROPERTY PROTECTION and the "**war**" exclusion in any endorsement attached to this policy do not apply.

We will pay up to \$10,000 for:

- a. Direct loss or damage to your personal property caused by "**war**", or:
- b. Abandonment as a consequence of "**war**".

subject to the following conditions:

This coverage applies only:

- a. To any "**insured**" who is subject to government reimbursement for loss to personal property under 31 USC 3721, commonly referred to as the Military Personnel and Civilian Employees Claims Act, as amended and supplemented, or any successor or replacement act; and
- b. To loss that occurs anywhere outside the Continental United States, Alaska and Hawaii.

In addition to compliance with the other provision of **Your Duties After Loss**, you must:

- a. Report your claim to the U.S. Government, its affiliate or agency, and comply with its requirements;
- b. Send us, within 60 days after our request, copies of all actual documents which outline the basis of the government's reimbursement for your loss including the amount paid.

The **Suit Against Us** clause is changed for loss by "**war**" only:

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 payment by the government.

The **Loss Settlement** clause in this policy is changed for loss by "**war**" only to read:

"**War**" loss to personal property under this policy is not payable until the U.S. Government has made its final payment to you for the loss under 31 USC 3721 as amended and supplemented, or any successor or replacement act.

Subject to all policy provisions, our payment will be the total amount of your loss minus the U.S. government 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 satisfactory evidence of the amount of the U.S. Government payment, or we reach an agreement with you.

This coverage reduces the Personal Property Protection amount of insurance.

No deductible applies to this coverage.

16. Fungus, or Wet or Dry Rot.

1. We will pay up to a total of \$2,500 for:
 - a. The cost to treat, remove or dispose of "**fungus**", or wet or dry rot, from covered property;
 - b. The cost to tear out and replace any part of the building or other covered property as needed to gain access to the "**fungus**", or wet or dry rot, and/or

- c. The cost to test, to detect, measure or evaluate air or property to confirm the absence, presence or level of "**fungus**", or wet or dry rot, whether performed prior to, during or after removal, repair, restoration or replacement. The cost of such testing will be provided only to the extent that there is a reasonable probability that there is the presence of "**fungus**"

which is the direct result of a loss under Section I - LOSSES WE COVER.

2. We will pay up to \$2,000 for the necessary increase in costs which you incur to maintain your normal standard of living when the "**residence premises**" is uninhabitable due to a loss caused by, resulting from, or consisting of "**fungus**", or wet or dry rot, which is the direct result of a loss under Section I - LOSSES WE COVER.

This coverage is additional insurance and does not reduce the amount of insurance.

No deductible applies to this coverage once the policy deductible has been met.

- 17. Electronic Media**, meaning songs, movies and other audio or video media, which you purchased and downloaded onto a computer or portable electronic media player. We will pay up to \$250 for a loss covered under "**named peril(s)**", provided that you maintain records to document the actual purchase of this media. This coverage does not include personal data or records.

This coverage is additional insurance and does not reduce the Personal Property Protection amount of insurance.

The policy deductible applies.

SECTION I - LOSSES WE COVER

COVERAGE A - DWELLING PROTECTION COVERAGE AND COVERAGE C - PERSONAL PROPERTY PROTECTION.

We insure against "**sudden and accidental**", direct, physical loss to tangible property described in **PROPERTY WE COVER - DWELLING PROTECTION** and **PERSONAL PROPERTY PROTECTION** caused by a peril listed below unless the loss is excluded in Section I - **LOSSES WE DO NOT COVER**.

1. **Fire or lightning.**

2. **Windstorm or hail.**

This peril does not include loss to the inside of a building or 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 the "**watercraft**", "**personal 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**, meaning damage caused by or resulting from an impact with a "**motor vehicle**". This does not include damage to personal property being transported by a "**motor vehicle**" unless this vehicle is itself involved in a collision.

This peril does not include loss to a fence, driveway or walk caused by a vehicle owned or operated by a resident of the "**residence premises**".

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

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

8. **Vandalism or malicious mischief.**

This peril does not include loss to property on the "**residence premises**" if the unit has been vacant for more than 180 consecutive days immediately before the loss. A building being constructed is not considered vacant.

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

This peril does not include loss caused by theft:

- a. Committed by any "**insured**" or any other person regularly residing on any part of the "**insured location**" for a period in excess of thirty consecutive days, if other permanent residency is established or claimed elsewhere;
- b. In or to a dwelling under construction, or 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 any "**insured**" to a person who does not qualify as an "**insured**".

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

- a. Property while at any other residence owned by, rented to, or occupied by any "**insured**" unless the "**insured**" has stayed at the temporary residence at any time during the 60 days immediately before the loss;
- b. "**Watercraft**", or "**personal watercraft**" including their furnishings, equipment and outboard motors; or
- c. Trailers and campers.

10. **Falling objects.** This does not include loss to the inside of a building or the property contained in a building unless the roof or an outside wall of a 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 a building or the property contained in a building. This does not include loss to an awning, fence, patio, pavement, swimming pool, foundation, retaining wall, bulkhead, pier, wharf or dock.
12. **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. A plumbing system does not include a sump pump or sump well designed to drain subsurface water from the interior foundation area even if such overflow results from the mechanical breakdown of the sump pump. We also pay for tearing out and replacing any part of the building which is covered under Dwelling Protection and on the "**residence premises**" if necessary to repair the system or appliance from which the water or steam escaped.

This does not include loss:
 - a. To the system or appliance from which the water or steam escaped; or,
 - b. Caused by or resulting from freezing except as provided in the peril of Freezing below; or
- c. On the "**residence premises**" caused by discharge or overflow which occurs away from the building where the "**residence premises**" is located; or
- d. To a building caused by constant or repeated seepage or leakage over a period of 14 days or more;
- e. On the "**residence premises**", if the unit has been vacant for more than 180 consecutive days immediately before the loss. A unit being constructed is not considered vacant.
13. **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.

This does not include loss caused by or resulting from freezing except as provided in Freezing below.
14. **Freezing** of a plumbing, heating, air conditioning or automatic fire protective system or of a household appliance.

This peril does not include loss on the "**residence premises**" while unoccupied, if you have failed to:
 - a. Maintain heat in the building; or
 - b. Shut off the water supply and drain the system and appliances of water.
15. **Damage from artificially generated electrical current.**
16. **Volcanic eruption** other than loss caused by earthquake, land shock waves or tremors.

SECTION I - LOSSES WE DO NOT COVER

LOSSES WE DO NOT COVER UNDER DWELLING PROTECTION AND PERSONAL PROPERTY PROTECTION:

1. We do not insure for loss consisting of or caused directly or indirectly by any of the following regardless of:
 - (i) The cause of the excluded event or damage that; or

- (ii) Other causes of the loss that; or
- (iii) Whether the event or damage occurs, suddenly or gradually, involves isolated or widespread damage, or occurs as a result of any combination of these to; or

(iv) Whether other causes or events act concurrently or in any sequence with the excluded event to

produce the loss.

a. **Ordinance or Law**, meaning the increased cost of demolition, repairs or rebuilding due to the enforcement or compliance with any ordinance or law regulating the construction, repair or demolition of a building or other structure other than as provided in ADDITIONAL COVERAGES, Building Ordinance or Law.

b. **Earth Movement** arising from or caused by or resulting from human or animal forces or any act of nature, meaning:

- (1) Earthquake, including land shock waves or tremors before, during or after a volcanic eruption;
- (2) Landslide; mudslide or mudflow;
- (3) Subsidence, sinkhole, erosion or movement resulting from improper compaction, site selection or any other external forces;
- (4) Earth sinking, rising or shifting, expanding or contracting of earth, all whether combined with water or not;

unless direct loss by fire, theft, explosion, or breakage of glass or safety glazing material which is part of a building, storm door or storm window results and then we will pay only for the resulting loss.

c. **Water Damage** arising from, caused by or resulting from human or animal forces, any act of nature, or any other source. Water damage means damage caused by or consisting of:

- (1) Flood, surface water, waves, tidal water, storm surge, tsunami, any overflow of a body of water, or spray from any of these, whether or not driven by wind; or

(2) Any release, overflow, escape or rising of water otherwise held, contained, controlled or diverted by a dam, levee, dike or by any type of water containment, water diversion or flood control device; or

(3) Water or water-borne material which backs up through sewers or drains or which overflows from a sump pump, sump well or similar device designed to drain water from the foundation area; or

(4) Water or water-borne material below the surface of the ground, including water which exerts pressure on or seeps through a building, sidewalk, driveway, foundation, swimming pool or other structure;

unless direct loss by fire, explosion or theft results from water damage and then we will pay only for the resulting loss.

d. **Power Failure**, meaning the failure of power or other utility service if the failure takes place off the "**residence premises**" except as provided in ADDITIONAL COVERAGES, Refrigerated Products.

If damage caused by a loss insured under Section I - LOSSES WE COVER results on the "**residence premises**", we will pay only for that damage.

e. **Neglect**, by or failure of any "**insured**" to use all reasonable means to save and preserve property at and after the time of a loss or damage or the event resulting in loss or damage.

f. "**War**" and any consequence of "**war**", except as provided in ADDITIONAL COVERAGES, War. Discharge of a nuclear weapon will be deemed a warlike act even if accidental.

- g. **Nuclear Hazard**, meaning
 - (1) Any nuclear reaction, radiation, or radioactive contamination, all whether controlled or uncontrolled or however caused, or any consequence of any of these.
 - (2) 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 Section I - LOSSES WE COVER.
 - (3) 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.
- h. **Intentional Loss**, meaning loss arising out of an act any "insured" commits or conspires to commit with the intent to cause a loss. Even "**insureds**" who did not commit or conspire to commit the act causing the loss are not entitled to coverage.
- i. **Fungus, or Wet or Dry Rot or Bacteria** other than as provided in ADDITIONAL COVERAGES, **Fungus, or Wet or Dry Rot**.
- j. "**Collapse**", other than as provided in ADDITIONAL COVERAGES, "**Collapse**".
- k. **Diminution in value**, meaning any reduction in value that would remain after damaged property is repaired or replaced.

SECTION I - CONDITIONS

1. **Insurable Interest and Amount of Insurance.**

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 amount of insurance

whichever is less.
2. **Your Duties After Loss.** In case of a loss to which this insurance may apply you must see that the following are done:
 - a. Promptly notify us or our agent about the loss. This policy will not provide any coverage for your loss if you fail to notify us about the loss within one year after the loss actually occurs;
 - b. Notify the police in case of loss by theft, vandalism, or any other criminal act;
 - c. Notify the credit card or fund transfer card company in case of loss under ADDITIONAL COVERAGES, Credit Card Coverage and Identity Fraud Expense 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. Cooperate with us in the investigation of a claim;
 - f. At our request prepare an inventory of claimed personal property showing the quantity, description, age, "**replacement cost**" and amount of loss. Include with the inventory all bills, receipts and related documents that support the items listed and substantiate the figures shown in the inventory;
 - g. 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 and sign, while not in the presence of any other **"insured"**:
 - (a) Statements; and
 - (b) Examinations under oath; and
 - (4) Produce employees, members of your household or others for examinations under oath to the extent it is within your power to do so;
- h. Send to us, within 60 days after our request, your signed 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 estimate;
 - (6) The inventory of claimed personal property described in 2.f. above;
 - (7) Receipts for Additional Living Expenses and Temporary Living Expenses incurred and records that support the Fair Rental Value loss; and
 - (8) Evidence or affidavit stating the amount and cause of loss, that supports a claim under ADDITIONAL COVERAGES, Credit Card Coverage, and receipts, bills or other records that support your claim for expenses under Identity Fraud Expense Coverage.

3. **Loss Settlement.** We will not pay more than the amount of insurance that applies to the damaged, destroyed or stolen property as stated on the Declarations page unless such amount is increased due to ADDITIONAL COVERAGES. Subject to the amount of insurance covered losses are settled as follows:

- a. For **Coverage C - Personal Property Protection**, the value of the covered property is not agreed upon, but will be set at the time of loss or damage.

We will pay the lesser of:

- (1) The **"actual cash value"**; or
- (2) Our cost to replace the property with property of like kind, quality, age and condition; or
- (3) Our cost to repair or our cost to restore the property to the condition it was in just before the loss.

- b. All items under **Coverage A - Dwelling Protection**. We will pay our cost to repair or our cost to replace the damaged property with similar construction and for the same use on the premises shown in the Declarations, subject to the following:

- (1) When our cost to repair or replace the damaged property is less than \$5,000 we will pay you the full replacement cost amount without deduction for depreciation.
- (2) When our cost to repair or our cost to replace the damaged property is greater than \$5,000, and until actual repair or replacement is completed, we will pay only the **actual cash value**, not to exceed our cost to repair or our cost to replace the damaged part of the property.

- (a) To receive any additional payments on a replacement cost basis, you must complete the actual repair or replacement of the damaged part of the property within one year after the date of loss, unless during this period you request in writing that this time limit be extended for an additional 180 days, and notify us within 30 days after the work has been completed.
- (b) When repair or replacement is actually completed, we will pay the covered additional amount you actually and necessarily spend to repair or replace the damaged part of the property, or our cost to repair or replace the damaged part of the property, whichever is less.

4. Loss or Damage to a Pair or Set. In case of loss or damage 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. Matching of Undamaged Property. In case of damage to property, we will not pay to repair or replace undamaged property due solely to:

- a. Mismatch of color between undamaged material and new material used to replace faded, weathered or oxidized damaged material; or
- b. Mismatch between undamaged material and new material used to repair or replace damaged material due to outdated, obsolete or discontinued products.

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 and impartial 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 the loss. If the appraisers submit a written report of an agreement 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:

- 1. Pay its own appraiser; and
- 2. Bear the other expenses of the appraisal and umpire equally.

Any fees for expert witnesses or attorneys will be paid by the party who hires them. Neither the umpire nor the appraisers will have a financial interest that is conditioned on the outcome of the specific matter for which they are called to serve.

This is not a provision providing for or requiring arbitration. The appraisers and umpire are only authorized to determine the "**actual cash value**", replacement cost, or cost to repair the property that is the subject of the claim. They are not authorized to determine coverage, exclusions, conditions, forfeiture provisions, conditions precedent, or any other contractual issues that may exist between you and us. The appraisal award cannot be used by either you or us in any proceeding concerning coverage, exclusions, forfeiture provisions, conditions precedent, or other contractual issues. However, once contractual liability is admitted or determined, the appraisal award is binding upon you and us. This appraisal process and authority granted to the appraisers and the umpire can only be expanded or modified by written mutual consent signed by you and us.

7. **Other Insurance.** Other insurance includes the coverage and any deductible required by such other insurance.

If a loss covered by this policy, other than a loss covered by the ADDITIONAL COVERAGE, Credit Card Coverage and Identity Fraud Expense Coverage or golf cart coverage is also covered by other insurance except insurance in the name of a corporation or association of property owners, we will pay only the portion of the loss that the amount of insurance that applies under this policy bears to the total amount of insurance covering the loss.

If, at the time of loss, there is other insurance in the name of a corporation or association of property owners covering the same property covered by this policy, this insurance will be excess over the amount recoverable under such other insurance.

Coverage provided by the ADDITIONAL COVERAGE, Credit Card Coverage and Identity Fraud Expense Coverage is excess over other insurance that covers the same loss. This coverage is also excess over any other contractual conditions, rights or benefits that provide relief from or indemnification for your obligations to pay any amounts to any third party resulting from a loss covered by this coverage. In no event will we pay more than the applicable amount of insurance.

This policy does not apply to motorized golf carts and their equipment and accessories when any other insurance also applies.

8. **Suit Against Us.** No action can be brought against us unless you have:

- a. Given us notice of the loss,
- b. Complied with all other policy provisions, and
- c. Started the action

within two years after the date of the loss.

9. **Our Option.** If we give you written notice within 30 days after we receive your notice 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.** You may not abandon property to us for any reason.

12. **Mortgagee Clause.** The word "mortgagee" includes trustee.

If a mortgagee is named in this policy, any covered loss under Section I - LOSSES WE COVER for Dwelling Protection will be paid to the mortgagee and you, as interests appear. If more than one mortgagee is named, the order of payment will be the same as the order of precedence of the mortgages.

If we deny your claim because you or any other "insured" has failed to comply with the terms and conditions of this policy that denial shall not apply to a valid claim of the mortgagee, if the mortgagee:

- a. Promptly notifies us of any change in ownership, occupancy or substantial change in risk of which the mortgagee is aware; and
- b. Pays any premium due under this policy on demand if you have neglected to pay the premium; and
- c. Sends to us, within 60 days after our request, a signed sworn proof of loss which sets forth, to the best of the mortgagee's knowledge and belief:

- (1) The time and cause of loss;

- (2) The interest of the mortgagee 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.

Policy conditions relating to Appraisal, Suit Against Us and Loss Payment apply to the mortgagee.

d. Submits to examination under oath.

If we decide to cancel or not to renew this policy, the mortgagee will be properly 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 Bailee. We will not recognize any assignment or grant any coverage that benefits a person or organization holding, storing or moving property for a fee regardless of any other provision of this policy.

14. Salvage and Recovered Property.

- a. We have an interest in the salvage value of any property for which we have made a payment under the Loss Settlement Condition. At our option, property that we have paid for or replaced becomes our property.
- b. 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 may be retained by you. If you retain the property, the loss payment, or any lesser amount to which we agree, must be refunded to us.

15. Concealment, Misrepresentation or Fraud. If you or any other "insured", whether before or after an "occurrence" or loss under this policy has:

- a. Intentionally concealed or misrepresented any material fact or circumstance;
- b. Engaged in fraudulent conduct; or
- c. Made false statements which, if known by us, would have caused us not to:
 - (1) Issue the policy;
 - (2) Issue the policy in as large an amount;
 - (3) Provide coverage for the hazard resulting in the loss; or
 - (4) Issue the policy for the same amount of premium or at the same rate

relating to the issuance of this policy or in the presentation of a claim, we may deny coverage or declare the entire policy void as to the interest of all "insured's" and refund the unearned premium as of the date of the conduct described in a., b., or c. above. Any unearned premium will be offset by any amounts paid to any "insured" under policy after the date of the conduct described in a., b. or c. above.

We reserve all rights to seek recovery of the amount we pay from any person committing concealment, misrepresentation or fraud for all payments made and cost incurred.

16. **Duties to Determine and Maintain Policy Limits.** It is your responsibility to determine and maintain adequate amounts of insurance to totally replace or repair your dwelling and personal property.
17. **Volcanic Eruption Period.** One or more volcanic eruptions that occur within a 72-hour period will be considered as one volcanic eruption.
18. **Adjustment to Building Cost.** The amount of insurance for Section I, Dwelling Protection, shown in the Declarations of this policy, will be revised at each policy renewal to reflect the rate of change in the replacement cost of your dwelling. The resulting limit will be rounded to the next \$1,000.

This amount will not be reduced without your consent.

You have the right to refuse any resulting change in amount. You must notify us before the effective date of such change.

We have the right to change to another replacement cost calculation tool as of any renewal date. We will give you at least 30 days prior written notice if we do this. Such change must apply to all similar policies issued by us.

19. **Adjustment to Personal Property Protection.** The amount of insurance shown in the Declarations for Section I, Personal Property Protection and Loss of Use Protection will be adjusted at each policy renewal. This adjustment will reflect the averaged rate of change of the House Furnishing, Entertainment Commodities and Apparel Commodities portions of the Consumer Price Index published by the U.S. Department of Labor. The resulting amount will be rounded to the nearest \$100.

These amounts will not be reduced without your consent.

You have the right to refuse any resulting change in amounts. To do so you must notify us before the effective date of such change.

We have the right to change to another cost index as of any renewal date. We will give you at least 30 days prior written notice if we do this. Such change must apply to all similar policies issued by us.

SECTION II - LIABILITY COVERAGES

COVERAGE E - Personal Liability

If a claim is made or a suit is brought against any "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.

This coverage does not provide defense to any "insured" for criminal prosecution or proceedings.

We will not pay for punitive damages or exemplary damages, fines or penalties.

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 any **"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 any **"insured"**;
 - c. Is caused by a **"residence employee"** in the course of the **"residence employee's"** employment by any **"insured"**; or
 - d. Is caused by an animal owned by or in the care of any **"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 reasonably expected or intended by any **"insured"** even if the resulting **"bodily injury"** or **"property damage"**:
 - (1) Is of a different kind, quality or degree than initially expected or intended; or
 - (2) Is sustained by a different person, entity, real or personal property, than initially expected or intended.

However, this exclusion does not apply to **"bodily injury"** resulting from the use of lawful reasonable force by any **"insured"** to protect persons or property.
 - b. (1) Arising out of or in connection with a **"business"** engaged in by any **"insured"**. This exclusion applies but is not limited to an act or omission, regardless of its nature or circumstance, involving a service or duty rendered, promised, owed, or implied to be provided because of the nature of the **"business"**.
 - (2) Arising out of the rental or holding for rental of any part of any premises by any **"insured"**. This exclusion does not apply to the rental or holding for rental of any **"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 or failure to render **"professional services"**;
 - d. Arising out of a premises;
 - (1) Owned by any **"insured"**; or
 - (2) Rented to any **"insured"**; or
 - (3) Rented to others by any **"insured"**; that is not an **"insured location"**;
 - e. Arising out of:
 - (1) The ownership, maintenance, use, loading or unloading of **"motor vehicles"** including trailers, owned or operated by or rented or loaned to any **"insured"**;
 - (2) The entrustment by any **"insured"** of a **"motor vehicle"** to any person; or
 - (3) Vicarious liability, whether or not statutorily imposed, for the actions of anyone using a **"motor vehicle"** excluded in paragraph (1) or (2) above.

This exclusion does not apply to the permissive use, loading or unloading of:

- (1) A trailer not towed by or carried on a **"motor vehicle"**;
- (2) A **"motor vehicle"** designed for recreational use off public roads, not subject to motor vehicle registration and:
 - (a) Not owned by any **"insured"**; or
 - (b) Owned by any **"insured"** provided the **"occurrence"** takes place on any **"insured location"**; or
 - (c) Owned by any **insured** and designed or modified to operate at speeds not to exceed 15 miles per hour.
- (3) A motorized golf cart that is designed to carry up to 4 persons, not built or modified after manufacture to exceed a speed of 25 miles per hour on level ground and, at the time of an **"occurrence"**, is within the legal boundaries of:
 - (a) A golfing facility and is parked or stored there, or being used by any **"insured"** to:
 - (i) Play the game of golf or for other recreational or leisure activity allowed by the facility; or
 - (ii) Travel to and from an area where **"motor vehicles"** or golf carts are parked or stored; or
 - (iii) Cross public roads at designated points to access other parts of the golfing facility.
 - (b) A private residential community, including its public roads upon which a motorized golf cart can legally travel, which is subject to the authority of a property owners association and contains an **"insured's"** residence.

(4) A **"motor vehicle"** not subject to motor vehicle registration which is:

- (a) Used to service any **"insured's"** residence; or
- (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; or
- (2) The entrustment by any **"insured"** to any person of; or
- (3) Vicarious liability, whether or not statutorily imposed, for the actions of anyone using:

a **"watercraft"** or **"personal watercraft"**.

This exclusion does not apply to any **"watercraft"** owned or borrowed by, or rented to any **"insured"**:

- (1) With inboard, outboard or inboard-outdrive motor power of up to 50 horsepower; or
- (2) That is a sailing vessel, with or without auxiliary power, which is up to 35 feet in length.

This exclusion does not apply to any **"personal watercraft"** or **"watercraft"** that is being stored.

g. Arising out of:

- (1) The ownership, maintenance, use, loading or unloading of; or
- (2) The entrustment by any **"insured"** to any person; or
- (3) Vicarious liability, whether or not statutorily imposed, for the actions of anyone using:

an **"aircraft"** or **"hovercraft"**.

- h. Caused directly or indirectly by **"war"** including any consequence of **"war"**. Discharge of a nuclear weapon will be deemed a warlike act even if accidental.
- i. Arising out of the transmission of a communicable disease by any **"insured"**.
- j. Arising out of the use, sale, manufacture, delivery, transfer or possession by any person of a controlled substance(s). Controlled substances include but are not limited to cocaine, LSD, marijuana and all narcotic drugs. However, this exclusion does not apply to the legitimate use of prescription drugs by a person following the orders of a licensed physician.
- k. Arising out of the actual, alleged, or threatened discharge, dispersal, release, escape, seepage or migration of **"pollutants"** however caused and whenever occurring. This includes any loss, cost or expense arising out of any:
 - (1) Request, demand or order that any **"insured"** or others test for, monitor, clean up, remove, contain, treat, detoxify, or assess the effects of **"pollutants"**; or
 - (2) Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of **"pollutants"**.
- l. Arising out of exposure to lead paint or other lead-based products.
- m. Arising out of exposure to asbestos.
- n. Arising out of or caused by the commission of, attempting to flee from, or avoiding apprehension for a criminal act for which intent is a necessary element.
- o. Arising directly or indirectly, in whole or in part, out of the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of or presence of any **"fungus"**, or wet or dry rot, or bacteria.
- p. Arising out of your failure, intentionally or unintentionally, to disclose information regarding the sale or transfer of real or personal property.
- q. Arising out of any actual, alleged or threatened:
 - (1) Sexual misconduct; or
 - (2) Sexual harassment; or
 - (3) Sexual molestation.
- r. Arising out of any actual, alleged or threatened physical or mental abuse.

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 any **"insured"**.

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

- a. Liability:
 - (1) For any loss assessment charged against you as a member of an association, corporation or community of property owners other than as provided in SECTION II - ADDITIONAL COVERAGES Loss Assessment.
 - (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 any **"insured location"**; or
 - (b) Where the liability of others is assumed by any **"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 any **"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, whether or not actually provided;
 by any **"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 any **"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) Nuclear Energy Liability Insurance Association;
 - (2) Mutual Atomic Energy Liability Underwriters;
 - (3) Nuclear Insurance Association of Canada; or any of their successors.
- f. **"Bodily injury"** to you or any **"insured"** within the meaning of part a. b., or c. of **"insured"** as defined.
- g. Punitive or exemplary damages, fines, or penalties.

- 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; or
 - (2) Non-occupational disability law; or
 - (3) Occupational disease law.
 - c. From any:
 - (1) Nuclear reaction; or
 - (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 any **"insured"**, regularly residing on any part of the **"insured location"** or residing on any part of the **"insured location"** for a period in excess of thirty consecutive days prior to the date of loss, if other permanent residency is established or claimed elsewhere.

SECTION II - ADDITIONAL COVERAGES

Unless specifically addressed elsewhere in this policy, the coverages provided below are the only coverages provided for the following and do not reduce the limit of liability.

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

- a. Expenses we incur and costs taxed against any **"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 any **"insured"** at our request, including actual loss of earnings (but not loss of other income) up to \$250 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 any **"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 \$1,000 per **"occurrence"** for **"property damage"** to property of others caused by any **"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 any **"insured"** who is 13 years of age or older;
- c. To property owned by any **"insured"**;
- d. To property owned by or rented to a tenant of any **"insured"** or a resident in your household; or
- e. Arising out of:
 - (1) A **"business"** engaged in by any **"insured"**;
 - (2) Any act or omission in connection with a premises owned, rented or controlled by any **"insured"**, other than the **"insured location"**; or
 - (3) The ownership, maintenance, occupancy, operation, use, loading or unloading of **"aircraft"**, **"hovercraft"**, **"watercraft"**, **"personal watercraft"** or **"motor vehicle."** This exclusion e.(3) does not apply to a **"motor vehicle"** that:
 - (a) Is designed for recreational use off public roads,
 - (b) Is not owned by any **"insured"**; and
 - (c) At the time and place of the **"occurrence"**, is not required by law, or regulation issued by a government agency, to have been registered for it to be used on public roads or property.

4. **Loss Assessment.** We will pay up to \$10,000 for your share of loss assessment charged against you by a corporation or association of property owners, when the assessment is made as a result of:

- a. **"Bodily injury"** or **"property damage"** caused by an **"occurrence"** not excluded under SECTION II of this policy; or
- b. Liability for an act committed by a director, officer or trustee during the policy period 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 an owner or tenant of the **"residence premises"**.

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

Regardless of the number of assessments, the limit of \$10,000 is the most we will pay for loss arising out of:

- a. One **"occurrence"**, including continuous or repeated exposure to substantially the same general harmful conditions; or
- b. A covered act of a director, officer or trustee. An act involving more than one director, officer or trustee is considered to be a single act.

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

This coverage is not limited by the expiration of this policy.

SECTION II - CONDITIONS

1. **Limit of Liability.** The Coverage E limit is shown in the Declarations. This is our limit for all damages from each **"occurrence"** regardless of the number of **"insureds"**, claims made or persons injured. All **"bodily injury"** an **"property damage"** resulting from any one accident or from continuous or repeated exposure to substantially the same general harmful conditions shall be considered to be the result of one **"occurrence"**.

The Coverage F limit is shown in the Declarations. This is our limit for all medical expenses payable for **"bodily injury"** to one person as the result of one accident.

2. **Severability of Insurance.** This insurance applies separately to each **"insured"**. This condition does not increase our limit of liability for any one **"occurrence"**.
3. **Concealment, Misrepresentation or Fraud.** If you or any other **"insured"**, whether before or after an **"occurrence"** or loss under this policy has:

- a. Concealed or misrepresented any material fact or circumstance;
- b. Engaged in fraudulent conduct; or
- c. Made false statements which if known by us, would have caused us not to:
 - (1) Issue the policy;
 - (2) Issue the policy in as large an amount;
 - (3) Provide coverage for the hazard resulting in the loss; or
 - (4) Issue the policy for the same amount of premium or at the same rate.

relating to the issuance of this policy or in the presentation of a claim we may deny coverage as to the interest of all **"insureds"**.

We reserve all rights to seek recovery from any indemnity against a person committing concealment, misrepresentation or fraud for all payments made and cost incurred.

4. **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:

- a. 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.
- b. Cooperate with us in the investigation, settlement or defense of any claim or suit.
- c. Promptly forward to us every notice, demand, summons or other process relating to the accident or "**occurrence**".
- d. 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 any "**insured**";
 - (3) With the conduct of suits and attend hearings and trials;
 - (4) To secure and give evidence and obtain the attendance of witnesses.
- e. Under Damage to Property of Others, if we request, submit to us within 60 days after notice of the loss, a statement of loss and show the damaged property, if in the "**insured's**" control.

f. 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**".

5. **Duties of an Injured Person - Coverage F - Medical Payments to Others.** The injured person or someone acting for the injured person will:

- a. Give us written proof of claim, under oath if required, as soon as is practical; and
- b. 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.

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

7. **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 any "**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.

8. **Bankruptcy of any Insured.** Bankruptcy or insolvency of any "**insured**" will not relieve us of our obligations under this policy.

9. **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.

SECTIONS I AND 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. **Liberalization Clause.** If we make a change which broadens coverage under this edition of our policy without additional premium charge, that change will automatically apply to your insurance as of the date we implement the change in your state, provided that this implementation date falls within 60 days prior to or during the policy period stated in the Declarations.

This Liberalization Clause does not apply to changes implemented with a general program revision that includes both broadenings and restrictions in coverage, whether that general program revision is implemented through introduction of:

- a. A subsequent edition of this policy; or
- b. An amendatory endorsement.

3. **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.

4. **Cancellation.**

- a. You may cancel this policy at any time. But the effective date of cancellation cannot be earlier than the date of your request.
- b. 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, mailed to you by postal mail at your mailing address shown in the Declarations or provided to you electronically if we have your consent and agreement on file to receive documents electronically.

Proof of mailing, whether by postal mail or by electronic media or communication channel, will be sufficient proof of notice. Electronic notice will be provided upon placing it on our website pursuant to an electronic transaction agreement, or upon directing it to an electronic mailbox or voice channel that you designate for the purpose of receiving mail.

- (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:
 - (a) Upon discovery of fraud, concealment or misrepresentation made by or with the knowledge of any "**insured**" in obtaining this policy, continuing the policy, or presenting a claim under this policy; or
 - (b) If the risk has changed substantially since the policy was issued;
 - (c) Upon discovery that "**insured**" does not meet USAA Group membership eligibility requirements; or
 - (d) Any other reason allowed by law.

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

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

(5) 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.

5. **Nonrenewal.** We may elect not to renew this policy. We may do so by letting you know in writing 30 days before policy termination. This nonrenewal notice may be delivered to you, mailed to you by postal mail at your mailing address shown in the Declarations or, provided to you electronically if we have your consent and agreement on file to receive documents electronically.

Proof of mailing, whether by postal mail or by electronic media or communication channel, will be sufficient proof of notice. Electronic notice will be provided upon placing it on our website pursuant to an electronic transaction agreement, or upon directing it to an electronic mailbox or voice channel that you designate for the purpose of receiving mail.

6. **Subrogation.** Any **"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:

- a. Sign and deliver all related papers;
- b. Cooperate with us in a reasonable manner; and
- c. Do nothing after a loss to prejudice such rights.

7. **Spouse Access.** The **"member"** and we agree that the **"member"** and resident spouse are customers and applicants for purposes of state and federal privacy and insurance laws. The resident spouse will have access to the same information available to the **"member"** and may conduct the same transactions as the **"member"** including making coverage changes, signing regulatory forms, terminating the policy, and selecting delivery preferences for policy documents.

The **"member"** may notify us that he/she no longer wants the resident spouse to have access or transaction authority on his/her policy, and we will not permit the resident spouse to access policy information or conduct transactions on this policy.

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

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. For the purpose of this condition **"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.