

June 7, 2021

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Homeowners Enhancement Policy Program
Revisions

By Circular Letter to All Member Companies P-21-5 dated February 1, 2021, the Rate Bureau announced revisions to the Homeowners Supplement Program which included a revision to the Homeowners Enhancement Policy form HE 00 07 01 21. In addition to this revision, it was brought to our attention that there were typographical errors on the following pages:

- Page 7 – **Under Section I – E. Additional Coverages, 2. Reasonable Repairs, c.(1) and c.(2)** should not be underlined.
- Page 23 – Under **SECTION II – EXCLUSIONS, F. Coverage E – Personal Liability**, the following corrections are made:
 - **6.** “Bodily Injury” to you or an “insured” as defined under Definitions **5.a.** or **b.** should read Definitions **8.a.** or **b.**
 - **8.** “Personal Injury”: **h.** To you or an “insured” as defined under Definitions **5.a.** or **b.** should read Definitions **8.a.** or **b.**

Please find attached a revised and clean copy of HE 00 07.

These changes become effective in accordance with the following Rule of Application:

These revisions are applicable to all new and renewal policies effective on an optional basis June 1, 2021; however, these revisions are effective on a mandatory basis for new and renewal policies on or after January 1, 2022.

Reprinted manual pages will be distributed in the usual manner as soon as possible. Please see to it that this Circular is brought to the attention of all interested personnel in your company.

Sincerely,

Andy Montano

Personal Lines Manager

AM:ko
Attachments
P-21-7

HOMEOWNERS ENHANCEMENT COVERAGE

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

A. 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.

B. In addition, certain words and phrases are defined as follows:

1. "Aircraft Liability", "Hovercraft Liability", "Motor Vehicle Liability" and "Watercraft Liability", subject to the provisions in **b.** below, mean the following:

a. Liability for "bodily injury" or "property damage" arising out of the:

- (1)** Ownership of such vehicle or craft by an "insured";
- (2)** Maintenance, occupancy, operation, use, loading or unloading of such vehicle or craft by any person;
- (3)** Entrustment of such vehicle or craft by an "insured" to any person;
- (4)** Failure to supervise or negligent supervision of any person involving such vehicle or craft by an "insured"; or
- (5)** Vicarious liability, whether or not imposed by law, for the actions of a child or minor involving such vehicle or craft.

b. For the purpose of this definition:

- (1)** Aircraft means any contrivance used or designed for flight except model or hobby aircraft not used or designed to carry people or cargo;
- (2)** Hovercraft means a self-propelled motorized ground effect vehicle and includes, but is not limited to, flarecraft and air cushion vehicles;
- (3)** Watercraft means a craft principally designed to be propelled on or in water by wind, engine power or electric motor; and
- (4)** Motor vehicle means a "motor vehicle" as defined in **7-10.** below.

2. "Bodily injury" means bodily harm, sickness or disease, including required care, loss of services and death that results.

3. "Business" means:

- a.** Any full or part-time activity of any kind engaged in for economic gain, including the use of any part of any premises for such purposes; or
- b.** "Home-sharing host activities".

4. "Employee" means an employee of an "insured", or an employee leased to an "insured" by a labor leasing firm under an agreement between an "insured" and the labor leasing firm, whose duties are other than those performed by a "residence employee".

5. "Home-sharing host activities" means:

a. The:

- (1)** Rental or holding for rental; or
- (2)** Mutual exchange of services:

of the "residence premises", in whole or in part, by an "insured" to a "home-sharing occupant" through the use of a "home-sharing network platform"; and

b. Any other related property or services made available by an "insured" for use during such:

- (1)** Rental or holding for rental; or
- (2)** Mutual exchange of services:

except those property or services provided by another party.

6. "Home-sharing network platform" means an online-enabled application, website or digital network that:

a. Is used for the purpose of facilitating for money, mutual exchange of services or other compensation, the rental of a dwelling or other structure, in whole or in part; and

b. Allows for the agreement and compensation with respect to such rental to be transacted through such online-enabled application, website or digital network.

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7. "Home-sharing occupant" means a person other than an "insured" who:

- a. Has entered into an agreement or arranged compensation with an "insured" through the use of a "home-sharing network platform" for "home-sharing host activities", or
- b. Is accompanying or staying with a person described in Paragraph 7.a. of this provision under such "home-sharing host activities".

8. "Insured" means:

- a. You and residents of your household who are:
 - (1) Your relatives; or
 - (2) Other persons under the age of 21 and in your care or the care of a resident of your household who is your relative;
- b. A student enrolled in school full-time, as defined by the school, who was a resident of your household before moving out to attend school, provided the student is under the age of:
 - (1) 24 and your relative; or
 - (2) 21 and in your care or the care of a resident of your household who is your relative; or
- c. Under Section II:
 - (1) 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 described in **8a.** or **b.** "Insured" does not mean 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; or
 - (2) With respect to a "motor vehicle" to which this policy applies:
 - (a) Persons while engaged in your employ or that of any person described in **8a.** or **b.** above; or
 - (b) Other persons using the vehicle on an "insured location" with your consent.

Under both Sections I and II, when the word an immediately precedes the word "insured", the words an "insured" together mean one or more "insureds".

9. "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 described in **a.** and **b.** 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 farm land, owned by or rented to an "insured";

f. Land owned by or rented to an "insured" on which a one-, two-, three- or four-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.

10. "Motor vehicle" means:

a. A self-propelled land or amphibious vehicle; or

b. Any trailer or semitrailer which is being carried on, towed by or hitched for towing by a vehicle described in **a.** above.

11. "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".

12. "Property damage" means physical injury to, destruction of, or loss of use of tangible property.

13. "Residence employee" means:

a. An employee of an "insured", or an employee leased to an "insured" by a labor leasing firm, under an agreement between an "insured" and the labor leasing firm, 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".

A "residence employee" does not include a temporary employee who is furnished to an "insured" to substitute for a permanent "residence employee" on leave or to meet seasonal or short-term workload conditions.

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14. "Residence premises" means:
- a. The one-family dwelling where you reside;
 - b. The two-, three- or four-family dwelling where you reside in at least one of the family units; or
 - c. That part of any other building where you reside;

and which is shown as the "residence premises" in the Declarations.

"Residence premises" also includes other structures and grounds at that location.

15. "Fungi"
- a. "Fungi" means any type or form of fungus, including mold or mildew and any mycotoxins, spores, scents or by-products produced or released by fungi.
 - b. Under Section II, this does not include any "fungi" that are, are on, or are contained in any good or product intended for consumption.

16. "Personal Injury"

"Personal injury" means injury arising out of one or more of the following offenses, including a series of related offenses, committed during the policy period:

- a. False arrest, detention or imprisonment;
- b. Malicious prosecution;
- c. The following if committed by or on behalf of its owner, landlord or lessor:
 - (1) Wrongful eviction from;
 - (2) Wrongful entry into; or
 - (3) Invasion of the right of private occupancy of;
 - a room, dwelling or premises that a person occupies.
- d. Oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services; or
- e. Oral or written publication of material that violates a person's right of privacy.

C. In this Policy, the terms:

- 1. Roomer;
- 2. Boarder;
- 3. Tenant; or
- 4. Guest;

do not include a "home-sharing occupant".

D. Actual Cash Value

Throughout this Policy, the following is added to any provision that uses the term actual cash value:

Actual cash value is the value of the covered damaged part of the property at the time of loss, calculated as the estimated cost to repair or replace such property with material of like kind and quality, less a deduction to account for pre-loss depreciation.

In calculating the actual cash value, the components of this estimated cost that are subject to depreciation include, but are not limited to:

- 1. Materials, labor, permits and any applicable tax; and
- 2. Overhead and profit.

Pre-loss depreciation refers to the decrease in the value of the covered damaged part of the property due to, but not limited to, such considerations as:

- 1. Age;
- 2. Condition, including wear and tear or deterioration;
- 3. Remaining useful life; and
- 4. Obsolescence.

SECTION I – PROPERTY COVERAGES

A. Coverage A – Dwelling

- 1. We cover:
 - a. The dwelling on the "residence premises" shown in the Declarations, including structures attached to the dwelling; and
 - b. Materials and supplies located on or next to the "residence premises" used to:
 - (1) Construct;
 - (2) Alter; or
 - (3) Repair;
 the dwelling or other structures on the "residence premises".
- 2. We do not cover land, including land on which the dwelling is located.

B. Coverage B – Other Structures

- 1. 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:
 - a. Fence;
 - b. Utility line; or
 - c. Similar connection.
- 2. We do not cover:
 - a. Land, including land on which the other structures are located;
 - b. Other structures rented or held for rental to any person not a tenant of the dwelling, unless used solely as a private garage;

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- c. Other structures from which any "business" is conducted; or
- d. Other structures used to store "business" property. However, we do cover a structure that contains "business" property:
 - (1) Solely owned by an "insured" or a tenant of the dwelling; and
 - (2) Only if that "business" property does not include gaseous or liquid fuel, other than fuel in a permanently installed fuel tank of a vehicle or craft parked or stored in the structure.

3. 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.

C. Coverage C – Personal Property

1. Covered Property

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

- a. Others while the property is on the part of the "residence premises" occupied by an "insured"; or
- b. A guest or a "residence employee", while the property is in any residence occupied by an "insured".

2. Limit For Property At Other Locations

a. Other Residences

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 \$1,000, whichever is greater. However, this limitation does not apply to personal property:

- (1) Moved from the "residence premises" because it is:
 - (a) Being repaired, renovated or rebuilt; and
 - (b) Not fit to live in or store property in; or
- (2) In a newly acquired principal residence for 30 days from the time you begin to move the property there.

b. Self-storage Facilities

Our limit of liability for personal property usually owned or used by an "insured" and located in a self-storage facility is 10% of the limit of liability for Coverage C, or \$1,000, whichever is greater. However, this limitation does not apply to personal property:

- (1) Moved from the "residence premises" because it is:

- (a) Being repaired, renovated or rebuilt; and
- (b) Not fit to live in or store property in; or
- (2) Usually located in an "insured's" residence, other than the "residence premises".

3. Special Limits Of Liability

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

- a. \$1,000 on the following:
 - (1) Money, bank notes, bullion;
 - (2) Gold other than goldware;
 - (3) Silver other than silverware;
 - (4) Platinum other than platinumware;
 - (5) Coins, medals, scrip;
 - (6) Stored value cards; and
 - (7) Smart cards.
- b. \$5,500 on the following:
 - (1) Securities, accounts;
 - (2) Deeds, evidences of debt;
 - (3) Letters of credit;
 - (4) Notes other than bank notes;
 - (5) Manuscripts;
 - (6) Personal records, passports; and
 - (7) Tickets and stamps.

This dollar limit:

 - (a) Applies to these categories regardless of the medium (such as paper or computer software) on which the material exists; and
 - (b) Includes the cost to research, replace or restore the information from the lost or damaged material.
- c. \$1,500 on watercraft of all types, including their trailers, furnishings, equipment and outboard engines or motors.
- d. \$1,500 on trailers or semitrailers not used with watercraft of all types.
- e. \$5,500 for loss by theft, misplacing or losing of jewelry, watches, furs, precious and semiprecious stones, but not exceeding \$1,500 for any one article.
- f. \$10,000 for loss by theft, misplacing or losing of firearms and related equipment.
- g. \$10,000 for loss by theft, misplacing or losing of the following:
 - (1) Silverware, silver-plated ware;
 - (2) Goldware, gold-plated ware;
 - (3) Platinumware, platinum-plated ware; and

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(4) Pewterware.

This includes flatware, hollowware, tea sets, trays and trophies made of or including silver, gold or pewter.

- h.** \$2,500 on property, on the "residence premises", used primarily for "business" purposes.
- i.** \$1,500 on property, away from the "residence premises", used primarily for "business" purposes. However, this limit does not apply to antennas, tapes, wires records, disks or other media that are:
 - (1)** Used with electronic equipment that reproduces, receives or transmits audio, visual or data signals; and
 - (2)** In or upon a "motor vehicle".
- j.** \$1,500 on portable electronic equipment that:
 - (1)** Reproduces, receives or transmits audio, visual or data signals;
 - (2)** Is designed to be operated by more than one power source, one of which is a "motor vehicle's" electrical system; and
 - (3)** Is in or upon a "motor vehicle".
- k.** \$250 on antennas, tapes, wires, records, disks or other media that are:
 - (1)** Used with electronic equipment that reproduces, receives or transmits audio, visual or data signals; and
 - (2)** In or upon a "motor vehicle".

4. Property Not Covered

We do not cover:

- a.** Articles separately described and specifically insured, regardless of the limit for which they are insured, in this or other insurance;
- b.** Animals, birds or fish;
- c.** "Motor vehicles".
This includes a "motor vehicle's" equipment and parts.
However, this Paragraph **4.c.** does not apply to:
 - (1)** Portable electronic equipment that:
 - (a)** Reproduces, receives or transmits audio, visual or data signals; and
 - (b)** Is designed so that it may be operated from a power source other than a "motor vehicle's" electrical system.
 - (2)** "Motor vehicles" not required to be registered for use on public roads or property which are:
 - (a)** Used to service an "insured's" residence; or

(b) Designed to assist the handicapped;

- d.** Aircraft, meaning any contrivance used or designed for flight including any parts whether or not attached to the aircraft.
We do cover model or hobby aircraft not used or designed to carry people or cargo;
- e.** Hovercraft and parts. Hovercraft means a self-propelled motorized ground effect vehicle and includes, but is not limited to, flarecraft and air cushion vehicles;
- f.** Property of:
 - (1)** A "home-sharing occupant";
 - (2)** Any other person occupying the "residence premises" as a result of any "home-sharing host activities"; and
 - (3)** Roomers, boarders and other tenants, except property of roomers and boarders related to an "insured".
- g.** Property in:
 - (1)** A space while rented or primarily held for rental to a "home-sharing occupant"; or
 - (2)** Subject to Paragraph **C.4.g.(1)**, in an apartment regularly rented or held for rental to others by an "insured" except as provided in **E.10.** Landlord's Furnishings under Section I – Property Coverages;
- h.** Property rented or held for rental to others off the "residence premises";
- i.** "Business" data, including such data stored in:
 - (1)** Books of account, drawings or other paper records; or
 - (2)** Computers and related equipment.
We do cover the cost of blank recording or storage media and of prerecorded computer programs available on the retail market;
- j.** The following:
 - (1)** Credit cards, electronic fund transfer cards; or
 - (2)** Access devices used solely for deposit, withdrawal or transfer of funds except as provided in **E.6.** Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money under Section I – Property Coverages; or
- k.** Water or steam.
 - i.** Property used primarily for "home-sharing host activities".

D. Coverage D – Loss Of Use

The limit of liability for Coverage **D** is the total limit for the coverages in **1.** Additional Living Expense, **2.** Fair Rental Value and **3.** Civil Authority Prohibits Use below.

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1. Additional Living Expense

If a loss covered under Section I makes that part of the "residence premises" where you reside not fit to live in, we cover any 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.

2. Fair Rental Value

If a loss covered under Section I 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 of such premises less any expenses that do not continue while it is not fit to live in.

However, we do not cover any fair rental value arising out of or in connection with "home-sharing host activities".

Payment will be for the shortest time required to repair or replace such premises.

3. Civil Authority Prohibits Use

a. If a civil authority prohibits you from use of the "residence premises" as a result of:

(1) Direct damage to neighboring premises by a Peril Insured Against, we cover the loss as provided in **1. Additional Living Expense** and **2. Fair Rental Value** above for no more than 30 days; or

(2) Endangerment to life or health from:

- (a) A Peril Insured Against;
- (b) Earth movement; or
- (c) Release, discharge or dispersal of contaminants or pollutants;

we cover, up to \$1000, the Additional Living Expense and Fair Rental Value loss you incur from any one event.

This coverage **3.a.(2)** applies only while the "residence premises" is vacated in accordance with the order of a civil authority.

b. The Section I Exclusions do not apply to the coverage provided in **3.a.** above. However, if you are ordered to vacate the "residence premises", we do not cover the loss provided in **D.1.** and **2.** above resulting from:

- (1) Loss covered under Section I – Perils Insured Against;
- (2) Enforcement of any ordinance or law with respect to the occupancy of the "residence premises";
- (3) War, including the following and any consequence of any of these:

- (a) Undeclared war, civil war, insurrection, rebellion or revolution;
- (b) Warlike act by a military force or military personnel;
- (c) Destruction or seizure or use for a military purpose;

Discharge of a nuclear weapon will be deemed a warlike act even if accidental;

- (4) A hazard discovered prior to the effective date and time of this coverage;
- (5) An order issued by a civil authority after expiration of this policy;
- (6) Water meaning:

(a) Flood, including but not limited to flash flood, surface water, waves, including tidal wave and tsunami, seiche, tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind, including storm surge;

(b) Water or water-borne material which backs up through sewers or drains or which overflows or is discharged from a sump, sump pump or related equipment; or

(c) Water or water-borne material 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;

caused by or resulting from human or animal forces or any act of nature.

Direct loss by fire, explosion or theft resulting from water damage is covered.

4. Loss Or Expense Not Covered

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

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

E. Additional Coverages

1. Debris Removal

a. We will pay your reasonable expense for the removal of:

- (1) Debris of covered property if a Peril Insured Against that applies to the damaged property causes the loss; or
- (2) Ash, dust or particles from a volcanic eruption that has caused direct loss to a building or property contained in a building.

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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 is available for such expense.

b. We will also pay your reasonable expense, up to \$2,000, for the removal from the "residence premises" of:

(1) Your trees felled by the peril of Windstorm or Hail or Weight of Ice, Snow or Sleet; or

(2) A neighbor's trees felled by a Peril Insured Against;

provided the trees:

(3) Damage a covered structure; or

(4) Do not damage a covered structure, but:

(a) Block a driveway on the "residence premises" which prevents a "motor vehicle", that is registered for use on public roads or property, from entering or leaving the "residence premises"; or

(b) Block a ramp or other fixture designed to assist a handicapped person to enter or leave the dwelling building.

The \$2,000 limit is the most we will pay in any one loss regardless of the number of fallen trees. No more than \$1,000 of this limit will be paid for the removal of any one tree.

This coverage is additional insurance.

2. Reasonable Repairs

a. We will pay the reasonable cost incurred by you for the necessary measures taken solely to protect covered property that is damaged by a Peril Insured Against from further damage.

b. If the measures taken involve repair to other damaged property, we will only pay if that property is covered under this policy and the damage is caused by a Peril Insured Against.

c. Coverage provided under a. and b. does not:

(1) Increase the limit of liability that applies to the covered property; or

(2) Relieve you of your duties, in case of a loss to covered property, described in C.4. under Section I – Conditions; and is limited to the greater of:

(3) \$3,000; or

(4) 1% of your Coverage A limit of liability; unless we grant you approval within 72 hours of your request to exceed the limit. In such circumstance we will pay only up to the additional amount for the measures we authorize. If we fail to respond to you within 72 hours of your request to us and the damage is caused by a Peril Insured Against you may exceed the amount stated above only up to the cost incurred by you for the reasonable repairs necessary to protect the covered property from further damage.

d. In the event such repairs are undertaken, we have the right to inspect the repairs and the removed property which, to the extent possible, you are required to retain.

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:

a. Fire or Lightning;

b. Explosion;

c. Riot or Civil Commotion;

d. Aircraft;

e. Vehicles not owned or operated by a resident of the "residence premises";

f. Vandalism or Malicious Mischief; or

g. Theft.

We will pay up to 5% of the limit of liability that applies to the dwelling for all trees, shrubs, plants or lawns. No more than \$1,000 of this limit will be paid 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 \$1,000 for your liability assumed by contract or agreement for fire department charges you incur. For coverage to apply, the fire department must be 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:

a. City;

b. Municipality; or

c. Protection district;

furnishing the fire department response.

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

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5. Property Removed

We insure covered property against direct loss from any cause:

- a. While being removed from a premises endangered by a Peril Insured Against; and
- b. 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, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money

a. We will pay up to \$500 for:

- (1) 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;
- (2) Loss resulting from theft or unauthorized use of an electronic fund transfer card or access device used for deposit, withdrawal or transfer of funds, issued to or registered in an "insured's" name;
- (3) Loss to an "insured" caused by forgery or alteration of any check or negotiable instrument; and
- (4) Loss to an "insured" through acceptance in good faith of counterfeit United States or Canadian paper currency.

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.

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

b. We do not cover:

- (1) Use of a credit card, electronic fund transfer card or access device:
 - (a) By a resident of your household;
 - (b) By a person who has been entrusted with either type of card or access device; or
 - (c) If an "insured" has not complied with all terms and conditions under which the cards are issued or the devices accessed; or
- (2) Loss arising out of "business" use or dishonesty of an "insured".

c. If the coverage in a. above applies, the following defense provisions also apply:

- (1) 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.

(2) If a suit is brought against an "insured" for liability under a.(1) or (2) above, we will provide a defense at our expense by counsel of our choice.

(3) 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 a.(3) above.

7. Loss Assessment

a. We will pay up to \$1,000 for your share of loss assessment charged during the policy period against you, as owner or tenant of the "residence premises", by a corporation or association of property owners. The assessment must be made as a result of direct loss to property:

- (1) Owned by all members collectively;
- (2) Of the type that would be covered by this policy if owned by you;
caused by a Peril Insured Against, other than:
- (3) Earthquake; or
- (4) Land shock waves or tremors before, during or after a volcanic eruption.

This limit is the most we will pay with respect to any one loss, regardless of the number of assessments. We will only apply one deductible, per unit, to the total amount of any one loss to the property described above, regardless of the number of assessments.

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

c. Paragraph R. Policy Period under Section I – Conditions does not apply to this coverage.

This coverage is additional insurance.

8. Collapse

This Additional Coverage applies to property covered under Coverages A and B.

- a. The coverage provided under this Additional Coverage – Collapse applies only to an abrupt collapse.
- b. For the purpose of this Additional Coverage – Collapse, abrupt collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose.
- c. This Additional Coverage – Collapse does not apply to:
 - (1) A building or any part of a building that is in danger of falling down or caving in;

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- (2) A part of a building that is standing, even if it has separated from another part of the building; or
 - (3) A building or any part of a building that is standing, even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.
- d. We insure for direct physical loss to covered property involving abrupt collapse of a building or any part of a building if such collapse was caused by one or more of the following:
- (1) The Perils Insured Against under Coverages **A** and **B**;
 - (2) Decay, of a building or any part of a building, that is hidden from view, unless the presence of such decay is known to an "insured" prior to collapse;
 - (3) Insect or vermin damage, to a building or any part of a building, that is hidden from view, unless the presence of such damage is known to an "insured" prior to collapse;
 - (4) Weight of contents, equipment, animals or people;
 - (5) Weight of rain which collects on a roof; or
 - (6) Use of defective material or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation.
- e. Loss to an awning, fence, patio, deck, pavement, swimming pool, underground pipe, flue, drain, cesspool, septic tank, foundation, retaining wall, bulkhead, pier, wharf or dock is not included under **d.(2)** through **(6)** above, unless the loss is a direct result of the collapse of a building or any part of a building.
- f. This coverage does not increase the limit of liability that applies to the damaged covered property.

9. Glass Or Safety Glazing Material

- a. We cover:
- (1) The breakage of glass or safety glazing material which is part of a covered building, storm door or storm window;
 - (2) The breakage of glass or safety glazing material which is part of a covered building, storm door or storm window when caused directly by earth movement; and

- (3) The direct physical loss to covered property caused solely by the pieces, fragments or splinters of broken glass or safety glazing material which is part of a building, storm door or storm window.

b. This coverage does not include loss:

- (1) To covered property which results because the glass or safety glazing material has been broken, except as provided in **a.(3)** above; or
- (2) On the "residence premises" if the dwelling has been vacant for more than 60 consecutive days immediately before the loss, except when the breakage results directly from earth movement as provided in **a.(2)** above. A dwelling being constructed is not considered vacant.

c. Loss to glass covered under this Additional Coverage **9.** will be settled on the basis of replacement with safety glazing materials when required by ordinance or law.

d. This coverage does not increase the limit of liability that applies to the damaged property.

10. Landlord's Furnishings

We will pay up to \$2,500 for your appliances, carpeting and other household furnishings, in each apartment on the "residence premises" for loss caused only by the Perils Insured Against noted below. The apartment must be regularly rented or held for rental to others by an "insured". This coverage does not include loss arising out of or in connection with "home-sharing host activities".

a. Fire Or Lightning

b. Windstorm Or Hail

- (1) This peril includes loss to watercraft of all types and their:
 - (a) Trailers, furnishings, equipment; and
 - (b) Outboard engines or motors;
 only while inside a fully enclosed building.
- (2) This peril does not include loss to the property contained in a building caused by:
 - (a) Rain, snow, sleet; or
 - (b) 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.

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c. Explosion

d. Riot Or Civil Commotion

e. Aircraft

This peril includes self-propelled missiles and spacecraft.

f. Vehicles

g. Smoke

This peril means sudden and accidental damage from smoke, including the emission or puffback of:

- (1) Smoke or soot; or
- (2) Fumes or vapors;

from a boiler, furnace or related equipment.

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

h. Vandalism Or Malicious Mischief

i. 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.

j. Weight Of Ice, Snow Or Sleet

This peril means weight of ice, snow or sleet which causes damage to property contained in a building.

k. Accidental Discharge Or Overflow Of Water Or Steam

- (1) This peril means accidental discharge or overflow of water or steam from within a:
 - (a) Plumbing, heating, air conditioning system;
 - (b) Automatic fire protective sprinkler system; or
 - (c) From within a household appliance.
- (2) 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 **m. Freezing** below;
 - (c) On the "residence premises" caused by accidental discharge or overflow which occurs off the "residence premises"; or
 - (d) Caused by:
 - (i) Constant or repeated discharge, seepage or leakage of water; or
 - (ii) The presence or condensation of humidity, moisture or vapor;

over a period of weeks, months or years.

- (3) In this peril, a plumbing system or household appliance does not include a:
 - (a) Sump, sump pump or related equipment; or
 - (b) Roof drain, gutter, downspout or similar fixtures or equipment.

l. Sudden And Accidental Tearing Apart, Cracking, Burning Or Bulging

This peril means sudden and accidental tearing apart, cracking, burning or bulging of:

- (1) A steam or hot water heating system;
- (2) An air conditioning or automatic fire protective sprinkler system; or
- (3) An appliance for heating water.

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

m. Freezing

- (1) This peril means freezing of a plumbing, heating, air conditioning or automatic fire protective sprinkler system or of a household appliance but only if you have used reasonable care to:
 - (a) Maintain heat in the building; or
 - (b) Shut off the water supply and drain all systems and appliances of water.

However, if the building is protected by an automatic fire protective sprinkler system, you must use reasonable care to continue the water supply and maintain heat in the building for coverage to apply.

- (2) In this peril, a plumbing system or household appliance does not include a:
 - (a) Sump, sump pump or related equipment; or
 - (b) Roof drain, gutter, downspout or similar fixtures or equipment.

n. Sudden And Accidental Damage From Artificially Generated Electrical Current

This peril does not include loss to:

- (1) Tubes, transistors;
- (2) Electronic components or circuitry that is a part of appliances, fixtures, computers, home entertainment units; or
- (3) Other types of electronic apparatus.

o. Volcanic Eruption

This peril does not include loss caused by earthquake, land shock waves or tremors.

The \$2,500 limit is the most we will pay in any one loss regardless of the number of appliances, carpeting or other household furnishings involved in the loss.

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

11. Grave Markers

We will pay up to \$5,000 for grave markers, including mausoleums, on or away from the "residence premises" for loss caused by a Peril Insured Against.

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

12. "Fungi", Wet Or Dry Rot, Or Bacteria

a. We will pay up to a total of \$5,000 for:

(1) Direct physical loss to property covered under Section I:

- (a) Coverage A – Dwelling;
- (b) Coverage B – Other Structures; and
- (c) Coverage C – Personal Property

caused by, resulting from, or consisting of "fungi", wet or dry rot, or bacteria if the direct result of a Peril Insured Against; and

(2) 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 "fungi", wet or dry rot, or bacteria which is the direct result of a Peril Insured Against.

b. The coverage provided in a. above is the only coverage under Section I:

- (1) Coverage A – Dwelling;
- (2) Coverage B – Other Structures;
- (3) Coverage C – Personal Property; and
- (4) Coverage D – Loss Of Use

for loss caused by, resulting from, or consisting of "fungi", wet or dry rot, or bacteria caused directly or indirectly regardless of any other cause or event contributing concurrently or in any sequence.

c. The amount in a. above is the most we will pay for the cost:

- (1) To remove "fungi", wet or dry rot, or bacteria from covered property;
- (2) To tear out and replace any part of the building or other covered property as needed to gain access to the:
 - (a) "Fungi";
 - (b) Wet or dry rot; or
 - (c) Bacteria;
- (3) Of any testing of air or property to confirm the absence, presence or level of:

- (a) "Fungi";
- (b) Wet or dry rot; or
- (c) Bacteria;

whether performed prior to, during or after removal, repair, restoration or replacement. The cost of such testing will be provided only to the extent that there is a reason to believe that there is the presence of "fungi", wet or dry rot, or bacteria.

d. The coverage provided above applies only:

- (1) When such loss or costs are the result of a Peril Insured Against that occurs during the policy period; and
- (2) If all reasonable means were used to save and protect the property from further damage at or after the time of the occurrence of that Peril Insured Against.

e. If there is covered loss to covered property, not caused, in whole or in part, by "fungi", wet or dry rot, or bacteria, loss payment will not be limited by the terms of this Additional Coverage, except to the extent that "fungi", wet or dry rot, or bacteria causes an increase in the loss.

Any such increase in the loss will be subject to the terms of this Additional Coverage.

This is additional insurance. It is the most we will pay for the total of all loss or costs payable under this Additional Coverage regardless of the number of locations insured or the number of claims made.

No deductible applies to this coverage.

13. Refrigerated Property

We will pay up to \$500 for direct loss to covered property stored in freezers or refrigerators on the "residence premises" caused by:

- a. Interruption of electrical service to the refrigeration unit because of damage to the generating or transmitting equipment; or
- b. Mechanical failure of the unit storing the property.

This coverage applies only if you have maintained the refrigeration unit in proper working condition immediately before the loss.

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

The Section I – Power Failure exclusion does not apply to coverage provided in this Peril 13.

14. Power Interruption.

a. We insure loss to personal property in a building at the "residence premises" due to a change in temperature resulting from power interruption.

This coverage applies only:

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- (1) To personal property covered under Coverage C; and
- (2) When there is damage to the "residence premises" caused by a Peril Insured Against.

It does not increase the limit of liability for Coverage C – Personal Property.

- b. We cover the additional living expense and fair rental value, as provided in Coverage D – Loss of Use, due to an interruption of power or other utility service that happens away from the "residence premises" only if the interruption:

- (1) Is caused by a Peril Insured Against; and
- (2) Makes the "residence premises" not fit to live in

This coverage:

- (3) Begins 48 hours after the "residence premises" becomes not fit to live in; and
- (4) Applies for no more than seven days. The seven-day period of coverage is not limited by expiration of the policy.

No deductible, other than the 48-hour deductible, applies to the coverage provided in this paragraph (b).

The Section I – Power Failure exclusion does not apply to coverage provided in this Peril 14.

SECTION I – PERILS INSURED AGAINST

We insure against direct physical loss to property described in Coverages A, B and C.

We do not insure, however, for loss:

A. Under Coverages A, B and C:

- 1. Excluded under Section I – Exclusions;
- 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 provision does not apply if you have used reasonable care to:

- (1) Maintain heat in the building; or
- (2) Shut off the water supply and drain all systems and appliances of water.

However, if the building is protected by an automatic fire protective sprinkler system, you must use reasonable care to:

- (3) Continue the water supply; and
- (4) Maintain heat;

in the building for coverage to apply.

For purposes of this provision, a plumbing system or household appliance does not include a:

- (5) Sump, sump pump or related equipment; or
- (6) Roof drain, gutter, downspout or similar fixtures or equipment.

- 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) Footing, foundation, bulkhead, wall, or any other structure or device, that supports all or part of a building or other structure;
- (3) Retaining wall or bulkhead that does not support all or part of a building or other structure; or
- (4) Pier, wharf or dock;

- c. Theft:

- (1) If such loss arises out of or results from "home-sharing host activities"; or
- (2) 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. Constant or repeated seepage or leakage of water or the presence or condensation of humidity, moisture or vapor, over a period of weeks, months or years; or

- e. Any of the following:

- (1) Wear and tear, marring, deterioration;
- (2) Mechanical breakdown, latent defect, inherent vice or any quality in property that causes it to damage or destroy itself;
- (3) Smog, rust or other corrosion;
- (4) Smoke from agricultural smudging or industrial operations;
- (5) Discharge, dispersal, seepage, migration, release or escape of pollutants unless the discharge, dispersal, seepage, migration, release or escape is itself caused by one or more Perils Insured Against listed in Additional Coverages E.10. Landlord's Furnishings. Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including:
 - (a) Smoke, soot;
 - (b) Fumes, vapor;
 - (c) Acids, alkalis, chemicals; and
 - (d) Waste. Waste includes materials to be recycled, reconditioned or reclaimed;

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- (6) Settling, shrinking, bulging or expansion, including resultant cracking, of bulkheads, pavements, patios, footings, foundations, walls, floors, roofs or ceilings;
- (7) Birds, rodents or insects;
- (8) Nesting or infestation or discharge or release of waste products or secretions, by any animals; or
- (9) Animals owned or kept by an "insured".

Exception To 2.e.

Unless the loss is otherwise excluded, we cover loss to property covered under Coverage **A**, **B** or **C** resulting from an accidental discharge or overflow of water or steam from within a:

- (a) Storm drain, or water, steam or sewer pipe, off the "residence premises"; or
- (b) Plumbing, heating, air conditioning or automatic fire protective sprinkler system or household appliance on the "residence premises".

This includes the cost to tear out and replace any part of a building, or other structure, on the "residence premises", but only when necessary to repair the system or appliance. However, such tear out and replacement coverage only applies to other structures if the water or steam causes actual damage to a building on the "residence premises".

We do not cover loss to the system or appliance from which this water or steam escaped.

For purposes of this provision, a plumbing system or household appliance does not include a sump, sump pump or related equipment or roof drain, gutter, downspout or similar fixtures or equipment.

Section **I** – Exclusion **A.2**. Water, Paragraphs **a.** and **c.** that apply to surface water and water below the surface of the ground do not apply to loss by water covered under **e.** above.

Under **2.a.** through **e.** above, any ensuing loss to property described in Coverages **A**, **B** and **C** not precluded by any other provision in this policy is covered.

B. Under Coverages A and B:

- 1. Caused by:
 - a. Vandalism and malicious mischief; and
 - b. Any ensuing loss caused by any intentional and wrongful act committed in the course of the vandalism or malicious mischief if:
 - (1) The loss arises out of or results from home-sharing host activities"; or

- (2) The dwelling has been vacant for more than 60 consecutive days immediately before the loss. A dwelling being constructed is not considered vacant;

2. Involving collapse, including any of the following conditions of property or any part of the property:

- a. An abrupt falling down or caving in;
- b. Loss of structural integrity, including separation of parts of the property or property in danger of falling down or caving in; or
- c. Any cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion as such condition relates to **a.** or **b.** above;

other than as provided in **E.8**. Collapse under Section **I** – Property Coverages. However, any ensuing loss to property described in Coverages **A** and **B** not precluded by any other provision in this policy is covered.

C. Under Coverage C caused by:

- 1. Breakage of eyeglasses, glassware, statuary, marble, bric-a-brac, porcelains and similar fragile articles. Fragile articles do not include jewelry, watches, bronzes, cameras and photographic lenses.

However, there is coverage for breakage of such property by or resulting from:

- a. Fire, lightning, explosion;
- b. Windstorm, hail;
- c. Smoke, other than smoke from agricultural smudging or industrial operations;
- d. Riot, civil commotion, vandalism and malicious mischief;
- e. Aircraft, earthquake, vehicles, volcanic eruption;
- f. Collapse of a building or any part of a building;
- g. Water not otherwise excluded;
- h. Theft or attempted theft; or
- i. Sudden and accidental tearing apart, cracking, burning or bulging of:

- (1) A steam or hot water heating system;
- (2) An air conditioning or automatic fire protective sprinkler system; or
- (3) An appliance for heating water;

- 2. Dampness of atmosphere or extremes of temperature unless the direct cause of loss is rain, snow, sleet or hail;
- 3. Refinishing, renovating or repairing property other than watches, jewelry and furs;

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- 4. Collision, other than collision with a land vehicle, sinking, swamping or stranding of watercraft, including their trailers, furnishings equipment and out board engines or motors; or
- 5. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body. However, any ensuing loss to property described in Coverage C not precluded by any other provision in this policy is covered.
- 6. Vandalism Or Malicious Mischief
This peril does not include loss caused by vandalism or malicious mischief to property arising out of or resulting from "home-sharing host activities".

SECTION I – EXCLUSIONS

A. 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. These exclusions apply whether or not the loss event results in widespread damage or affects a substantial area.

1. Earth Movement

Earth Movement means:

- a. Earthquake, including land shock waves or tremors before, during or after a volcanic eruption;
- b. Landslide, mudslide or mudflow;
- c. Subsidence or sinkhole; or
- d. Any other earth movement including earth sinking, rising or shifting.

This Exclusion **A.1.** applies only to property described in Coverages **A** and **B** and applies regardless of whether any of the above, in **A.1.a.** through **A.1.d.**, is caused by an act of nature, an act of man or is otherwise caused.

However, direct loss by fire, explosion or theft resulting from any of the above, in **A.1.a.** through **A.1.d.**, is covered.

2. Water

This means:

- a. Flood, including but not limited to flash flood, surface water, waves, including tidal wave and tsunami, seiche, tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind, including storm surge;
- b. Water which:
 - (1) Backs up through sewers or drains; or
 - (2) Overflows or is otherwise discharged from a sump, sump pump or related equipment;

- c. Water below the surface of the ground, including water which exerts pressure on, or seeps, leaks or flows through a building, sidewalk, driveway, patio, foundation, swimming pool or other structure; or
- d. Waterborne material carried or otherwise moved by any of the water referred to in **2.a.** through **2.c.** of this Exclusion.

This Exclusion **A.2.** applies regardless of whether any of the above, in **A.2.a.** through **A.2.d.**, is caused by an act of nature, an act of man or is otherwise caused.

This Exclusion **A.2.** applies to, but is not limited to, escape, overflow or discharge, for any reason, of water or waterborne material from a dam, levee, seawall or any other boundary or containment system whether natural, man-made or is otherwise made.

However, direct loss by fire, explosion or theft resulting from any of the above, in **A.2.a.** through **A.2.d.** is covered.

This exclusion does not apply to property described in Coverage **C** that is away from a premises or location owned, rented, occupied or controlled by an "insured".

This exclusion applies to property described in Coverage **C** that is on a premises or location owned, rented, occupied or controlled by an "insured" even if weather conditions contribute in any way to produce the loss.

3. Power Failure

Power Failure means the failure of power or other utility service if the failure takes place off the "residence premises". But if the failure results in a loss, from a Peril Insured Against on the "residence premises", we will pay for the loss caused by that peril.

4. Neglect

Neglect means neglect of an "insured" to use all reasonable means to save and preserve property at and after the time of a loss.

5. War

War includes the following and any consequence of any of the following:

- a. Undeclared war, civil war, insurrection, rebellion or revolution;
- b. Warlike act by a military force or military personnel; or
- c. Destruction, seizure or use for a military purpose.

Discharge of a nuclear weapon will be deemed a warlike act even if accidental.

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6. Nuclear Hazard

This Exclusion **A.6.** pertains to Nuclear Hazard to the extent set forth in **O.** Nuclear Hazard Clause under Section **I – Conditions.**

7. Intentional Loss

Intentional Loss means any loss arising out of any act an "insured" commits or conspires to commit with the intent to cause a loss.

This exclusion only applies to an "insured" who commits or conspires to commit an act with the intent to cause a loss.

8. Governmental Action

Governmental Action means the destruction, confiscation or seizure of property described in Coverage **A, B** or **C** by order of any governmental or public authority.

This exclusion does not apply to such acts ordered by any governmental or public authority that are taken at the time of a fire to prevent its spread, if the loss caused by fire would be covered under this policy.

9. "Fungi", Wet Or Dry Rot, Or Bacteria

"Fungi", Wet Or Dry Rot, Or Bacteria means the presence, growth, proliferation, spread or any activity of "fungi", wet or dry rot, or bacteria other than as provided in Additional Coverage **12.** "Fungi", Wet Or Dry Rot, Or Bacteria.

B. 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 precluded by any other provision in this policy is covered.

1. Weather conditions. However, this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in **A.** above to produce the loss.
2. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.
3. Faulty, inadequate or defective:
 - a. Planning, zoning, development, surveying, siting;
 - b. Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
 - c. Materials used in repair, construction, renovation or remodeling; or
 - d. Maintenance;

of part or all of any property whether on or off the "residence premises".

SECTION I – CONDITIONS

A. 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:

1. To an "insured" for more than the amount of such "insured's" interest at the time of loss; or
2. For more than the applicable limit of liability.

B. Deductible

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

1. All Section I Perils Except Windstorm Or Hail

Subject to the policy limits that apply, we will pay only that part of the total of all loss payable under Section **I** that exceeds the deductible amount shown in the Declarations. However, this deductible does not apply when such loss is more than \$50,000.

2. Windstorm Or Hail

Subject to the policy limits that apply, we will pay only that part of the total of all loss payable under Section **I** that exceeds the deductible amount shown in the Declarations.

C. Duties After Loss

In case of a loss to covered property, we have no duty to provide coverage under this policy if the failure to comply with the following duties is prejudicial to us. These duties must be performed either by you, or an "insured" seeking coverage, or a representative of either:

1. Give prompt notice to us or our agent;
2. Notify the police in case of loss by theft;
3. Notify the credit card or electronic fund transfer card or access device company in case of loss as provided for in **E.6.** Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money under Section **I – Property Coverages;**
4. Protect the property from further damage. If repairs to the property are required, you must:
 - a. Make reasonable and necessary repairs to protect the property; and
 - b. Keep an accurate record of repair expenses;
5. Cooperate with us in the investigation of a claim;
6. 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;

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7. As often as we reasonably require:
 - a. Show the damaged property;
 - b. Provide us with records and documents we request and permit us to make copies; and
 - c. Submit to examination under oath, while not in the presence of another "insured", and sign the same;
8. 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:
 - a. The time and cause of loss;
 - b. The interests of all "insureds" and all others in the property involved and all liens on the property;
 - c. Other insurance which may cover the loss;
 - d. Changes in title or occupancy of the property during the term of the policy;
 - e. Specifications of damaged buildings and detailed repair estimates;
 - f. The inventory of damaged personal property described in 6. above;
 - g. Receipts for additional living expenses incurred and records that support the fair rental value loss; and
 - h. Evidence or affidavit that supports a claim under E.6. Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money under Section I – Property Coverages, stating the amount and cause of loss.

However, if a state of disaster is proclaimed or declared for the state of North Carolina or for an area within the state in accordance with North Carolina law and the covered property that has sustained loss is located within the geographic area designated in the disaster proclamation or declaration, this 60-day period shall not commence until the expiration of the disaster proclamation or declaration, including all renewals of the proclamation or 45 days, whichever is later.

D. Loss Settlement

1. Personal Property

Covered personal property losses are settled as follows:

- a. Personal Property of the following type at actual cash value at the time of loss but not more than the amount required to repair or replace or the limit of liability applying to the property:
 - (1) Antiques, fine arts, paintings and similar articles of rarity or antiquity which cannot be replaced;
 - (2) Memorabilia, souvenirs, collectors items and similar articles whose age or history contribute to their value;

- (3) Articles not maintained in good or workable condition;
 - (4) Articles that are outdated or obsolete and are stored or not being used.
- b. Scheduled personal property which is separately described and specifically insured in this policy at the amount shown for each scheduled article which is agreed to be the value of the article, but not more than the least of the following amounts:
 - (1) The full cost of repair at the time of loss; or
 - (2) The amount of insurance for the article.
 - c. Covered losses to the following property are settled at replacement cost at the time of loss:
 - (1) Coverage C – Personal Property, except such property as described in a. or b. above; and
 - (2) If covered in this policy:
 - (a) Carpeting, household appliances; and
 - (b) Awnings, outdoor antennas and outdoor equipment, whether or not attached to buildings.

However, we will not pay more than the least of the replacement cost at the time of loss without deduction for depreciation; the full cost of repair at the time of loss; the limit of liability that applies to Coverage C; or any special limits of liability described in the policy.

- d. When the replacement cost for the entire loss under c. above is more than \$500, we will pay no more than the actual cash value for the loss until the actual repair or replacement is complete.
- e. You make a claim for loss on an actual cash value basis. You may then make claim for any additional liability in accordance with this condition D.1., provided you notify us of your intent to do so within 180 days after the loss.

2. Buildings

a. Replacement Cost Protection

Loss to a building insured under Coverages A or B is settled as follows:

- (1) At replacement cost without deduction for depreciation. This includes the increased costs you incur due to the enforcement of any ordinance or law which requires or regulates:
 - (a) The construction, demolition, remodeling, renovation or repair of that part of a covered building damaged by a Peril Insured Against;

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- (b) The demolition and reconstruction of a covered building, when that building must be totally demolished because of damage by a Peril Insured Against to another part of that covered building; or
 - (c) The remodeling, removal or replacement of that portion of the undamaged part of a covered building or other structure necessary to complete the remodeling, repair or replacement of that part of the covered building damaged by a Peril Insured Against.
- (2) We do not cover:
- (a) The loss in value to any covered building or other structure due to the requirements of any ordinance or law; or
 - (b) The cost to comply with any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, pollutants on any covered building or other structure.
- Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including:
- i. Smoke, soot;
 - ii. Fumes, vapor
 - iii. Acids, alkalis, chemicals; and
 - iv. Waste. Waste includes materials to be recycled, reconditioned or reclaimed;
- (3) We will pay no more than the least of the following amounts:
- (a) The replacement cost of that part of the damaged building with materials of like kind and quality and for like use;
 - (b) The necessary amount actually spent to repair or replace the building on the "residence premises" or some other premises within the State of North Carolina;
 - (c) The limit of liability under this policy, whether increased or not, that applies to the building and as provided in paragraph **b.** below.
- If the building is rebuilt at a new premises, the cost described in (b) above is limited to the cost which would have been incurred if the building had been built at the original premises.

- (4) We will pay no more than the actual cash value of the damage until actual repair or replacement is completed.
- (5) You may disregard the replacement cost loss settlement provisions and make claim under this policy for loss to buildings on an actual cash value basis. You may then make claim for any additional liability in accordance with **D.2.a.** above if you notify us, within 180 days after the date of loss, of your intent to repair or replace the damaged building.

b. Enhanced Replacement Cost Protection

We will amend the present coverage amounts shown in the Declarations in accordance with (1) and (2) below.

- (1) If you have:
 - (a) Allowed us to adjust the Coverage A limit of liability and the premium in accordance with:
 - (i) The property evaluations we make; and
 - (ii) Any increases in inflation; and
 - (b) Notified us, within 30 days of completion, of any:
 - (i) Improvements;
 - (ii) Alterations; or
 - (iii) Additions;

to the building insured under Coverage A which increase the replacement cost of the building by 5% or more;

paragraph (2) below will apply after loss if you elect to repair or replace the damaged building.
- (2) If there is a loss to the building insured under Coverage A that exceeds the Coverage A limit of liability shown in the Declarations, we will:
 - (a) Increase that limit to equal the replacement cost of the building;
 - (b) Also increase by the same percentage applied to Coverage A the limits of liability for Coverages B, C and D. However, we will do this only if the Coverage A limit of liability is increased under (1) above as a result of a Coverage A loss; and
 - (c) Adjust the policy premium from the time of loss for the remainder of the policy term based on the increased limits of liability determined at the time of loss.

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Losses settled under this Condition **2.b.** will be settled in accordance with paragraph **(2)(a)** above.

3. Structures That Are Not Buildings

Loss to structures that are not buildings is settled at actual cash value at the time of loss but not more than:

- a. The amount required to repair or replace; or
- b. The limit of liability applying to the property.

E. Loss to a Pair or Set

In case of loss to a pair or set we may elect to:

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

F. 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.

G. Appraisal

If you and we fail to agree on the value or amount of any item or loss, either may demand an appraisal of such item or loss. In this event, each party will choose a competent and disinterested appraiser within 20 days after receiving a written request from the other. The two appraisers will choose a competent and impartial umpire. If they cannot agree upon an umpire within 15 days, you or we may request that a 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 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.

In no event will an appraisal be used for the purpose of:

3. Interpreting any policy provision;
4. Determining causation; or
5. Determining whether any item or loss is covered under this policy.

If there is an appraisal, we still retain the right to deny the claim.

H. Other Insurance And Service Agreement

If a loss covered by this policy is also covered by:

1. 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; or
2. A service agreement, this insurance is excess over any amounts payable under any such agreement.

Service agreement means a:

- a. Service plan;
 - b. Property restoration plan; or
 - c. Home warranty agreement or other similar service warranty agreement;
- even if it is characterized as insurance.

I. Suit Against Us

No action can be brought against us unless:

1. There has been full compliance with all of the terms under Section **I** of this policy; and
2. The action is started within three years after the date of loss.

J. 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 materials of like, kind and quality.

K. 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.

We will pay within 60 days after the amount is finally determined. This amount may be determined by:

1. Reaching an agreement with you;
2. Entry of a final judgment; or
3. The filing of an appraisal award with us.

L. Abandonment Of Property

We need not accept any property abandoned by an "insured".

M. Mortgage Clause

1. 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 of precedence of the mortgages.
2. 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;

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- 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. Paragraphs **G.** Appraisal, **I.** Suit Against Us and **K.** Loss Payment under Section **I** – Conditions also apply to the mortgagee.

3. If we decide to cancel or not to renew this policy, the mortgagee will be notified at least 10 days before the date cancellation or nonrenewal takes effect.

4. 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.

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

N. 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.

O. Nuclear Hazard Clause

1. "Nuclear Hazard" means any:
 - a. Nuclear reaction;
 - b. Radiation; or
 - c. 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 Perils Insured Against.
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.

P. 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.

Q. Volcanic Eruption Period

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

R. Policy Period

This policy applies only to loss which occurs during the policy period.

S. Concealment Or Fraud

We provide coverage to no "insureds" under this policy if, whether before or after a loss, an "insured" has:

1. Intentionally concealed or misrepresented any material fact or circumstance;
 2. Engaged in fraudulent conduct; or
 3. Made false statements;
- relating to this insurance.

T. Loss Payable Clause

If the Declarations show a loss payee for certain listed insured personal property, the definition of "insured" is changed to include that loss payee with respect to that property.

If we decide to cancel or not renew this policy, that loss payee will be notified in writing.

SECTION II – LIABILITY COVERAGES

A. Coverage E – Personal Liability

If a claim is made or a suit is brought against an "insured" for damages because of:

1. "Bodily injury" or "property damage" caused by an "occurrence"; or
2. "Personal injury" resulting from an offense defined under "personal injury" to which this coverage applies, we will:
 - a. Pay up to our limit of liability for the damages for which an "insured" is legally liable. Damages include prejudgment interest awarded against an "insured"; and
 - b. 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 our limit of liability for the "occurrence" or offense has been exhausted by payment of a judgment or settlement.

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B. 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:

1. Medical, surgical, and dental services;
2. Ambulance, hospital and professional nursing services;
3. Prosthetic devices, x-rays; and
4. 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:

5. To a person on the "insured location" with the permission of an "insured"; or
6. 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

A. "Motor Vehicle Liability"

1. Coverages E and F do not apply to any "motor vehicle liability" if, at the time and place of an "occurrence", the involved "motor vehicle":
 - a. Is registered for use on public roads or property;
 - b. Is not registered for use on public roads or property, but such registration is required by a law, or regulation issued by a government agency, for it to be used at the place of the "occurrence"; or
 - c. Is being:
 - (1) Operated in, or practicing for, any prearranged or organized race, speed contest or other competition;
 - (2) Rented to others;
 - (3) Used to carry persons or cargo for a charge; or
 - (4) Used for any "business" purpose except for a motorized golf cart while on a golfing facility.

2. If Exclusion A.1. does not apply, there is still no coverage for "motor vehicle liability" unless the "motor vehicle" is:
 - a. In dead storage on an "insured location";
 - b. Used to service an "insured's" residence;
 - c. Designed to assist the handicapped and, at the time of an "occurrence", it is:
 - (1) Being used to assist a handicapped person; or
 - (2) Parked on an "insured location";
 - d. Designed for recreational use off public roads and:
 - (1) Not owned by an "insured"; or
 - (2) Owned by an "insured" provided the "occurrence" takes place:
 - (a) On an "insured location" as defined in Definition B.9.a., b., d., e. or h.; or
 - (b) Off an "insured location" and the "motor vehicle" is:
 - (i) Designed as a toy vehicle for use by children under seven years of age;
 - (ii) Powered by one or more batteries; and
 - (iii) Not built or modified after manufacture to exceed a speed of five miles per hour on level ground;
 - e. A motorized golf cart that is owned by an "insured", 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:
 - (1) A golfing facility and is parked or stored there, or being used by an "insured" to:
 - (a) Play the game of golf or for other recreational or leisure activity allowed by the facility;
 - (b) Travel to or from an area where "motor vehicles" or golf carts are parked or stored; or
 - (c) Cross public roads at designated points to access other parts of the golfing facility; or
 - (2) A private residential community, including its public roads upon which a motorized golf cart can legally travel, which:
 - (a) Is subject to the authority of a property owners association; and
 - (b) Contains an "insured's" residence.

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B. "Watercraft Liability"

1. Coverages **E** and **F** do not apply to any "watercraft liability" if, at the time of an "occurrence", the involved watercraft is being:
 - a. Operated in, or practicing for, any prearranged or organized race, speed contest or other competition. This exclusion does not apply to a sailing vessel or a predicted log cruise;
 - b. Rented to others;
 - c. Used to carry persons or cargo for a charge; or
 - d. Used for any "business" purpose.
2. If Exclusion **B.1.** does not apply, there is still no coverage for "watercraft liability" unless, at the time of the "occurrence", the watercraft:
 - a. Is stored;
 - b. Is a sailing vessel, with or without auxiliary power, that is:
 - (1) Less than 26 feet in overall length; or
 - (2) 26 feet or more in overall length and not owned by or rented to an "insured"; or
 - c. Is not a sailing vessel and is powered by:
 - (1) An inboard or inboard-outdrive engine or motor, including those that power a water jet pump, of:
 - (a) 50 horsepower or less and not owned by an "insured"; or
 - (b) More than 50 horsepower and not owned by or rented to an "insured"; or
 - (2) One or more outboard engines or motors with:
 - (a) 25 total horsepower or less;
 - (b) More than 25 horsepower if the outboard engine or motor is not owned by an "insured";
 - (c) More than 25 horsepower if the outboard engine or motor is owned by an "insured" who acquired it during the policy period; or
 - (d) More than 25 horsepower if the outboard engine or motor is owned by an "insured" who acquired it before the policy period, but only if:
 - (i) You declare them at policy inception; or
 - (ii) Your intent to insure them is reported to us in writing within 45 days after you acquire them.

The coverages in **(c)** and **(d)** above apply for the policy period

.Horsepower means the maximum power rating assigned to the engine or motor by the manufacturer.

C. "Aircraft Liability"

This policy does not cover "aircraft liability".

D. "Hovercraft Liability"

This policy does not cover "hovercraft liability".

E. Coverage E – Personal Liability And Coverage F – Medical Payments To Others

Coverages **E** and **F** do not apply to the following:

1. Expected or Intended Injury

- a. "Bodily injury" or "property damage" which is intended by or which may reasonably be expected to result from the:
 - (1) Intentional acts or omissions; or
 - (2) Criminal acts or omissions; orof one or more "insured" persons.
- b. This exclusion applies even if:
 - (1) The "insured" persons lack the mental capacity to govern their own conduct;
 - (2) The "bodily injury" or "property damage" is of a different kind, quality or degree than intended or reasonably expected; or
 - (3) The "bodily injury" or "property damage" is sustained by a different person, entity or property than initially intended or reasonably expected.

This exclusion applies regardless of whether or not an "insured" person is actually charged with, or convicted of, a crime.

2. "Business"

- a. "Bodily injury" or "property damage" arising out of or in connection with a "business" engaged in by an "insured".

This Exclusion **E.2.** 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".

- b. With respect to other than "home-sharing host activities", this Exclusion **E.2.** does not apply to:
 - (1) 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

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(c) In part, as an office, school, studio or private garage; and

(2) An insured minor involved in part-time, self-employed "business" pursuits normally undertaken by minors, unless the minor is employed by a "business". A minor means a person who has not attained his or her 19th birthday (or age 23 if a full time student);

3. Professional Services

"Bodily injury" or "property damage" arising out of the rendering of or failure to render professional services;

4. "Insured's" Premises Not An "Insured Location"

"Bodily injury" or "property damage" arising out of a premises:

- a. Owned by an "insured";
- b. Rented to an "insured"; or
- c. Rented to others by an "insured"; that is not an "insured location";

5. War

"Bodily injury" or "property damage" caused directly or indirectly by war, including the following and any consequence of any of the following:

- a. Undeclared war, civil war, insurrection, rebellion or revolution;
- b. Warlike act by a military force or military personnel; or
- c. Destruction, seizure or use for a military purpose.

Discharge of a nuclear weapon will be deemed a warlike act even if accidental;

6. Communicable Disease

"Bodily injury" or "property damage" which arises out of the transmission of a communicable disease by an "insured";

7. Sexual Molestation, Corporal Punishment Or Physical Or Mental Abuse

"Bodily injury" or "property damage" arising out of sexual molestation, corporal punishment or physical or mental abuse;

8. Controlled Substance

"Bodily injury" or "property damage" arising out of the use, sale, manufacture, delivery, transfer or possession by any person of a Controlled Substance as defined by the Federal Food and Drug Law at 21 U.S.C.A. Sections 811 and 812.

Controlled Substances include but are not limited to:

- a. Cocaine;
- b. LSD;

c. Marijuana and

d. All narcotic drugs.

However, this exclusion does not apply to the legitimate use of prescription drugs by a person following the lawful orders of a licensed health care professional; or

9. "Fungi", Wet Or Dry Rot, Or Bacteria

"Bodily injury" or "property damage" arising directly or indirectly, in whole or in part, out of the actual, alleged or threatened:

- a. Inhalation of;
- b. Ingestion of;
- c. Contact with;
- d. Exposure to;
- e. Existence of; or
- f. Presence of;

any "fungi", wet or dry rot, or bacteria.

Exclusions **A.** "Motor Vehicle Liability", **B.** "Watercraft Liability", **C.** "Aircraft Liability", **D.** "Hovercraft Liability" and **E.4.** "Insured's" Premises Not An "Insured Location" 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".

F. Coverage E – Personal Liability

Coverage E does not apply to:

1. Liability:

- a. For any loss assessment charged against you as a member of an association, corporation or community of property owners, except as provided in **D.** Loss Assessment under Section II – Additional Coverages;
- b. Under any contract or agreement entered into by an "insured". However, this exclusion does not apply to written contracts:
 - (1) That directly relate to the ownership, maintenance or use of an "insured location"; or
 - (2) Where the liability of others is assumed by you prior to an "occurrence"; unless excluded in **a.** above or elsewhere in this policy;

2. "Property damage" to property owned by an "insured". This includes costs or expenses incurred by an "insured" or others to repair, replace, enhance, restore or maintain such property to prevent injury to a person or damage to property of others, whether on or away from an "insured location";

3. "Property damage" to property:

- a. Rented to;
- b. Occupied or used by; or

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c. In the care of an "insured".

This exclusion does not apply to "property damage" caused by fire, smoke, explosion or water;

4. "Bodily injury" to any person eligible to receive any benefits voluntarily provided or required to be provided by an "insured" under any:

- a. Workers' compensation law;
- b. Non-occupational disability law; or
- c. Occupational disease law;

5. "Bodily injury" or "property damage" for which an "insured" under this policy:

a. Is also an insured under a nuclear energy liability policy issued by the:

- (1) Nuclear Energy Liability Insurance Association;
- (2) Mutual Atomic Energy Liability Underwriters;
- (3) Nuclear Insurance Association of Canada;

or any of their successors; or

b. Would be an insured under such a policy but for the exhaustion of its limit of liability;

6. "Bodily injury" to you or an "insured" as defined under Definitions **5-8a.** or **b.**

This exclusion also applies to any claim made or suit brought against you or an "insured" to:

- a. Repay; or
- b. Share damages with;

another person who may be obligated to pay damages because of "bodily injury" to an "insured".

7. "Bodily injury" or "property damage" arising out of an act or omission of an "insured" as an officer or member of the board of directors of a corporation or organization. This exclusion does not apply if:

- a. The corporation or organization is not-for-profit, or is a corporation or association of property owners; and
- b. The "insured" received no compensation.

8. "Personal Injury":

a. Caused by or at the direction of an "insured" with the knowledge that the act would:

- (1) Violate the rights of another; and
- (2) Inflict "personal injury";

b. Arising out of oral or written publication of material:

- (1) If done by or at the direction of an "insured" with knowledge of its falsity; or
- (2) Whose first publication took place before the beginning of the policy period;

c. Arising out of a criminal act committed by or at the direction of an "insured";

d. Arising out of liability assumed by an "insured" under any contract or agreement.

This exclusion does not apply to any indemnity obligation assumed by an "insured" under a written contract directly relating to the ownership, maintenance or use of the premises;

e. Sustained by any person as a result of an offense directly or indirectly related to the employment of this person by an "insured";

f. Arising out of or in connection with a "business" engaged in by an "insured."

(1) This exclusion applies but is not limited to an act or omission, regardless of its nature or circumstance, involving a service or duty:

- (a) Rendered;
- (b) Promised;
- (c) Owed; or
- (d) Implied to be provided;

because of the nature of the "business".

(2) With respect to other than "home-sharing host activities", this exclusion does not apply to:

(a) The rental or holding for rental of an "insured location";

(i) On an occasional basis if used only as a residence;

(ii) 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

(iii) In part, as an office, school, studio or private garage; and

(b) An insured minor involved in part-time, self-employed "business" pursuits normally undertaken by minors, unless the minor is employed by a "business". A minor means a person who has not attained his or her 19th birthday (or age 23 if a full time student);

g. Civic or public activities performed for pay by an "insured";

h. To you or an "insured" as defined under Definitions **58.a.** or **b.**

This exclusion also applies to any claim made or suit brought against you or an "insured":

- (1) To repay; or
- (2) Share damages with;

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another person who may be obligated to pay damages because of "personal injury" to an "insured";

- i Arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of pollutants at any time.

Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including:

- (1) Smoke, soot;
- (2) Fumes, vapor;
- (3) Acids, alkalis, chemicals; and
- (4) Waste. Waste includes materials to be recycled, reconditioned or reclaimed;

- j. Arising directly or indirectly, in whole or in part, out of the actual, alleged or threatened:

- (1) Inhalation of;
- (2) Ingestion of;
- (3) Contact with;
- (4) Exposure to;
- (5) Existence of; or
- (6) Presence of;

any "fungi", wet or dry rot, or bacteria.

- 9. Any loss, cost or expense arising out of any:

- a. Request, demand or order that an "insured" or others:

- (1) Test for;
- (2) Monitor;
- (3) Clean up;
- (4) Remove;
- (5) Contain;
- (6) Treat;
- (7) Detoxify;
- (8) Neutralize; or
- (9) In any way respond to, or assess the effects of;

pollutants, "fungi", wet or dry rot, or bacteria; or

- b. Claim or suit by or on behalf of a governmental authority for damages because of:

- (1) Testing for;
- (2) Monitoring;
- (3) Clean up;
- (4) Removing;
- (5) Containing;
- (6) Treating
- (7) Detoxifying;
- (8) Neutralizing; or

- (9) In any way responding to, or assessing the effects of;

pollutants, "fungi", wet or dry rot, or bacteria.

G. Coverage F – Medical Payments To Others

Coverage F does not apply to "bodily injury":

- 1. To a "residence employee" if the "bodily injury":
 - a. Occurs off the "insured location"; and
 - b. Does not arise out of or in the course of the "residence employee's" employment by an "insured";
- 2. To any person eligible to receive benefits voluntarily provided or required to be provided under any:
 - a. Workers' compensation law;
 - b. Non-occupational disability law; or
 - c. Occupational disease law;
- 3. From any:
 - a. Nuclear reaction;
 - b. Nuclear radiation; or
 - c. Radioactive contamination;all whether controlled or uncontrolled or however caused; or
- d. Any consequence of any of these; or
- 4. To
 - a. A "home-sharing occupant"; or
 - b. 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:

A. Claim Expenses

We pay the following:

- 1. Expenses we incur and costs taxed against an "insured" in any suit we defend;
- 2. Premiums on bonds required in a suit we defend, but not for bond amounts more than the Coverage E limit of liability. We need not apply for or furnish any bond;
- 3. Reasonable expenses incurred by an "insured" at our request, including actual loss of earnings (but not loss of other income) for assisting us in the investigation or defense of a claim or suit. The most we will pay for such expense is \$250;
- 4. Interest on the entire judgment which accrues after entry of the judgment and before we:
 - a. Pay or tender; or
 - b. Deposit in court;that part of the judgment which does not exceed the limit of liability that applies;

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5. Prejudgment interest awarded against the "insured" on that part of the judgment we pay.

If we make an offer to pay the limit of liability that applies, we will not pay any prejudgment interest based on that period of time after the offer.

B. 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 an "insured".

C. Damage To Property Of Others

1. We will pay, at replacement cost, up to \$1,000 per "occurrence" for "property damage" to property of others caused by an "insured".

2. We will not pay for "property damage":

- a. To the extent of any amount recoverable under Section I;
- 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:
 - (1) Tenant of an "insured"; or
 - (2) Resident in your household; or
- e. Arising out of:
 - (1) A "business" engaged in by an "insured";
 - (2) Any act or omission in connection with a premises:
 - (a) Owned by;
 - (b) Rented by; or
 - (c) Controlled by;
 an "insured", other than the "insured location"; or
 - (3) The ownership, maintenance, occupancy, operation, use, loading or unloading of:
 - (a) Aircraft;
 - (b) Hovercraft;
 - (c) Watercraft; or
 - (d) "Motor vehicles".

This Exclusion e.(3) does not apply to a "motor vehicle" that:

- (1) Is designed for recreational use off public roads;
- (2) Is not owned by an "insured"; and
- (3) At the time of the "occurrence", is not:

- (i) Required by law; or
- (ii) Regulation issued by a government agency;

to have been registered for it to be used on public roads or property.

D. Loss Assessment

1. We will pay up to \$1,000 for your share of loss assessment charged against you, as owner or tenant of the "residence premises", during the policy period by a corporation or association of property owners, when the assessment is made as a result of:

- a. "Bodily injury" or "property damage" not excluded from coverage under Section II – Exclusions; or
- b. Liability for an act of a director, officer or trustee in the capacity as a director, officer or trustee, provided such person:
 - (1) Is elected by the members of a corporation or association of property owners; and
 - (2) Serves without deriving any income from the exercise of duties which are solely on behalf of a corporation or association of property owners.
- c. "Personal injury" not excluded from coverage under Section II – Exclusion F.8. above.

2. Paragraph I. Policy Period under Section II – Conditions does not apply to this Loss Assessment Coverage provided under 1.a. and b. above.

3. Regardless of the number of assessments, the limit of \$1,000 is the most we will pay for loss arising out of:

- a. One accident, including continuous or repeated exposure to substantially the same general harmful condition;
- b. One or more offenses defined under "personal injury"; or
- c. A covered act of a:
 - (1) Director;
 - (2) Officer; or
 - (3) Trustee.

An act involving more than one director, officer or trustee is considered to be a single act.

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

SECTION II – CONDITIONS

A. Limit Of Liability

Our total liability under Coverage E for all damages resulting from:

1. Any one "occurrence" of "bodily injury" or "property damage"; or

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2. Any one offense of "personal injury";

will not be more than the Coverage E Limit Of Liability shown in the Declarations. This limit is the same regardless of the number of "insureds", claims made, persons injured or suits brought.

1. "Bodily Injury" And "Property Damage"

All "bodily injury" and "property damage" resulting from:

- a. Any one accident; or
- b. From continuous or repeated exposure to substantially the same general harmful conditions;

shall be considered to be the result of one "occurrence"; and

2. "Personal Injury"

All injury resulting from:

- a. Any one offense, as defined under "personal injury"; or
- b. From a series of related offenses;

shall be considered to be the result of one offense.

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 Coverage F Limit Of Liability shown in the Declarations.

B. Severability Of Insurance

This insurance applies separately to each "insured". This condition will not increase our limit of liability for any one "occurrence" or offense.

C. Duties After An "Occurrence" Or Offense-

In case of an "occurrence" or offense, you or another "insured" will perform the following duties that apply. We have no duty to provide coverage under this policy if your failure to comply with the following duties is prejudicial to us. You will help us by seeing that these duties are performed:

- 1. Give written notice to us or our agent as soon as is practical, which sets forth:
 - a. The identity of the policy and the "named insured" shown in the Declarations;
 - b. Reasonably available information on the time, place and circumstances of the "occurrence" or offense; and
 - c. Names and addresses of any claimants and witnesses;
- 2. Cooperate with us in the investigation, settlement or defense of any claim or suit;
- 3. Promptly forward to us every notice, demand, summons or other process relating to the "occurrence" or offense;
- 4. At our request, help us:
 - a. To make settlement;

b. To enforce any right of contribution or indemnity against any person or organization who may be liable to an "insured";

c. With the conduct of suits and attend hearings and trials; and

d. To secure and give evidence and obtain the attendance of witnesses;

5. With respect to C. Damage To Property Of Others under Section II – Additional Coverages, submit to us within 60 days after the loss a sworn statement of loss and show the damaged property, if in an "insured's" control;

6. No "insured" shall, except at such "insured's" own cost:

a. Voluntarily make payment;

b. Assume obligation; or

c. Incur expense;

other than for first aid to others at the time of the "bodily injury" or "personal injury".

D. Duties Of An Injured Person – Coverage F – Medical Payments To Others

1. 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.

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

E. Payment Of Claim – Coverage F – Medical Payments To Others

Payment under this coverage is not an admission of liability by an "insured" or us.

F. Suit Against Us

1. No action can be brought against us unless there has been full compliance with all of the terms under this Section II.

2. No one will have the right to join us as a party to any action against an "insured".

3. Also, no action with respect to Coverage E can be brought against us until the obligation of such "insured" has been determined by final judgment or agreement signed by us.

G. Bankruptcy Of An "Insured"

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

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H. 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.

I. Policy Period

This policy applies only to:

1. Bodily injury";
2. "Property damage"; or
3. "Personal injury"

which occurs during the policy period.

J. Concealment Or Fraud

We do not provide coverage to an "insured" who, whether before or after a loss, has:

1. Intentionally concealed or misrepresented any material fact or circumstance;
2. Engaged in fraudulent conduct; or
3. Made false statements;

relating to this insurance.

SECTIONS I AND II – CONDITIONS

A. Liberalization Clause

If we make a change to this edition of our policy which broadens coverage without additional premium charge, that change will automatically apply to your insurance on the date we implement the change in your state. This clause applies only if that date of change is effective during or within 60 days prior to your policy period.

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:

1. A subsequent edition of this policy; or
2. An amendatory endorsement.

B. 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.

C. Cancellation

1. 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.
2. 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.

a. 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.

b. 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.

c. 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:

(1) If there has been a material misrepresentation of fact which if known to us would have caused us not to issue the policy; or

(2) 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.

d. When this policy is written for a period of 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.

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

4. 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.

D. Nonrenewal

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

E. Assignment

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

2. The benefits of this policy that may be available to you following a covered loss may not be assigned unless:

a. All duties listed in Section 1 - Conditions, C. Duties After Loss are performed by you, and

b. An inspection of the damage has been conducted by an adjuster authorized by us, or we give our written consent.

F. 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 to Coverage F or Paragraph C. Damage To Property Of Others under Section II – Additional Coverages.

G. Death

If any person named in the Declarations or the spouse, if a resident of the same household, dies, the following apply:

1. 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; and
2. "Insured" includes:
 - a. An "insured" who is a member of your household at the time of your death, but only while a resident of the "residence premises"; and
 - b. With respect to your property, the person having proper temporary custody of the property until appointment and qualification of a legal representative.

H. Choice Of Law

This policy is issued in accordance with the laws of North Carolina and covers property or risks principally located in North Carolina. Any and all claims or disputes in any way related to this policy shall be governed by the laws of North Carolina.

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HOMEOWNERS ENHANCEMENT COVERAGE

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

- A.** 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.
- B.** In addition, certain words and phrases are defined as follows:
- 1.** "Aircraft Liability", "Hovercraft Liability", "Motor Vehicle Liability" and "Watercraft Liability", subject to the provisions in **b.** below, mean the following:
 - a.** Liability for "bodily injury" or "property damage" arising out of the:
 - (1)** Ownership of such vehicle or craft by an "insured";
 - (2)** Maintenance, occupancy, operation, use, loading or unloading of such vehicle or craft by any person;
 - (3)** Entrustment of such vehicle or craft by an "insured" to any person;
 - (4)** Failure to supervise or negligent supervision of any person involving such vehicle or craft by an "insured"; or
 - (5)** Vicarious liability, whether or not imposed by law, for the actions of a child or minor involving such vehicle or craft.
 - b.** For the purpose of this definition:
 - (1)** Aircraft means any contrivance used or designed for flight except model or hobby aircraft not used or designed to carry people or cargo;
 - (2)** Hovercraft means a self-propelled motorized ground effect vehicle and includes, but is not limited to, flarecraft and air cushion vehicles;
 - (3)** Watercraft means a craft principally designed to be propelled on or in water by wind, engine power or electric motor; and
 - (4)** Motor vehicle means a "motor vehicle" as defined in **10.** below.
 - 2.** "Bodily injury" means bodily harm, sickness or disease, including required care, loss of services and death that results.
 - 3.** "Business" means:
 - a.** Any full or part-time activity of any kind engaged in for economic gain, including the use of any part of any premises for such purposes; or
 - b.** "Home-sharing host activities".
 - 4.** "Employee" means an employee of an "insured", or an employee leased to an "insured" by a labor leasing firm under an agreement between an "insured" and the labor leasing firm, whose duties are other than those performed by a "residence employee".
 - 5.** "Home-sharing host activities" means:
 - a.** The:
 - (1)** Rental or holding for rental; or
 - (2)** Mutual exchange of services: of the "residence premises", in whole or in part, by an "insured" to a "home-sharing occupant" through the use of a "home-sharing network platform"; and
 - b.** Any other related property or services made available by an "insured" for use during such:
 - (1)** Rental or holding for rental; or
 - (2)** Mutual exchange of services: except those property or services provided by another party.
 - 6.** "Home-sharing network platform" means an online-enabled application, website or digital network that:
 - a.** Is used for the purpose of facilitating for money, mutual exchange of services or other compensation, the rental of a dwelling or other structure, in whole or in part; and
 - b.** Allows for the agreement and compensation with respect to such rental to be transacted through such online-enabled application, website or digital network.

7. "Home-sharing occupant" means a person other than an "insured" who:

- a. Has entered into an agreement or arranged compensation with an "insured" through the use of a "home-sharing network platform" for "home-sharing host activities", or
- b. Is accompanying or staying with a person described in Paragraph 7.a. of this provision under such "home-sharing host activities".

8. "Insured" means:

a. You and residents of your household who are:

- (1) Your relatives; or
- (2) Other persons under the age of 21 and in your care or the care of a resident of your household who is your relative;

b. A student enrolled in school full-time, as defined by the school, who was a resident of your household before moving out to attend school, provided the student is under the age of:

- (1) 24 and your relative; or
- (2) 21 and in your care or the care of a resident of your household who is your relative; or

c. Under Section II:

(1) 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 described in 8.a. or b.. "Insured" does not mean 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; or

(2) With respect to a "motor vehicle" to which this policy applies:

- (a) Persons while engaged in your employ or that of any person described in 8.a. or b. above; or
- (b) Other persons using the vehicle on an "insured location" with your consent.

Under both Sections I and II, when the word an immediately precedes the word "insured", the words an "insured" together mean one or more "insureds".

9. "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 described in a. and b. 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 farm land, owned by or rented to an "insured";

f. Land owned by or rented to an "insured" on which a one-, two-, three- or four-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.

10. "Motor vehicle" means:

a. A self-propelled land or amphibious vehicle; or

b. Any trailer or semitrailer which is being carried on, towed by or hitched for towing by a vehicle described in a. above.

11. "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".

12. "Property damage" means physical injury to, destruction of, or loss of use of tangible property.

13. "Residence employee" means:

a. An employee of an "insured", or an employee leased to an "insured" by a labor leasing firm, under an agreement between an "insured" and the labor leasing firm, 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".

A "residence employee" does not include a temporary employee who is furnished to an "insured" to substitute for a permanent "residence employee" on leave or to meet seasonal or short-term workload conditions.

14. "Residence premises" means:
- a. The one-family dwelling where you reside;
 - b. The two-, three- or four-family dwelling where you reside in at least one of the family units; or
 - c. That part of any other building where you reside;

and which is shown as the "residence premises" in the Declarations.

"Residence premises" also includes other structures and grounds at that location.

15. "Fungi"
- a. "Fungi" means any type or form of fungus, including mold or mildew and any mycotoxins, spores, scents or by-products produced or released by fungi.
 - b. Under Section II, this does not include any "fungi" that are, are on, or are contained in any good or product intended for consumption.

16. "Personal Injury"

"Personal injury" means injury arising out of one or more of the following offenses, including a series of related offenses, committed during the policy period:

- a. False arrest, detention or imprisonment;
- b. Malicious prosecution;
- c. The following if committed by or on behalf of its owner, landlord or lessor:
 - (1) Wrongful eviction from;
 - (2) Wrongful entry into; or
 - (3) Invasion of the right of private occupancy of;
 - a room, dwelling or premises that a person occupies.
- d. Oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services; or
- e. Oral or written publication of material that violates a person's right of privacy.

C. In this Policy, the terms:

- 1. Roomer;
- 2. Boarder;
- 3. Tenant; or
- 4. Guest;

do not include a "home-sharing occupant".

D. Actual Cash Value

Throughout this Policy, the following is added to any provision that uses the term actual cash value:

Actual cash value is the value of the covered damaged part of the property at the time of loss, calculated as the estimated cost to repair or replace such property with material of like kind and quality, less a deduction to account for pre-loss depreciation.

In calculating the actual cash value, the components of this estimated cost that are subject to depreciation include, but are not limited to:

- 1. Materials, labor, permits and any applicable tax; and
- 2. Overhead and profit.

Pre-loss depreciation refers to the decrease in the value of the covered damaged part of the property due to, but not limited to, such considerations as:

- 1. Age;
- 2. Condition, including wear and tear or deterioration;
- 3. Remaining useful life; and
- 4. Obsolescence.

SECTION I – PROPERTY COVERAGES

A. Coverage A – Dwelling

- 1. We cover:
 - a. The dwelling on the "residence premises" shown in the Declarations, including structures attached to the dwelling; and
 - b. Materials and supplies located on or next to the "residence premises" used to:
 - (1) Construct;
 - (2) Alter; or
 - (3) Repair;
 the dwelling or other structures on the "residence premises".
- 2. We do not cover land, including land on which the dwelling is located.

B. Coverage B – Other Structures

- 1. 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:
 - a. Fence;
 - b. Utility line; or
 - c. Similar connection.
- 2. We do not cover:
 - a. Land, including land on which the other structures are located;
 - b. Other structures rented or held for rental to any person not a tenant of the dwelling, unless used solely as a private garage;

- c. Other structures from which any "business" is conducted; or
- d. Other structures used to store "business" property. However, we do cover a structure that contains "business" property:
 - (1) Solely owned by an "insured" or a tenant of the dwelling; and
 - (2) Only if that "business" property does not include gaseous or liquid fuel, other than fuel in a permanently installed fuel tank of a vehicle or craft parked or stored in the structure.

3. 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.

C. Coverage C – Personal Property

1. Covered Property

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

- a. Others while the property is on the part of the "residence premises" occupied by an "insured"; or
- b. A guest or a "residence employee", while the property is in any residence occupied by an "insured".

2. Limit For Property At Other Locations

a. Other Residences

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 \$1,000, whichever is greater. However, this limitation does not apply to personal property:

- (1) Moved from the "residence premises" because it is:
 - (a) Being repaired, renovated or rebuilt; and
 - (b) Not fit to live in or store property in; or
- (2) In a newly acquired principal residence for 30 days from the time you begin to move the property there.

b. Self-storage Facilities

Our limit of liability for personal property usually owned or used by an "insured" and located in a self-storage facility is 10% of the limit of liability for Coverage C, or \$1,000, whichever is greater. However, this limitation does not apply to personal property:

- (1) Moved from the "residence premises" because it is:

- (a) Being repaired, renovated or rebuilt; and
- (b) Not fit to live in or store property in; or
- (2) Usually located in an "insured's" residence, other than the "residence premises".

3. Special Limits Of Liability

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

- a. \$1,000 on the following:
 - (1) Money, bank notes, bullion;
 - (2) Gold other than goldware;
 - (3) Silver other than silverware;
 - (4) Platinum other than platinumware;
 - (5) Coins, medals, scrip;
 - (6) Stored value cards; and
 - (7) Smart cards.
- b. \$5,500 on the following:
 - (1) Securities, accounts;
 - (2) Deeds, evidences of debt;
 - (3) Letters of credit;
 - (4) Notes other than bank notes;
 - (5) Manuscripts;
 - (6) Personal records, passports; and
 - (7) Tickets and stamps.

This dollar limit:

- (a) Applies to these categories regardless of the medium (such as paper or computer software) on which the material exists; and
- (b) Includes the cost to research, replace or restore the information from the lost or damaged material.
- c. \$1,500 on watercraft of all types, including their trailers, furnishings, equipment and outboard engines or motors.
- d. \$1,500 on trailers or semitrailers not used with watercraft of all types.
- e. \$5,500 for loss by theft, misplacing or losing of jewelry, watches, furs, precious and semiprecious stones, but not exceeding \$1,500 for any one article.
- f. \$10,000 for loss by theft, misplacing or losing of firearms and related equipment.
- g. \$10,000 for loss by theft, misplacing or losing of the following:
 - (1) Silverware, silver-plated ware;
 - (2) Goldware, gold-plated ware;
 - (3) Platinumware, platinum-plated ware; and

(4) Pewterware.

This includes flatware, hollowware, tea sets, trays and trophies made of or including silver, gold or pewter.

- h.** \$2,500 on property, on the "residence premises", used primarily for "business" purposes.
- i.** \$1,500 on property, away from the "residence premises", used primarily for "business" purposes. However, this limit does not apply to antennas, tapes, wires records, disks or other media that are:
 - (1)** Used with electronic equipment that reproduces, receives or transmits audio, visual or data signals; and
 - (2)** In or upon a "motor vehicle".
- j.** \$1,500 on portable electronic equipment that:
 - (1)** Reproduces, receives or transmits audio, visual or data signals;
 - (2)** Is designed to be operated by more than one power source, one of which is a "motor vehicle's" electrical system; and
 - (3)** Is in or upon a "motor vehicle".
- k.** \$250 on antennas, tapes, wires, records, disks or other media that are:
 - (1)** Used with electronic equipment that reproduces, receives or transmits audio, visual or data signals; and
 - (2)** In or upon a "motor vehicle".

4. Property Not Covered

We do not cover:

- a.** Articles separately described and specifically insured, regardless of the limit for which they are insured, in this or other insurance;
- b.** Animals, birds or fish;
- c.** "Motor vehicles".

This includes a "motor vehicle's" equipment and parts.

However, this Paragraph **4.c.** does not apply to:

 - (1)** Portable electronic equipment that:
 - (a)** Reproduces, receives or transmits audio, visual or data signals; and
 - (b)** Is designed so that it may be operated from a power source other than a "motor vehicle's" electrical system.
 - (2)** "Motor vehicles" not required to be registered for use on public roads or property which are:
 - (a)** Used to service an "insured's" residence; or

(b) Designed to assist the handicapped;

- d.** Aircraft, meaning any contrivance used or designed for flight including any parts whether or not attached to the aircraft.

We do cover model or hobby aircraft not used or designed to carry people or cargo;
- e.** Hovercraft and parts. Hovercraft means a self-propelled motorized ground effect vehicle and includes, but is not limited to, flarecraft and air cushion vehicles;
- f.** Property of:
 - (1)** A "home-sharing occupant";
 - (2)** Any other person occupying the "residence premises" as a result of any "home-sharing host activities"; and
 - (3)** Roomers, boarders and other tenants, except property of roomers and boarders related to an "insured".
- g.** Property in:
 - (1)** A space while rented or primarily held for rental to a "home-sharing occupant"; or
 - (2)** Subject to Paragraph **C.4.g.(1)**, in an apartment regularly rented or held for rental to others by an "insured" except as provided in **E.10.** Landlord's Furnishings under Section I – Property Coverages;
- h.** Property rented or held for rental to others off the "residence premises";
- i.** "Business" data, including such data stored in:
 - (1)** Books of account, drawings or other paper records; or
 - (2)** Computers and related equipment.

We do cover the cost of blank recording or storage media and of prerecorded computer programs available on the retail market;
- j.** The following:
 - (1)** Credit cards, electronic fund transfer cards; or
 - (2)** Access devices used solely for deposit, withdrawal or transfer of funds except as provided in **E.6.** Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money under Section I – Property Coverages; or
- k.** Water or steam.
 - i.** Property used primarily for "home-sharing host activities".

D. Coverage D – Loss Of Use

The limit of liability for Coverage **D** is the total limit for the coverages in **1.** Additional Living Expense, **2.** Fair Rental Value and **3.** Civil Authority Prohibits Use below.

1. Additional Living Expense

If a loss covered under Section I makes that part of the "residence premises" where you reside not fit to live in, we cover any 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.

2. Fair Rental Value

If a loss covered under Section I 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 of such premises less any expenses that do not continue while it is not fit to live in.

However, we do not cover any fair rental value arising out of or in connection with "home-sharing host activities".

Payment will be for the shortest time required to repair or replace such premises.

3. Civil Authority Prohibits Use

a. If a civil authority prohibits you from use of the "residence premises" as a result of:

(1) Direct damage to neighboring premises by a Peril Insured Against, we cover the loss as provided in 1. Additional Living Expense and 2. Fair Rental Value above for no more than 30 days; or

(2) Endangerment to life or health from:

- (a) A Peril Insured Against;
- (b) Earth movement; or
- (c) Release, discharge or dispersal of contaminants or pollutants;

we cover, up to \$1000, the Additional Living Expense and Fair Rental Value loss you incur from any one event.

This coverage 3.a.(2) applies only while the "residence premises" is vacated in accordance with the order of a civil authority.

b. The Section I Exclusions do not apply to the coverage provided in 3.a. above. However, if you are ordered to vacate the "residence premises", we do not cover the loss provided in D.1. and 2. above resulting from:

- (1) Loss covered under Section I – Perils Insured Against;
- (2) Enforcement of any ordinance or law with respect to the occupancy of the "residence premises";
- (3) War, including the following and any consequence of any of these:

- (a) Undeclared war, civil war, insurrection, rebellion or revolution;
- (b) Warlike act by a military force or military personnel;
- (c) Destruction or seizure or use for a military purpose;

Discharge of a nuclear weapon will be deemed a warlike act even if accidental;

- (4) A hazard discovered prior to the effective date and time of this coverage;
- (5) An order issued by a civil authority after expiration of this policy;
- (6) Water meaning:

(a) Flood, including but not limited to flash flood, surface water, waves, including tidal wave and tsunami, seiche, tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind, including storm surge;

(b) Water or water-borne material which backs up through sewers or drains or which overflows or is discharged from a sump, sump pump or related equipment; or

(c) Water or water-borne material 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;

caused by or resulting from human or animal forces or any act of nature.

Direct loss by fire, explosion or theft resulting from water damage is covered.

4. Loss Or Expense Not Covered

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

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

E. Additional Coverages

1. Debris Removal

a. We will pay your reasonable expense for the removal of:

- (1) Debris of covered property if a Peril Insured Against that applies to the damaged property causes the loss; 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 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 is available for such expense.

b. We will also pay your reasonable expense, up to \$2,000, for the removal from the "residence premises" of:

(1) Your trees felled by the peril of Windstorm or Hail or Weight of Ice, Snow or Sleet; or

(2) A neighbor's trees felled by a Peril Insured Against;

provided the trees:

(3) Damage a covered structure; or

(4) Do not damage a covered structure, but:

(a) Block a driveway on the "residence premises" which prevents a "motor vehicle", that is registered for use on public roads or property, from entering or leaving the "residence premises"; or

(b) Block a ramp or other fixture designed to assist a handicapped person to enter or leave the dwelling building.

The \$2,000 limit is the most we will pay in any one loss regardless of the number of fallen trees. No more than \$1,000 of this limit will be paid for the removal of any one tree.

This coverage is additional insurance.

2. Reasonable Repairs

a. We will pay the reasonable cost incurred by you for the necessary measures taken solely to protect covered property that is damaged by a Peril Insured Against from further damage.

b. If the measures taken involve repair to other damaged property, we will only pay if that property is covered under this policy and the damage is caused by a Peril Insured Against.

c. Coverage provided under **a.** and **b.** does not:

(1) Increase the limit of liability that applies to the covered property; or

(2) Relieve you of your duties, in case of a loss to covered property, described in C.4. under Section I – Conditions; and is limited to the greater of:

(3) \$3,000; or

(4) 1% of your Coverage **A** limit of liability; unless we grant you approval within 72 hours of your request to exceed the limit. In such circumstance we will pay only up to the additional amount for the measures we authorize. If we fail to respond to you within 72 hours of your request to us and the damage is caused by a Peril Insured Against you may exceed the amount stated above only up to the cost incurred by you for the reasonable repairs necessary to protect the covered property from further damage.

d. In the event such repairs are undertaken, we have the right to inspect the repairs and the removed property which, to the extent possible, you are required to retain.

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:

a. Fire or Lightning;

b. Explosion;

c. Riot or Civil Commotion;

d. Aircraft;

e. Vehicles not owned or operated by a resident of the "residence premises";

f. Vandalism or Malicious Mischief; or

g. Theft.

We will pay up to 5% of the limit of liability that applies to the dwelling for all trees, shrubs, plants or lawns. No more than \$1,000 of this limit will be paid 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 \$1,000 for your liability assumed by contract or agreement for fire department charges you incur. For coverage to apply, the fire department must be 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:

a. City;

b. Municipality; or

c. 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:

- a. While being removed from a premises endangered by a Peril Insured Against; and
- b. 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, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money

a. We will pay up to \$500 for:

- (1) 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;
- (2) Loss resulting from theft or unauthorized use of an electronic fund transfer card or access device used for deposit, withdrawal or transfer of funds, issued to or registered in an "insured's" name;
- (3) Loss to an "insured" caused by forgery or alteration of any check or negotiable instrument; and
- (4) Loss to an "insured" through acceptance in good faith of counterfeit United States or Canadian paper currency.

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.

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

b. We do not cover:

- (1) Use of a credit card, electronic fund transfer card or access device:
 - (a) By a resident of your household;
 - (b) By a person who has been entrusted with either type of card or access device; or
 - (c) If an "insured" has not complied with all terms and conditions under which the cards are issued or the devices accessed; or
- (2) Loss arising out of "business" use or dishonesty of an "insured".

c. If the coverage in a. above applies, the following defense provisions also apply:

- (1) 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.

(2) If a suit is brought against an "insured" for liability under a.(1) or (2) above, we will provide a defense at our expense by counsel of our choice.

(3) 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 a.(3) above.

7. Loss Assessment

a. We will pay up to \$1,000 for your share of loss assessment charged during the policy period against you, as owner or tenant of the "residence premises", by a corporation or association of property owners. The assessment must be made as a result of direct loss to property:

- (1) Owned by all members collectively;
- (2) Of the type that would be covered by this policy if owned by you;
caused by a Peril Insured Against, other than:
- (3) Earthquake; or
- (4) Land shock waves or tremors before, during or after a volcanic eruption.

This limit is the most we will pay with respect to any one loss, regardless of the number of assessments. We will only apply one deductible, per unit, to the total amount of any one loss to the property described above, regardless of the number of assessments.

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

c. Paragraph R. Policy Period under Section I – Conditions does not apply to this coverage.

This coverage is additional insurance.

8. Collapse

This Additional Coverage applies to property covered under Coverages A and B.

a. The coverage provided under this Additional Coverage – Collapse applies only to an abrupt collapse.

b. For the purpose of this Additional Coverage – Collapse, abrupt collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose.

c. This Additional Coverage – Collapse does not apply to:

- (1) A building or any part of a building that is in danger of falling down or caving in;

- (2) A part of a building that is standing, even if it has separated from another part of the building; or
 - (3) A building or any part of a building that is standing, even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.
- d. We insure for direct physical loss to covered property involving abrupt collapse of a building or any part of a building if such collapse was caused by one or more of the following:
- (1) The Perils Insured Against under Coverages **A** and **B**;
 - (2) Decay, of a building or any part of a building, that is hidden from view, unless the presence of such decay is known to an "insured" prior to collapse;
 - (3) Insect or vermin damage, to a building or any part of a building, that is hidden from view, unless the presence of such damage is known to an "insured" prior to collapse;
 - (4) Weight of contents, equipment, animals or people;
 - (5) Weight of rain which collects on a roof; or
 - (6) Use of defective material or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation.
- e. Loss to an awning, fence, patio, deck, pavement, swimming pool, underground pipe, flue, drain, cesspool, septic tank, foundation, retaining wall, bulkhead, pier, wharf or dock is not included under **d.(2)** through **(6)** above, unless the loss is a direct result of the collapse of a building or any part of a building.
- f. This coverage does not increase the limit of liability that applies to the damaged covered property.

9. Glass Or Safety Glazing Material

- a. We cover:
- (1) The breakage of glass or safety glazing material which is part of a covered building, storm door or storm window;
 - (2) The breakage of glass or safety glazing material which is part of a covered building, storm door or storm window when caused directly by earth movement; and

- (3) The direct physical loss to covered property caused solely by the pieces, fragments or splinters of broken glass or safety glazing material which is part of a building, storm door or storm window.

b. This coverage does not include loss:

- (1) To covered property which results because the glass or safety glazing material has been broken, except as provided in **a.(3)** above; or
- (2) On the "residence premises" if the dwelling has been vacant for more than 60 consecutive days immediately before the loss, except when the breakage results directly from earth movement as provided in **a.(2)** above. A dwelling being constructed is not considered vacant.

c. Loss to glass covered under this Additional Coverage **9.** will be settled on the basis of replacement with safety glazing materials when required by ordinance or law.

d. This coverage does not increase the limit of liability that applies to the damaged property.

10. Landlord's Furnishings

We will pay up to \$2,500 for your appliances, carpeting and other household furnishings, in each apartment on the "residence premises" for loss caused only by the Perils Insured Against noted below. The apartment must be regularly rented or held for rental to others by an "insured". This coverage does not include loss arising out of or in connection with "home-sharing host activities".

a. Fire Or Lightning

b. Windstorm Or Hail

- (1) This peril includes loss to watercraft of all types and their:
 - (a) Trailers, furnishings, equipment; and
 - (b) Outboard engines or motors; only while inside a fully enclosed building.
- (2) This peril does not include loss to the property contained in a building caused by:
 - (a) Rain, snow, sleet; or
 - (b) 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.

c. Explosion

d. Riot Or Civil Commotion

e. Aircraft

This peril includes self-propelled missiles and spacecraft.

f. Vehicles

g. Smoke

This peril means sudden and accidental damage from smoke, including the emission or puffback of:

- (1) Smoke or soot; or
- (2) Fumes or vapors;

from a boiler, furnace or related equipment.

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

h. Vandalism Or Malicious Mischief

i. 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.

j. Weight Of Ice, Snow Or Sleet

This peril means weight of ice, snow or sleet which causes damage to property contained in a building.

k. Accidental Discharge Or Overflow Of Water Or Steam

- (1) This peril means accidental discharge or overflow of water or steam from within a:
 - (a) Plumbing, heating, air conditioning system;
 - (b) Automatic fire protective sprinkler system; or
 - (c) From within a household appliance.
- (2) 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 **m. Freezing** below;
 - (c) On the "residence premises" caused by accidental discharge or overflow which occurs off the "residence premises"; or
 - (d) Caused by:
 - (i) Constant or repeated discharge, seepage or leakage of water; or
 - (ii) The presence or condensation of humidity, moisture or vapor;

over a period of weeks, months or years.

- (3) In this peril, a plumbing system or household appliance does not include a:
 - (a) Sump, sump pump or related equipment; or
 - (b) Roof drain, gutter, downspout or similar fixtures or equipment.

l. Sudden And Accidental Tearing Apart, Cracking, Burning Or Bulging

This peril means sudden and accidental tearing apart, cracking, burning or bulging of:

- (1) A steam or hot water heating system;
- (2) An air conditioning or automatic fire protective sprinkler system; or
- (3) An appliance for heating water.

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

m. Freezing

- (1) This peril means freezing of a plumbing, heating, air conditioning or automatic fire protective sprinkler system or of a household appliance but only if you have used reasonable care to:
 - (a) Maintain heat in the building; or
 - (b) Shut off the water supply and drain all systems and appliances of water.

However, if the building is protected by an automatic fire protective sprinkler system, you must use reasonable care to continue the water supply and maintain heat in the building for coverage to apply.

- (2) In this peril, a plumbing system or household appliance does not include a:
 - (a) Sump, sump pump or related equipment; or
 - (b) Roof drain, gutter, downspout or similar fixtures or equipment.

n. Sudden And Accidental Damage From Artificially Generated Electrical Current

This peril does not include loss to:

- (1) Tubes, transistors;
- (2) Electronic components or circuitry that is a part of appliances, fixtures, computers, home entertainment units; or
- (3) Other types of electronic apparatus.

o. Volcanic Eruption

This peril does not include loss caused by earthquake, land shock waves or tremors.

The \$2,500 limit is the most we will pay in any one loss regardless of the number of appliances, carpeting or other household furnishings involved in the loss.

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

11. Grave Markers

We will pay up to \$5,000 for grave markers, including mausoleums, on or away from the "residence premises" for loss caused by a Peril Insured Against.

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

12. "Fungi", Wet Or Dry Rot, Or Bacteria

a. We will pay up to a total of \$5,000 for:

(1) Direct physical loss to property covered under Section I:

(a) Coverage A – Dwelling;

(b) Coverage B – Other Structures; and

(c) Coverage C – Personal Property

caused by, resulting from, or consisting of "fungi", wet or dry rot, or bacteria if the direct result of a Peril Insured Against; and

(2) 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 "fungi", wet or dry rot, or bacteria which is the direct result of a Peril Insured Against.

b. The coverage provided in a. above is the only coverage under Section I:

(1) Coverage A – Dwelling;

(2) Coverage B – Other Structures;

(3) Coverage C – Personal Property; and

(4) Coverage D – Loss Of Use

for loss caused by, resulting from, or consisting of "fungi", wet or dry rot, or bacteria caused directly or indirectly regardless of any other cause or event contributing concurrently or in any sequence.

c. The amount in a. above is the most we will pay for the cost:

(1) To remove "fungi", wet or dry rot, or bacteria from covered property;

(2) To tear out and replace any part of the building or other covered property as needed to gain access to the:

(a) "Fungi";

(b) Wet or dry rot; or

(c) Bacteria;

(3) Of any testing of air or property to confirm the absence, presence or level of:

(a) "Fungi";

(b) Wet or dry rot; or

(c) Bacteria;

whether performed prior to, during or after removal, repair, restoration or replacement. The cost of such testing will be provided only to the extent that there is a reason to believe that there is the presence of "fungi", wet or dry rot, or bacteria.

d. The coverage provided above applies only:

(1) When such loss or costs are the result of a Peril Insured Against that occurs during the policy period; and

(2) If all reasonable means were used to save and protect the property from further damage at or after the time of the occurrence of that Peril Insured Against.

e. If there is covered loss to covered property, not caused, in whole or in part, by "fungi", wet or dry rot, or bacteria, loss payment will not be limited by the terms of this Additional Coverage, except to the extent that "fungi", wet or dry rot, or bacteria causes an increase in the loss.

Any such increase in the loss will be subject to the terms of this Additional Coverage.

This is additional insurance. It is the most we will pay for the total of all loss or costs payable under this Additional Coverage regardless of the number of locations insured or the number of claims made.

No deductible applies to this coverage.

13. Refrigerated Property

We will pay up to \$500 for direct loss to covered property stored in freezers or refrigerators on the "residence premises" caused by:

a. Interruption of electrical service to the refrigeration unit because of damage to the generating or transmitting equipment; or

b. Mechanical failure of the unit storing the property.

This coverage applies only if you have maintained the refrigeration unit in proper working condition immediately before the loss.

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

The Section I – Power Failure exclusion does not apply to coverage provided in this Peril 13.

14. Power Interruption.

a. We insure loss to personal property in a building at the "residence premises" due to a change in temperature resulting from power interruption.

This coverage applies only:

- (1) To personal property covered under Coverage C; and
- (2) When there is damage to the "residence premises" caused by a Peril Insured Against.

It does not increase the limit of liability for Coverage C – Personal Property.

- b. We cover the additional living expense and fair rental value, as provided in Coverage D – Loss of Use, due to an interruption of power or other utility service that happens away from the "residence premises" only if the interruption:

- (1) Is caused by a Peril Insured Against; and
- (2) Makes the "residence premises" not fit to live in

This coverage:

- (3) Begins 48 hours after the "residence premises" becomes not fit to live in; and
- (4) Applies for no more than seven days. The seven-day period of coverage is not limited by expiration of the policy.

No deductible, other than the 48-hour deductible, applies to the coverage provided in this paragraph (b).

The Section I – Power Failure exclusion does not apply to coverage provided in this Peril 14.

SECTION I – PERILS INSURED AGAINST

We insure against direct physical loss to property described in Coverages A, B and C.

We do not insure, however, for loss:

A. Under Coverages A, B and C:

- 1. Excluded under Section I – Exclusions;
- 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 provision does not apply if you have used reasonable care to:

- (1) Maintain heat in the building; or
- (2) Shut off the water supply and drain all systems and appliances of water.

However, if the building is protected by an automatic fire protective sprinkler system, you must use reasonable care to:

- (3) Continue the water supply; and
- (4) Maintain heat;

in the building for coverage to apply.

For purposes of this provision, a plumbing system or household appliance does not include a:

- (5) Sump, sump pump or related equipment; or
- (6) Roof drain, gutter, downspout or similar fixtures or equipment.

- 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) Footing, foundation, bulkhead, wall, or any other structure or device, that supports all or part of a building or other structure;
- (3) Retaining wall or bulkhead that does not support all or part of a building or other structure; or
- (4) Pier, wharf or dock;

- c. Theft:

- (1) If such loss arises out of or results from "home-sharing host activities"; or
- (2) 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. Constant or repeated seepage or leakage of water or the presence or condensation of humidity, moisture or vapor, over a period of weeks, months or years; or

- e. Any of the following:

- (1) Wear and tear, marring, deterioration;
- (2) Mechanical breakdown, latent defect, inherent vice or any quality in property that causes it to damage or destroy itself;
- (3) Smog, rust or other corrosion;
- (4) Smoke from agricultural smudging or industrial operations;
- (5) Discharge, dispersal, seepage, migration, release or escape of pollutants unless the discharge, dispersal, seepage, migration, release or escape is itself caused by one or more Perils Insured Against listed in Additional Coverages E.10. Landlord's Furnishings. Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including:
 - (a) Smoke, soot;
 - (b) Fumes, vapor;
 - (c) Acids, alkalis, chemicals; and
 - (d) Waste. Waste includes materials to be recycled, reconditioned or reclaimed;

- (6) Settling, shrinking, bulging or expansion, including resultant cracking, of bulkheads, pavements, patios, footings, foundations, walls, floors, roofs or ceilings;
- (7) Birds, rodents or insects;
- (8) Nesting or infestation or discharge or release of waste products or secretions, by any animals; or
- (9) Animals owned or kept by an "insured".

Exception To 2.e.

Unless the loss is otherwise excluded, we cover loss to property covered under Coverage **A**, **B** or **C** resulting from an accidental discharge or overflow of water or steam from within a:

- (a) Storm drain, or water, steam or sewer pipe, off the "residence premises"; or
- (b) Plumbing, heating, air conditioning or automatic fire protective sprinkler system or household appliance on the "residence premises".

This includes the cost to tear out and replace any part of a building, or other structure, on the "residence premises", but only when necessary to repair the system or appliance. However, such tear out and replacement coverage only applies to other structures if the water or steam causes actual damage to a building on the "residence premises".

We do not cover loss to the system or appliance from which this water or steam escaped.

For purposes of this provision, a plumbing system or household appliance does not include a sump, sump pump or related equipment or roof drain, gutter, downspout or similar fixtures or equipment.

Section **I** – Exclusion **A.2**. Water, Paragraphs **a**. and **c**. that apply to surface water and water below the surface of the ground do not apply to loss by water covered under **e**. above.

Under **2.a.** through **e**. above, any ensuing loss to property described in Coverages **A**, **B** and **C** not precluded by any other provision in this policy is covered.

B. Under Coverages A and B:

1. Caused by:

- a.** Vandalism and malicious mischief; and
- b.** Any ensuing loss caused by any intentional and wrongful act committed in the course of the vandalism or malicious mischief if:
 - (1) The loss arises out of or results from home-sharing host activities"; or

- (2) The dwelling has been vacant for more than 60 consecutive days immediately before the loss. A dwelling being constructed is not considered vacant;

2. Involving collapse, including any of the following conditions of property or any part of the property:

- a.** An abrupt falling down or caving in;
- b.** Loss of structural integrity, including separation of parts of the property or property in danger of falling down or caving in; or
- c.** Any cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion as such condition relates to **a.** or **b.** above;

other than as provided in **E.8**. Collapse under Section **I** – Property Coverages. However, any ensuing loss to property described in Coverages **A** and **B** not precluded by any other provision in this policy is covered.

C. Under Coverage C caused by:

- 1. Breakage of eyeglasses, glassware, statuary, marble, bric-a-brac, porcelains and similar fragile articles. Fragile articles do not include jewelry, watches, bronzes, cameras and photographic lenses.**

However, there is coverage for breakage of such property by or resulting from:

- a.** Fire, lightning, explosion;
- b.** Windstorm, hail;
- c.** Smoke, other than smoke from agricultural smudging or industrial operations;
- d.** Riot, civil commotion, vandalism and malicious mischief;
- e.** Aircraft, earthquake, vehicles, volcanic eruption;
- f.** Collapse of a building or any part of a building;
- g.** Water not otherwise excluded;
- h.** Theft or attempted theft; or
- i.** Sudden and accidental tearing apart, cracking, burning or bulging of:

- (1) A steam or hot water heating system;
- (2) An air conditioning or automatic fire protective sprinkler system; or
- (3) An appliance for heating water;

- 2. Dampness of atmosphere or extremes of temperature unless the direct cause of loss is rain, snow, sleet or hail;**
- 3. Refinishing, renovating or repairing property other than watches, jewelry and furs;**

4. Collision, other than collision with a land vehicle, sinking, swamping or stranding of watercraft, including their trailers, furnishings equipment and out board engines or motors; or
5. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body. However, any ensuing loss to property described in Coverage C not precluded by any other provision in this policy is covered.
6. Vandalism Or Malicious Mischief
This peril does not include loss caused by vandalism or malicious mischief to property arising out of or resulting from "home-sharing host activities".

SECTION I – EXCLUSIONS

A. 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. These exclusions apply whether or not the loss event results in widespread damage or affects a substantial area.

1. Earth Movement

Earth Movement means:

- a. Earthquake, including land shock waves or tremors before, during or after a volcanic eruption;
- b. Landslide, mudslide or mudflow;
- c. Subsidence or sinkhole; or
- d. Any other earth movement including earth sinking, rising or shifting.

This Exclusion **A.1.** applies only to property described in Coverages **A** and **B** and applies regardless of whether any of the above, in **A.1.a.** through **A.1.d.**, is caused by an act of nature, an act of man or is otherwise caused.

However, direct loss by fire, explosion or theft resulting from any of the above, in **A.1.a.** through **A.1.d.**, is covered.

2. Water

This means:

- a. Flood, including but not limited to flash flood, surface water, waves, including tidal wave and tsunami, seiche, tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind, including storm surge;
- b. Water which:
 - (1) Backs up through sewers or drains; or
 - (2) Overflows or is otherwise discharged from a sump, sump pump or related equipment;

- c. Water below the surface of the ground, including water which exerts pressure on, or seeps, leaks or flows through a building, sidewalk, driveway, patio, foundation, swimming pool or other structure; or
- d. Waterborne material carried or otherwise moved by any of the water referred to in **2.a.** through **2.c.** of this Exclusion.

This Exclusion **A.2.** applies regardless of whether any of the above, in **A.2.a.** through **A.2.d.**, is caused by an act of nature, an act of man or is otherwise caused.

This Exclusion **A.2.** applies to, but is not limited to, escape, overflow or discharge, for any reason, of water or waterborne material from a dam, levee, seawall or any other boundary or containment system whether natural, man-made or is otherwise made.

However, direct loss by fire, explosion or theft resulting from any of the above, in **A.2.a.** through **A.2.d.** is covered.

This exclusion does not apply to property described in Coverage **C** that is away from a premises or location owned, rented, occupied or controlled by an "insured".

This exclusion applies to property described in Coverage **C** that is on a premises or location owned, rented, occupied or controlled by an "insured" even if weather conditions contribute in any way to produce the loss.

3. Power Failure

Power Failure means the failure of power or other utility service if the failure takes place off the "residence premises". But if the failure results in a loss, from a Peril Insured Against on the "residence premises", we will pay for the loss caused by that peril.

4. Neglect

Neglect means neglect of an "insured" to use all reasonable means to save and preserve property at and after the time of a loss.

5. War

War includes the following and any consequence of any of the following:

- a. Undeclared war, civil war, insurrection, rebellion or revolution;
- b. Warlike act by a military force or military personnel; or
- c. Destruction, seizure or use for a military purpose.

Discharge of a nuclear weapon will be deemed a warlike act even if accidental.

6. Nuclear Hazard

This Exclusion **A.6.** pertains to Nuclear Hazard to the extent set forth in **O.** Nuclear Hazard Clause under Section **I – Conditions.**

7. Intentional Loss

Intentional Loss means any loss arising out of any act an "insured" commits or conspires to commit with the intent to cause a loss.

This exclusion only applies to an "insured" who commits or conspires to commit an act with the intent to cause a loss.

8. Governmental Action

Governmental Action means the destruction, confiscation or seizure of property described in Coverage **A, B** or **C** by order of any governmental or public authority.

This exclusion does not apply to such acts ordered by any governmental or public authority that are taken at the time of a fire to prevent its spread, if the loss caused by fire would be covered under this policy.

9. "Fungi", Wet Or Dry Rot, Or Bacteria

"Fungi", Wet Or Dry Rot, Or Bacteria means the presence, growth, proliferation, spread or any activity of "fungi", wet or dry rot, or bacteria other than as provided in Additional Coverage **12.** "Fungi", Wet Or Dry Rot, Or Bacteria.

B. 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 precluded by any other provision in this policy is covered.

1. Weather conditions. However, this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in **A.** above to produce the loss.
2. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.
3. Faulty, inadequate or defective:
 - a. Planning, zoning, development, surveying, siting;
 - b. Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
 - c. Materials used in repair, construction, renovation or remodeling; or
 - d. Maintenance;

of part or all of any property whether on or off the "residence premises".

SECTION I – CONDITIONS

A. 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:

1. To an "insured" for more than the amount of such "insured's" interest at the time of loss; or
2. For more than the applicable limit of liability.

B. Deductible

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

1. All Section I Perils Except Windstorm Or Hail

Subject to the policy limits that apply, we will pay only that part of the total of all loss payable under Section **I** that exceeds the deductible amount shown in the Declarations. However, this deductible does not apply when such loss is more than \$50,000.

2. Windstorm Or Hail

Subject to the policy limits that apply, we will pay only that part of the total of all loss payable under Section **I** that exceeds the deductible amount shown in the Declarations.

C. Duties After Loss

In case of a loss to covered property, we have no duty to provide coverage under this policy if the failure to comply with the following duties is prejudicial to us. These duties must be performed either by you, or an "insured" seeking coverage, or a representative of either:

1. Give prompt notice to us or our agent;
2. Notify the police in case of loss by theft;
3. Notify the credit card or electronic fund transfer card or access device company in case of loss as provided for in **E.6.** Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money under Section **I – Property Coverages;**
4. Protect the property from further damage. If repairs to the property are required, you must:
 - a. Make reasonable and necessary repairs to protect the property; and
 - b. Keep an accurate record of repair expenses;
5. Cooperate with us in the investigation of a claim;
6. 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;

7. As often as we reasonably require:
 - a. Show the damaged property;
 - b. Provide us with records and documents we request and permit us to make copies; and
 - c. Submit to examination under oath, while not in the presence of another "insured", and sign the same;
8. 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:
 - a. The time and cause of loss;
 - b. The interests of all "insureds" and all others in the property involved and all liens on the property;
 - c. Other insurance which may cover the loss;
 - d. Changes in title or occupancy of the property during the term of the policy;
 - e. Specifications of damaged buildings and detailed repair estimates;
 - f. The inventory of damaged personal property described in 6. above;
 - g. Receipts for additional living expenses incurred and records that support the fair rental value loss; and
 - h. Evidence or affidavit that supports a claim under E.6. Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money under Section I – Property Coverages, stating the amount and cause of loss.

However, if a state of disaster is proclaimed or declared for the state of North Carolina or for an area within the state in accordance with North Carolina law and the covered property that has sustained loss is located within the geographic area designated in the disaster proclamation or declaration, this 60-day period shall not commence until the expiration of the disaster proclamation or declaration, including all renewals of the proclamation or 45 days, whichever is later.

D. Loss Settlement

1. Personal Property

Covered personal property losses are settled as follows:

- a. Personal Property of the following type at actual cash value at the time of loss but not more than the amount required to repair or replace or the limit of liability applying to the property:
 - (1) Antiques, fine arts, paintings and similar articles of rarity or antiquity which cannot be replaced;
 - (2) Memorabilia, souvenirs, collectors items and similar articles whose age or history contribute to their value;

- (3) Articles not maintained in good or workable condition;
 - (4) Articles that are outdated or obsolete and are stored or not being used.
- b. Scheduled personal property which is separately described and specifically insured in this policy at the amount shown for each scheduled article which is agreed to be the value of the article, but not more than the least of the following amounts:
 - (1) The full cost of repair at the time of loss; or
 - (2) The amount of insurance for the article.
 - c. Covered losses to the following property are settled at replacement cost at the time of loss:
 - (1) Coverage C – Personal Property, except such property as described in a. or b. above; and
 - (2) If covered in this policy:
 - (a) Carpeting, household appliances; and
 - (b) Awnings, outdoor antennas and outdoor equipment, whether or not attached to buildings.

However, we will not pay more than the least of the replacement cost at the time of loss without deduction for depreciation; the full cost of repair at the time of loss; the limit of liability that applies to Coverage C; or any special limits of liability described in the policy.

- d. When the replacement cost for the entire loss under c. above is more than \$500, we will pay no more than the actual cash value for the loss until the actual repair or replacement is complete.
- e. You make a claim for loss on an actual cash value basis. You may then make claim for any additional liability in accordance with this condition D.1., provided you notify us of your intent to do so within 180 days after the loss.

2. Buildings

a. Replacement Cost Protection

Loss to a building insured under Coverages A or B is settled as follows:

- (1) At replacement cost without deduction for depreciation. This includes the increased costs you incur due to the enforcement of any ordinance or law which requires or regulates:
 - (a) The construction, demolition, remodeling, renovation or repair of that part of a covered building damaged by a Peril Insured Against;

- (b) The demolition and reconstruction of a covered building, when that building must be totally demolished because of damage by a Peril Insured Against to another part of that covered building; or
 - (c) The remodeling, removal or replacement of that portion of the undamaged part of a covered building or other structure necessary to complete the remodeling, repair or replacement of that part of the covered building damaged by a Peril Insured Against.
- (2) We do not cover:
- (a) The loss in value to any covered building or other structure due to the requirements of any ordinance or law; or
 - (b) The cost to comply with any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, pollutants on any covered building or other structure.
- Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including:
- i. Smoke, soot;
 - ii. Fumes, vapor
 - iii. Acids, alkalis, chemicals; and
 - iv. Waste. Waste includes materials to be recycled, reconditioned or reclaimed;
- (3) We will pay no more than the least of the following amounts:
- (a) The replacement cost of that part of the damaged building with materials of like kind and quality and for like use;
 - (b) The necessary amount actually spent to repair or replace the building on the "residence premises" or some other premises within the State of North Carolina;
 - (c) The limit of liability under this policy, whether increased or not, that applies to the building and as provided in paragraph **b.** below.

If the building is rebuilt at a new premises, the cost described in (b) above is limited to the cost which would have been incurred if the building had been built at the original premises.

- (4) We will pay no more than the actual cash value of the damage until actual repair or replacement is completed.
- (5) You may disregard the replacement cost loss settlement provisions and make claim under this policy for loss to buildings on an actual cash value basis. You may then make claim for any additional liability in accordance with **D.2.a.** above if you notify us, within 180 days after the date of loss, of your intent to repair or replace the damaged building.

b. Enhanced Replacement Cost Protection

We will amend the present coverage amounts shown in the Declarations in accordance with (1) and (2) below.

- (1) If you have:
 - (a) Allowed us to adjust the Coverage **A** limit of liability and the premium in accordance with:
 - (i) The property evaluations we make; and
 - (ii) Any increases in inflation; and
 - (b) Notified us, within 30 days of completion, of any:
 - (i) Improvements;
 - (ii) Alterations; or
 - (iii) Additions;
 - to the building insured under Coverage **A** which increase the replacement cost of the building by 5% or more;
- paragraph (2) below will apply after loss if you elect to repair or replace the damaged building.
- (2) If there is a loss to the building insured under Coverage **A** that exceeds the Coverage **A** limit of liability shown in the Declarations, we will:
 - (a) Increase that limit to equal the replacement cost of the building;
 - (b) Also increase by the same percentage applied to Coverage **A** the limits of liability for Coverages **B**, **C** and **D**. However, we will do this only if the Coverage **A** limit of liability is increased under (1) above as a result of a Coverage **A** loss; and
 - (c) Adjust the policy premium from the time of loss for the remainder of the policy term based on the increased limits of liability determined at the time of loss.

Losses settled under this Condition **2.b.** will be settled in accordance with paragraph **(2)(a)** above.

3. Structures That Are Not Buildings

Loss to structures that are not buildings is settled at actual cash value at the time of loss but not more than:

- a. The amount required to repair or replace; or
- b. The limit of liability applying to the property.

E. Loss to a Pair or Set

In case of loss to a pair or set we may elect to:

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

F. 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.

G. Appraisal

If you and we fail to agree on the value or amount of any item or loss, either may demand an appraisal of such item or loss. In this event, each party will choose a competent and disinterested appraiser within 20 days after receiving a written request from the other. The two appraisers will choose a competent and impartial umpire. If they cannot agree upon an umpire within 15 days, you or we may request that a 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 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.

In no event will an appraisal be used for the purpose of:

3. Interpreting any policy provision;
4. Determining causation; or
5. Determining whether any item or loss is covered under this policy.

If there is an appraisal, we still retain the right to deny the claim.

H. Other Insurance And Service Agreement

If a loss covered by this policy is also covered by:

1. 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; or
2. A service agreement, this insurance is excess over any amounts payable under any such agreement.

Service agreement means a:

- a. Service plan;
 - b. Property restoration plan; or
 - c. Home warranty agreement or other similar service warranty agreement;
- even if it is characterized as insurance.

I. Suit Against Us

No action can be brought against us unless:

1. There has been full compliance with all of the terms under Section **I** of this policy; and
2. The action is started within three years after the date of loss.

J. 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 materials of like, kind and quality.

K. 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.

We will pay within 60 days after the amount is finally determined. This amount may be determined by:

1. Reaching an agreement with you;
2. Entry of a final judgment; or
3. The filing of an appraisal award with us.

L. Abandonment Of Property

We need not accept any property abandoned by an "insured".

M. Mortgage Clause

1. 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 of precedence of the mortgages.
2. 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. Paragraphs **G.** Appraisal, **I.** Suit Against Us and **K.** Loss Payment under Section I – Conditions also apply to the mortgagee.
3. If we decide to cancel or not to renew this policy, the mortgagee will be notified at least 10 days before the date cancellation or nonrenewal takes effect.
 4. 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.
 5. Subrogation will not impair the right of the mortgagee to recover the full amount of the mortgagee's claim.

N. 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.

O. Nuclear Hazard Clause

1. "Nuclear Hazard" means any:
 - a. Nuclear reaction;
 - b. Radiation; or
 - c. 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 Perils Insured Against.
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.

P. 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.

Q. Volcanic Eruption Period

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

R. Policy Period

This policy applies only to loss which occurs during the policy period.

S. Concealment Or Fraud

We provide coverage to no "insureds" under this policy if, whether before or after a loss, an "insured" has:

1. Intentionally concealed or misrepresented any material fact or circumstance;
 2. Engaged in fraudulent conduct; or
 3. Made false statements;
- relating to this insurance.

T. Loss Payable Clause

If the Declarations show a loss payee for certain listed insured personal property, the definition of "insured" is changed to include that loss payee with respect to that property.

If we decide to cancel or not renew this policy, that loss payee will be notified in writing.

SECTION II – LIABILITY COVERAGES

A. Coverage E – Personal Liability

If a claim is made or a suit is brought against an "insured" for damages because of:

1. "Bodily injury" or "property damage" caused by an "occurrence"; or
2. "Personal injury" resulting from an offense defined under "personal injury" to which this coverage applies, we will:
 - a. Pay up to our limit of liability for the damages for which an "insured" is legally liable. Damages include prejudgment interest awarded against an "insured"; and
 - b. 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 our limit of liability for the "occurrence" or offense has been exhausted by payment of a judgment or settlement.

B. 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:

1. Medical, surgical, and dental services;
2. Ambulance, hospital and professional nursing services;
3. Prosthetic devices, x-rays; and
4. 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:

5. To a person on the "insured location" with the permission of an "insured"; or
6. 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

A. "Motor Vehicle Liability"

1. Coverages **E** and **F** do not apply to any "motor vehicle liability" if, at the time and place of an "occurrence", the involved "motor vehicle":
 - a. Is registered for use on public roads or property;
 - b. Is not registered for use on public roads or property, but such registration is required by a law, or regulation issued by a government agency, for it to be used at the place of the "occurrence"; or
 - c. Is being:
 - (1) Operated in, or practicing for, any prearranged or organized race, speed contest or other competition;
 - (2) Rented to others;
 - (3) Used to carry persons or cargo for a charge; or
 - (4) Used for any "business" purpose except for a motorized golf cart while on a golfing facility.

2. If Exclusion **A.1.** does not apply, there is still no coverage for "motor vehicle liability" unless the "motor vehicle" is:
 - a. In dead storage on an "insured location";
 - b. Used to service an "insured's" residence;
 - c. Designed to assist the handicapped and, at the time of an "occurrence", it is:
 - (1) Being used to assist a handicapped person; or
 - (2) Parked on an "insured location";
 - d. Designed for recreational use off public roads and:
 - (1) Not owned by an "insured"; or
 - (2) Owned by an "insured" provided the "occurrence" takes place:
 - (a) On an "insured location" as defined in Definition **B.9.a., b., d., e. or h.**; or
 - (b) Off an "insured location" and the "motor vehicle" is:
 - (i) Designed as a toy vehicle for use by children under seven years of age;
 - (ii) Powered by one or more batteries; and
 - (iii) Not built or modified after manufacture to exceed a speed of five miles per hour on level ground;
 - e. A motorized golf cart that is owned by an "insured", 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:
 - (1) A golfing facility and is parked or stored there, or being used by an "insured" to:
 - (a) Play the game of golf or for other recreational or leisure activity allowed by the facility;
 - (b) Travel to or from an area where "motor vehicles" or golf carts are parked or stored; or
 - (c) Cross public roads at designated points to access other parts of the golfing facility; or
 - (2) A private residential community, including its public roads upon which a motorized golf cart can legally travel, which:
 - (a) Is subject to the authority of a property owners association; and
 - (b) Contains an "insured's" residence.

B. "Watercraft Liability"

1. Coverages **E** and **F** do not apply to any "watercraft liability" if, at the time of an "occurrence", the involved watercraft is being:
 - a. Operated in, or practicing for, any prearranged or organized race, speed contest or other competition. This exclusion does not apply to a sailing vessel or a predicted log cruise;
 - b. Rented to others;
 - c. Used to carry persons or cargo for a charge; or
 - d. Used for any "business" purpose.
2. If Exclusion **B.1.** does not apply, there is still no coverage for "watercraft liability" unless, at the time of the "occurrence", the watercraft:
 - a. Is stored;
 - b. Is a sailing vessel, with or without auxiliary power, that is:
 - (1) Less than 26 feet in overall length; or
 - (2) 26 feet or more in overall length and not owned by or rented to an "insured"; or
 - c. Is not a sailing vessel and is powered by:
 - (1) An inboard or inboard-outdrive engine or motor, including those that power a water jet pump, of:
 - (a) 50 horsepower or less and not owned by an "insured"; or
 - (b) More than 50 horsepower and not owned by or rented to an "insured"; or
 - (2) One or more outboard engines or motors with:
 - (a) 25 total horsepower or less;
 - (b) More than 25 horsepower if the outboard engine or motor is not owned by an "insured";
 - (c) More than 25 horsepower if the outboard engine or motor is owned by an "insured" who acquired it during the policy period; or
 - (d) More than 25 horsepower if the outboard engine or motor is owned by an "insured" who acquired it before the policy period, but only if:
 - (i) You declare them at policy inception; or
 - (ii) Your intent to insure them is reported to us in writing within 45 days after you acquire them.

The coverages in **(c)** and **(d)** above apply for the policy period

.Horsepower means the maximum power rating assigned to the engine or motor by the manufacturer.

C. "Aircraft Liability"

This policy does not cover "aircraft liability".

D. "Hovercraft Liability"

This policy does not cover "hovercraft liability".

E. Coverage E – Personal Liability And Coverage F – Medical Payments To Others

Coverages **E** and **F** do not apply to the following:

1. Expected or Intended Injury

- a. "Bodily injury" or "property damage" which is intended by or which may reasonably be expected to result from the:
 - (1) Intentional acts or omissions; or
 - (2) Criminal acts or omissions; orof one or more "insured" persons.
- b. This exclusion applies even if:
 - (1) The "insured" persons lack the mental capacity to govern their own conduct;
 - (2) The "bodily injury" or "property damage" is of a different kind, quality or degree than intended or reasonably expected; or
 - (3) The "bodily injury" or "property damage" is sustained by a different person, entity or property than initially intended or reasonably expected.

This exclusion applies regardless of whether or not an "insured" person is actually charged with, or convicted of, a crime.

2. "Business"

- a. "Bodily injury" or "property damage" arising out of or in connection with a "business" engaged in by an "insured".

This Exclusion **E.2.** 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".

- b. With respect to other than "home-sharing host activities", this Exclusion **E.2.** does not apply to:

- (1) 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; and

(2) An insured minor involved in part-time, self-employed "business" pursuits normally undertaken by minors, unless the minor is employed by a "business". A minor means a person who has not attained his or her 19th birthday (or age 23 if a full time student);

3. Professional Services

"Bodily injury" or "property damage" arising out of the rendering of or failure to render professional services;

4. "Insured's" Premises Not An "Insured Location"

"Bodily injury" or "property damage" arising out of a premises:

- a. Owned by an "insured";
 - b. Rented to an "insured"; or
 - c. Rented to others by an "insured";
- that is not an "insured location";

5. War

"Bodily injury" or "property damage" caused directly or indirectly by war, including the following and any consequence of any of the following:

- a. Undeclared war, civil war, insurrection, rebellion or revolution;
- b. Warlike act by a military force or military personnel; or
- c. Destruction, seizure or use for a military purpose.

Discharge of a nuclear weapon will be deemed a warlike act even if accidental;

6. Communicable Disease

"Bodily injury" or "property damage" which arises out of the transmission of a communicable disease by an "insured";

7. Sexual Molestation, Corporal Punishment Or Physical Or Mental Abuse

"Bodily injury" or "property damage" arising out of sexual molestation, corporal punishment or physical or mental abuse;

8. Controlled Substance

"Bodily injury" or "property damage" arising out of the use, sale, manufacture, delivery, transfer or possession by any person of a Controlled Substance as defined by the Federal Food and Drug Law at 21 U.S.C.A. Sections 811 and 812.

Controlled Substances include but are not limited to:

- a. Cocaine;
- b. LSD;

c. Marijuana and

d. All narcotic drugs.

However, this exclusion does not apply to the legitimate use of prescription drugs by a person following the lawful orders of a licensed health care professional; or

9. "Fungi", Wet Or Dry Rot, Or Bacteria

"Bodily injury" or "property damage" arising directly or indirectly, in whole or in part, out of the actual, alleged or threatened:

- a. Inhalation of;
- b. Ingestion of;
- c. Contact with;
- d. Exposure to;
- e. Existence of; or
- f. Presence of;

any "fungi", wet or dry rot, or bacteria.

Exclusions **A.** "Motor Vehicle Liability", **B.** "Watercraft Liability", **C.** "Aircraft Liability", **D.** "Hovercraft Liability" and **E.4.** "Insured's" Premises Not An "Insured Location" 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".

F. Coverage E – Personal Liability

Coverage E does not apply to:

1. Liability:

- a. For any loss assessment charged against you as a member of an association, corporation or community of property owners, except as provided in **D.** Loss Assessment under Section II – Additional Coverages;
- b. Under any contract or agreement entered into by an "insured". However, this exclusion does not apply to written contracts:
 - (1) That directly relate to the ownership, maintenance or use of an "insured location"; or
 - (2) Where the liability of others is assumed by you prior to an "occurrence";unless excluded in **a.** above or elsewhere in this policy;

2. "Property damage" to property owned by an "insured". This includes costs or expenses incurred by an "insured" or others to repair, replace, enhance, restore or maintain such property to prevent injury to a person or damage to property of others, whether on or away from an "insured location";

3. "Property damage" to property:

- a. Rented to;
- b. Occupied or used by; or

- c. In the care of an "insured".
This exclusion does not apply to "property damage" caused by fire, smoke, explosion or water;
- 4. "Bodily injury" to any person eligible to receive any benefits voluntarily provided or required to be provided by an "insured" under any:
 - a. Workers' compensation law;
 - b. Non-occupational disability law; or
 - c. Occupational disease law;
- 5. "Bodily injury" or "property damage" for which an "insured" under this policy:
 - a. Is also an insured under a nuclear energy liability policy issued by the:
 - (1) Nuclear Energy Liability Insurance Association;
 - (2) Mutual Atomic Energy Liability Underwriters;
 - (3) Nuclear Insurance Association of Canada;
 or any of their successors; or
 - b. Would be an insured under such a policy but for the exhaustion of its limit of liability;
- 6. "Bodily injury" to you or an "insured" as defined under Definitions **8.a.** or **b.**
This exclusion also applies to any claim made or suit brought against you or an "insured" to:
 - a. Repay; or
 - b. Share damages with;
another person who may be obligated to pay damages because of "bodily injury" to an "insured".
- 7. "Bodily injury" or "property damage" arising out of an act or omission of an "insured" as an officer or member of the board of directors of a corporation or organization. This exclusion does not apply if:
 - a. The corporation or organization is not-for-profit, or is a corporation or association of property owners; and
 - b. The "insured" received no compensation.
- 8. "Personal Injury":
 - a. Caused by or at the direction of an "insured" with the knowledge that the act would:
 - (1) Violate the rights of another; and
 - (2) Inflict "personal injury";
 - b. Arising out of oral or written publication of material:
 - (1) If done by or at the direction of an "insured" with knowledge of its falsity; or
 - (2) Whose first publication took place before the beginning of the policy period;
- c. Arising out of a criminal act committed by or at the direction of an "insured";
- d. Arising out of liability assumed by an "insured" under any contract or agreement.
This exclusion does not apply to any indemnity obligation assumed by an "insured" under a written contract directly relating to the ownership, maintenance or use of the premises;
- e. Sustained by any person as a result of an offense directly or indirectly related to the employment of this person by an "insured";
- f. Arising out of or in connection with a "business" engaged in by an "insured."
 - (1) This exclusion applies but is not limited to an act or omission, regardless of its nature or circumstance, involving a service or duty:
 - (a) Rendered;
 - (b) Promised;
 - (c) Owed; or
 - (d) Implied to be provided;
because of the nature of the "business".
 - (2) With respect to other than "home-sharing host activities", this exclusion does not apply to:
 - (a) The rental or holding for rental of an "insured location";
 - (i) On an occasional basis if used only as a residence;
 - (ii) 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
 - (iii) In part, as an office, school, studio or private garage; and
 - (b) An insured minor involved in part-time, self-employed "business" pursuits normally undertaken by minors, unless the minor is employed by a "business". A minor means a person who has not attained his or her 19th birthday (or age 23 if a full time student);
- g. Civic or public activities performed for pay by an "insured";
- h. To you or an "insured" as defined under Definitions **8.a.** or **b.**
This exclusion also applies to any claim made or suit brought against you or an "insured":
 - (1) To repay; or
 - (2) Share damages with;

another person who may be obligated to pay damages because of "personal injury" to an "insured";

- i Arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of pollutants at any time.

Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including:

- (1) Smoke, soot;
- (2) Fumes, vapor;
- (3) Acids, alkalis, chemicals; and
- (4) Waste. Waste includes materials to be recycled, reconditioned or reclaimed;

- j. Arising directly or indirectly, in whole or in part, out of the actual, alleged or threatened:

- (1) Inhalation of;
- (2) Ingestion of;
- (3) Contact with;
- (4) Exposure to;
- (5) Existence of; or
- (6) Presence of;

any "fungi", wet or dry rot, or bacteria.

- 9. Any loss, cost or expense arising out of any:

- a. Request, demand or order that an "insured" or others:

- (1) Test for;
- (2) Monitor;
- (3) Clean up;
- (4) Remove;
- (5) Contain;
- (6) Treat;
- (7) Detoxify;
- (8) Neutralize; or
- (9) In any way respond to, or assess the effects of;

pollutants, "fungi", wet or dry rot, or bacteria; or

- b. Claim or suit by or on behalf of a governmental authority for damages because of:

- (1) Testing for;
- (2) Monitoring;
- (3) Clean up;
- (4) Removing;
- (5) Containing;
- (6) Treating
- (7) Detoxifying;
- (8) Neutralizing; or

- (9) In any way responding to, or assessing the effects of;

pollutants, "fungi", wet or dry rot, or bacteria.

G. Coverage F – Medical Payments To Others

Coverage F does not apply to "bodily injury":

- 1. To a "residence employee" if the "bodily injury":

- a. Occurs off the "insured location"; and
- b. Does not arise out of or in the course of the "residence employee's" employment by an "insured";

- 2. To any person eligible to receive benefits voluntarily provided or required to be provided under any:

- a. Workers' compensation law;
- b. Non-occupational disability law; or
- c. Occupational disease law;

- 3. From any:

- a. Nuclear reaction;
- b. Nuclear radiation; or
- c. Radioactive contamination;

all whether controlled or uncontrolled or however caused; or

- d. Any consequence of any of these; or

- 4. To

- a. A "home-sharing occupant"; or
- b. 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:

A. Claim Expenses

We pay the following:

- 1. Expenses we incur and costs taxed against an "insured" in any suit we defend;

- 2. Premiums on bonds required in a suit we defend, but not for bond amounts more than the Coverage E limit of liability. We need not apply for or furnish any bond;

- 3. Reasonable expenses incurred by an "insured" at our request, including actual loss of earnings (but not loss of other income) for assisting us in the investigation or defense of a claim or suit. The most we will pay for such expense is \$250;

- 4. Interest on the entire judgment which accrues after entry of the judgment and before we:

- a. Pay or tender; or
- b. Deposit in court;

that part of the judgment which does not exceed the limit of liability that applies;

5. Prejudgment interest awarded against the "insured" on that part of the judgment we pay.

If we make an offer to pay the limit of liability that applies, we will not pay any prejudgment interest based on that period of time after the offer.

B. 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 an "insured".

C. Damage To Property Of Others

1. We will pay, at replacement cost, up to \$1,000 per "occurrence" for "property damage" to property of others caused by an "insured".

2. We will not pay for "property damage":

- a. To the extent of any amount recoverable under Section I;
- 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:
 - (1) Tenant of an "insured"; or
 - (2) Resident in your household; or
- e. Arising out of:
 - (1) A "business" engaged in by an "insured";
 - (2) Any act or omission in connection with a premises:
 - (a) Owned by;
 - (b) Rented by; or
 - (c) Controlled by;an "insured", other than the "insured location"; or
 - (3) The ownership, maintenance, occupancy, operation, use, loading or unloading of:
 - (a) Aircraft;
 - (b) Hovercraft;
 - (c) Watercraft; or
 - (d) "Motor vehicles".

This Exclusion **e.(3)** does not apply to a "motor vehicle" that:

- (1) Is designed for recreational use off public roads;
- (2) Is not owned by an "insured"; and
- (3) At the time of the "occurrence", is not:

- (i) Required by law; or
- (ii) Regulation issued by a government agency;

to have been registered for it to be used on public roads or property.

D. Loss Assessment

1. We will pay up to \$1,000 for your share of loss assessment charged against you, as owner or tenant of the "residence premises", during the policy period by a corporation or association of property owners, when the assessment is made as a result of:

- a. "Bodily injury" or "property damage" not excluded from coverage under Section II – Exclusions; or
- b. Liability for an act of a director, officer or trustee in the capacity as a director, officer or trustee, provided such person:
 - (1) Is elected by the members of a corporation or association of property owners; and
 - (2) Serves without deriving any income from the exercise of duties which are solely on behalf of a corporation or association of property owners.
- c. "Personal injury" not excluded from coverage under Section II – Exclusion **F.8.** above.

2. Paragraph **I. Policy Period** under Section II – Conditions does not apply to this Loss Assessment Coverage provided under **1.a.** and **b.** above.

3. Regardless of the number of assessments, the limit of \$1,000 is the most we will pay for loss arising out of:

- a. One accident, including continuous or repeated exposure to substantially the same general harmful condition;
- b. One or more offenses defined under "personal injury"; or
- c. A covered act of a:
 - (1) Director;
 - (2) Officer; or
 - (3) Trustee.

An act involving more than one director, officer or trustee is considered to be a single act.

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

SECTION II – CONDITIONS

A. Limit Of Liability

Our total liability under Coverage **E** for all damages resulting from:

- 1. Any one "occurrence" of "bodily injury" or "property damage"; or

2. Any one offense of "personal injury";

will not be more than the Coverage E Limit Of Liability shown in the Declarations. This limit is the same regardless of the number of "insureds", claims made, persons injured or suits brought.

1. "Bodily Injury" And "Property Damage"

All "bodily injury" and "property damage" resulting from:

- a. Any one accident; or
- b. From continuous or repeated exposure to substantially the same general harmful conditions;

shall be considered to be the result of one "occurrence"; and

2. "Personal Injury"

All injury resulting from:

- a. Any one offense, as defined under "personal injury"; or
- b. From a series of related offenses;

shall be considered to be the result of one offense.

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 Coverage F Limit Of Liability shown in the Declarations.

B. Severability Of Insurance

This insurance applies separately to each "insured". This condition will not increase our limit of liability for any one "occurrence" or offense.

C. Duties After An "Occurrence" Or Offense-

In case of an "occurrence" or offense, you or another "insured" will perform the following duties that apply. We have no duty to provide coverage under this policy if your failure to comply with the following duties is prejudicial to us. You will help us by seeing that these duties are performed:

- 1. Give written notice to us or our agent as soon as is practical, which sets forth:
 - a. The identity of the policy and the "named insured" shown in the Declarations;
 - b. Reasonably available information on the time, place and circumstances of the "occurrence" or offense; and
 - c. Names and addresses of any claimants and witnesses;
- 2. Cooperate with us in the investigation, settlement or defense of any claim or suit;
- 3. Promptly forward to us every notice, demand, summons or other process relating to the "occurrence" or offense;
- 4. At our request, help us:
 - a. To make settlement;

- b. To enforce any right of contribution or indemnity against any person or organization who may be liable to an "insured";

- c. With the conduct of suits and attend hearings and trials; and

- d. To secure and give evidence and obtain the attendance of witnesses;

5. With respect to C. Damage To Property Of Others under Section II – Additional Coverages, submit to us within 60 days after the loss a sworn statement of loss and show the damaged property, if in an "insured's" control;

6. No "insured" shall, except at such "insured's" own cost:

- a. Voluntarily make payment;
- b. Assume obligation; or
- c. Incur expense;

other than for first aid to others at the time of the "bodily injury" or "personal injury".

D. Duties Of An Injured Person – Coverage F – Medical Payments To Others

1. 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.

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

E. Payment Of Claim – Coverage F – Medical Payments To Others

Payment under this coverage is not an admission of liability by an "insured" or us.

F. Suit Against Us

- 1. No action can be brought against us unless there has been full compliance with all of the terms under this Section II.
- 2. No one will have the right to join us as a party to any action against an "insured".
- 3. Also, no action with respect to Coverage E can be brought against us until the obligation of such "insured" has been determined by final judgment or agreement signed by us.

G. Bankruptcy Of An "Insured"

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

H. 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.

I. Policy Period

This policy applies only to:

1. Bodily injury";
2. "Property damage"; or
3. "Personal injury"

which occurs during the policy period.

J. Concealment Or Fraud

We do not provide coverage to an "insured" who, whether before or after a loss, has:

1. Intentionally concealed or misrepresented any material fact or circumstance;
2. Engaged in fraudulent conduct; or
3. Made false statements;

relating to this insurance.

SECTIONS I AND II – CONDITIONS

A. Liberalization Clause

If we make a change to this edition of our policy which broadens coverage without additional premium charge, that change will automatically apply to your insurance on the date we implement the change in your state. This clause applies only if that date of change is effective during or within 60 days prior to your policy period.

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:

1. A subsequent edition of this policy; or
2. An amendatory endorsement.

B. 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.

C. Cancellation

1. 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.
2. 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.

a. 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.

b. 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.

c. 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:

(1) If there has been a material misrepresentation of fact which if known to us would have caused us not to issue the policy; or

(2) 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.

d. When this policy is written for a period of 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.

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

4. 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.

D. Nonrenewal

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

E. Assignment

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

2. The benefits of this policy that may be available to you following a covered loss may not be assigned unless:

a. All duties listed in Section 1 - Conditions, C. Duties After Loss are performed by you, and

b. An inspection of the damage has been conducted by an adjuster authorized by us, or we give our written consent.

F. 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 to Coverage **F** or Paragraph **C. Damage To Property Of Others** under Section **II** – Additional Coverages.

G. Death

If any person named in the Declarations or the spouse, if a resident of the same household, dies, the following apply:

1. 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; and
2. "Insured" includes:
 - a. An "insured" who is a member of your household at the time of your death, but only while a resident of the "residence premises"; and
 - b. With respect to your property, the person having proper temporary custody of the property until appointment and qualification of a legal representative.

H. Choice Of Law

This policy is issued in accordance with the laws of North Carolina and covers property or risks principally located in North Carolina. Any and all claims or disputes in any way related to this policy shall be governed by the laws of North Carolina.