

SERFF Tracking Number: FARM-125837432 State: Arkansas
Filing Company: Farmers Insurance Exchange State Tracking Number: EFT \$50
Company Tracking Number: FAR0840-107280
TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations
Product Name: F-AR-2008-HO-F
Project Name/Number: AR NextGen HO Program - Coverage Changes/F-08-063

Filing at a Glance

Company: Farmers Insurance Exchange

Product Name: F-AR-2008-HO-F

TOI: 04.0 Homeowners

Sub-TOI: 04.0000 Homeowners Sub-TOI
Combinations

Filing Type: Form

SERFF Tr Num: FARM-125837432 State: Arkansas

SERFF Status: Closed

State Tr Num: EFT \$50

Co Tr Num: FAR0840-107280

State Status: Fees verified and
received

Co Status:

Reviewer(s): Becky Harrington,
Betty Montesi

Authors: Anahit Bekarian, Jeanette Disposition Date: 12/17/2008

Campion, Gayane Rupchian, Mina

Villegas, Chris SalvaCruz, Edmond

Balaian, Karen Lacy

Date Submitted: 10/10/2008

Disposition Status: Approved

Effective Date Requested (New): 04/16/2009

Effective Date (New): 04/16/2009

Effective Date Requested (Renewal): 04/16/2009

Effective Date (Renewal):

04/16/2009

State Filing Description:

Correct fee is \$50.

General Information

Project Name: AR NextGen HO Program - Coverage Changes

Project Number: F-08-063

Reference Organization:

Reference Title:

Filing Status Changed: 12/17/2008

State Status Changed: 10/22/2008

Corresponding Filing Tracking Number:

Filing Description:

Dear Commissioner:

Status of Filing in Domicile: Not Filed

Domicile Status Comments:

Reference Number:

Advisory Org. Circular:

Deemer Date:

We respectfully submit for your review and approval 3 new endorsements to be used with our Next Generation

SERFF Tracking Number: FARM-125837432 State: Arkansas
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Product Name: F-AR-2008-HO-F
Project Name/Number: AR NextGen HO Program - Coverage Changes/F-08-063

Homeowners program. Two new optional coverages will be offered for an additional premium to provide the following coverages:

- J6676, 1st Edition – Unscheduled Personal Articles Endorsement
- J6677, 1st Edition – Farmers Next Generation Homeowners Endorsement Extending Coverage Under Section II – Liability for Farm Land Leased to Others

Rates and Rules for these optional coverages will be filed separately.

We will also be introducing a mandatory endorsement AR008, 1st Edition – Farmers Next Generation Homeowners Amendatory Endorsement. This endorsement's language expands coverage and clarifies coverage intent found in our Next Generation Homeowners policy.

In addition, we are also filing a second edition of our Next Generation Homeowners policy. Changes under this new edition expand coverage and others revise language.

As a result of the changes to the second edition Next Generation Homeowners policy it is also necessary to revise the following previously approved optional coverages to track with the revised language:

- J6234, 4th Edition – Modified Loss Settlement
- J6254, 2nd Edition – Increased Limits on Certain Personal Property
- J6259, 3rd Edition – Endorsement Adding Personal Watercraft Coverage
- J6467, 2nd Edition – Farmers Next Generation Homeowners Basic Package Endorsement

The proposed effective date for new business and renewals for use of all above mentioned forms is April 16, 2009.

If you have any questions concerning these forms, please contact Julie Whittington at (323) 932-3170 or julie_whittington@farmersinsurance.com.

The Flesch score for J6676 is 45.1

The Flesch score for J6677 is 48.3

SERFF Tracking Number: FARM-125837432 State: Arkansas
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 Product Name: F-AR-2008-HO-F
 Project Name/Number: AR NextGen HO Program - Coverage Changes/F-08-063

Sincerely,
 FARMERS INSURANCE EXCHANGE

Juliette Whittington
 Personal Lines Contracts

Company and Contact

Filing Contact Information

Brenda Dorogi, Manager - Business
 Implementation
 4700 Wilshire Blvd.
 Los Angeles, CA 90010

Brenda.Dorogi@farmersinsurance.com
 (323) 964-8723 [Phone]

Filing Company Information

Farmers Insurance Exchange
 4680 Wilshire Blvd.
 Los Angeles, CA 90010
 (323) 932-3056 ext. [Phone]

CoCode: 21652 State of Domicile: California
 Group Code: 212 Company Type:
 Group Name: State ID Number:
 FEIN Number: 95-2575893

Filing Fees

Fee Required? Yes
 Fee Amount: \$25.00
 Retaliatory? No
 Fee Explanation: \$26.00 is the required filing fee for this filing. Check is being submitted via EFT.
 Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Farmers Insurance Exchange	\$25.00	10/10/2008	23111113

SERFF Tracking Number: FARM-125837432 State: Arkansas
Filing Company: Farmers Insurance Exchange State Tracking Number: EFT \$50
Company Tracking Number: FAR0840-107280
TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations
Product Name: F-AR-2008-HO-F
Project Name/Number: AR NextGen HO Program - Coverage Changes/F-08-063

Farmers Insurance Exchange \$25.00 10/10/2008 23126530

SERFF Tracking Number: FARM-125837432 State: Arkansas
 Filing Company: Farmers Insurance Exchange State Tracking Number: EFT \$50
 Company Tracking Number: FAR0840-107280
 TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations
 Product Name: F-AR-2008-HO-F
 Project Name/Number: AR NextGen HO Program - Coverage Changes/F-08-063

Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Approved	Becky Harrington	12/17/2008	12/17/2008

Objection Letters and Response Letters

Objection Letters				Response Letters		
Status	Created By	Created On	Date Submitted	Responded By	Created On	Date Submitted
Pending Industry Response	Becky Harrington	12/12/2008	12/12/2008	Chris SalvaCruz	12/12/2008	12/12/2008
Pending Industry Response	Becky Harrington	11/24/2008	11/24/2008	Mina Villegas	12/11/2008	12/11/2008
Pending Industry Response	Becky Harrington	10/22/2008	10/22/2008	Mina Villegas	11/20/2008	11/20/2008
Pending Industry Response	Becky Harrington	10/10/2008	10/10/2008	Mina Villegas	10/20/2008	10/20/2008

Amendments

Item	Schedule	Created By	Created On	Date Submitted
Corrected response cover letter	Supporting Document	Mina Villegas	11/21/2008	11/21/2008

SERFF Tracking Number: FARM-125837432 *State:* Arkansas
Filing Company: Farmers Insurance Exchange *State Tracking Number:* EFT \$50
Company Tracking Number: FAR0840-107280
TOI: 04.0 Homeowners *Sub-TOI:* 04.0000 Homeowners Sub-TOI Combinations
Product Name: F-AR-2008-HO-F
Project Name/Number: AR NextGen HO Program - Coverage Changes/F-08-063

Farmers Next Form Karen Lacy 11/18/2008 11/18/2008
 Generation
 Homeowners
 Policy Index
Filing Notes

Subject	Note Type	Created By	Created On	Date Submitted
Objection Letter of 10/22/08	Note To Filer	Becky Harrington	11/19/2008	11/19/2008
Marked-up copy	Note To Filer	Becky Harrington	10/10/2008	10/10/2008

SERFF Tracking Number: FARM-125837432 State: Arkansas
Filing Company: Farmers Insurance Exchange State Tracking Number: EFT \$50
Company Tracking Number: FAR0840-107280
TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations
Product Name: F-AR-2008-HO-F
Project Name/Number: AR NextGen HO Program - Coverage Changes/F-08-063

Disposition

Disposition Date: 12/17/2008

Effective Date (New): 04/16/2009

Effective Date (Renewal): 04/16/2009

Status: Approved

Comment:

Rate data does NOT apply to filing.

SERFF Tracking Number: FARM-125837432 State: Arkansas
 Filing Company: Farmers Insurance Exchange State Tracking Number: EFT \$50
 Company Tracking Number: FAR0840-107280
 TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations
 Product Name: F-AR-2008-HO-F
 Project Name/Number: AR NextGen HO Program - Coverage Changes/F-08-063

Item Type	Item Name	Item Status	Public Access
Supporting Document	Uniform Transmittal Document-Property & Casualty	Approved	Yes
Supporting Document	Response to Objection Letter and Note to Reviewer dated 10/10/2008	Approved	Yes
Supporting Document	Response to Objection Letter dated 10/22/2008	Approved	Yes
Supporting Document	Corrected response cover letter	Approved	Yes
Supporting Document	Response to Objection Letter dated 11/24/2008	Approved	Yes
Form	Unscheduled Personal Articles Endorsement	Approved	Yes
Form	Farmers Next Generation Homeowners Endorsement Extending Coverage Under Section II-Liability for Farmland Leased to Others	Approved	Yes
Form	Modified Loss Settlement	Approved	Yes
Form	Increased Limits on Certain Personal Property	Approved	Yes
Form	Endorsement Adding Personal Watercraft Coverage	Approved	Yes
Form	Farmers Next Generation Homeowners Basic Package Endorsement	Approved	Yes
Form (revised)	Farmers Next Generation Homeowners Policy Index	Approved	Yes
Form	Farmers Next Generation Homeowners Policy Index		Yes
Form (revised)	Farmers Next Generation Homeowners Amendatory Endorsement	Approved	Yes
Form	Farmers Next Generation Homeowners Amendatory Endorsement		Yes
Form	Farmers Next Generation Homeowners Policy Index		Yes

SERFF Tracking Number: FARM-125837432 State: Arkansas
Filing Company: Farmers Insurance Exchange State Tracking Number: EFT \$50
Company Tracking Number: FAR0840-107280
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Product Name: F-AR-2008-HO-F
Project Name/Number: AR NextGen HO Program - Coverage Changes/F-08-063

Objection Letter

Objection Letter Status Pending Industry Response
Objection Letter Date 12/12/2008
Submitted Date 12/12/2008
Respond By Date

Dear Brenda Dorogi,

This will acknowledge receipt of the response dated 12/11/08.

Thank you for making the changes.

Objection 1

- Response to Objection Letter dated 11/24/2008 (Supporting Document)

Comment: The Explainer refers to the amendatory endorsement as form AR008A. The form number on the endorsement submitted for approval does not contain the A.

Objection 2

No Objections

Comment: Please attach the revised versions of the forms under the forms schedule tab instead of the supporting documentation tab.

Please feel free to contact me if you have questions.

Sincerely,

Becky Harrington

Response Letter

Response Letter Status Submitted to State
Response Letter Date 12/12/2008
Submitted Date 12/12/2008

Dear Becky Harrington,

Comments:

Response 1

SERFF Tracking Number: FARM-125837432 State: Arkansas
 Filing Company: Farmers Insurance Exchange State Tracking Number: EFT \$50
 Company Tracking Number: FAR0840-107280
 TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations
 Product Name: F-AR-2008-HO-F
 Project Name/Number: AR NextGen HO Program - Coverage Changes/F-08-063

Comments: Dear Ms. Harrington,

Response to Objection 1:

Per our phone conversation, the "A" version that you are referring to was inadvertently sent to you. The "A" noted in the form as AR008A - constitutes to us as a company that the Endorsement with Explainer notice was provided to the policyholder with their annual renewal rather than at the time of new business. I hope this clarifies to you that it is not a separate form, but rather an identification code for internal use.

Sincerely,

Julie Whittington
 Personal Lines Contracts

Related Objection 1

Applies To:

- Response to Objection Letter dated 11/24/2008 (Supporting Document)

Comment:

The Explainer refers to the amendatory endorsement as form AR008A. The form number on the endorsement submitted for approval does not contain the A.

Related Objection 2

Comment:

Please attach the revised versions of the forms under the forms schedule tab instead of the supporting documentation tab.

Changed Items:

No Supporting Documents changed.

Form Schedule Item Changes

Form Name	Form Number	Edition Date	Form Type	Action	Action Specific Data	Readability Score	Attach Document
Farmers Next Generation Homeowners Policy Index	56-5549, 2nd edition	7-08	Other	Replaced			c5549200 (12-11-08).pdf

SERFF Tracking Number: FARM-125837432 State: Arkansas
 Filing Company: Farmers Insurance Exchange State Tracking Number: EFT \$50
 Company Tracking Number: FAR0840-107280
 TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations
 Product Name: F-AR-2008-HO-F
 Project Name/Number: AR NextGen HO Program - Coverage Changes/F-08-063

Previous Version

Farmers Next 56-5549, 7-08 Other Replaced c5549200
 Generation 2nd (11-12-08)
 Homeowners Policy edition AR.pdf
 Index

Farmers Next 56-5549, 7-08 Other Replaced 56-5549,
 Generation 2nd 2nd
 Homeowners Policy edition Edition.pdf
 Index

Farmers Next 94-1635, 9-08 Endorsement/Amendment Replaced W163510
 Generation 1st edition /Conditions 0 (AR008)
 Homeowners 12-11-
 Amendatory 08.pdf
 Endorsement

Previous Version

Farmers Next AR008, 9-08 Endorsement/Amendment Replaced W163510
 Generation 1st edition /Conditions 0
 Homeowners (AR008).p
 Amendatory df
 Endorsement

SERFF Tracking Number: FARM-125837432 *State:* Arkansas
Filing Company: Farmers Insurance Exchange *State Tracking Number:* EFT \$50
Company Tracking Number: FAR0840-107280
TOI: 04.0 Homeowners *Sub-TOI:* 04.0000 Homeowners Sub-TOI Combinations
Product Name: F-AR-2008-HO-F
Project Name/Number: AR NextGen HO Program - Coverage Changes/F-08-063

No Rate/Rule Schedule items changed.

Sincerely,

Anahit Bekarian, Chris SalvaCruz, Edmond Balaian, Gayane Rupchian, Jeanette Campion, Karen Lacy, Mina Villegas

SERFF Tracking Number: FARM-125837432 State: Arkansas
Filing Company: Farmers Insurance Exchange State Tracking Number: EFT \$50
Company Tracking Number: FAR0840-107280
TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations
Product Name: F-AR-2008-HO-F
Project Name/Number: AR NextGen HO Program - Coverage Changes/F-08-063

Objection Letter

Objection Letter Status Pending Industry Response

Objection Letter Date 11/24/2008

Submitted Date 11/24/2008

Respond By Date

Dear Brenda Dorogi,

This will acknowledge receipt of the captioned filing.

Objection 1

- Farmers Next Generation Homeowners Amendatory Endorsement (Form)

Comment: Per your statement, AR008 amends the 1st version of policy form 56-5549 to be identical to the 2nd version. The Accuracy of Information and Changed Circumstances of the amendatory endorsement adds language to the 1st edition that is not included in the 2nd edition.

The language "You agree that if any information we use to rate or underwrite your policy, including but not limited to whether you qualify for discounts, changes or is determined by you or us to be incorrect or incomplete, we may, during the policy period, re-underwrite this insurance, including adjusting coverage and/or premium." must be removed. It is our opinion that it would allow possible violations of the trade practices.

Objection 2

- Farmers Next Generation Homeowners Policy Index (Form)

Comment: The new language of the third paragraph, under Section 1, Uninsured loss or damage and excluded causes of loss or damage, A. Uninsured Types of Loss or Damage is unacceptable and must be removed. (Page 23)

This language is vague and ambiguous given the affirmative coverages. "Any reason" could conceivably give the company ample 'excuses' to deny viable claims.

Objection 3

- Farmers Next Generation Homeowners Policy Index (Form)

Comment: Regarding the definition of vacant or vacancy - We consider your clarification of the term legally woefully inadequate. There are uses that may not be known by the owner, but would have been approved. We do not consider the language precise or definitive enough for approval.

Objection 4

- Farmers Next Generation Homeowners Amendatory Endorsement (Form)

Comment: Please verify that all the language in the amendatory endorsement to assure each amendment is included in the 2nd addition and therefore required for the 1st edition.

SERFF Tracking Number: FARM-125837432 State: Arkansas
Filing Company: Farmers Insurance Exchange State Tracking Number: EFT \$50
Company Tracking Number: FAR0840-107280
TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations
Product Name: F-AR-2008-HO-F
Project Name/Number: AR NextGen HO Program - Coverage Changes/F-08-063

Please feel free to contact me if you have questions.

Sincerely,

Becky Harrington

Response Letter

Response Letter Status	Submitted to State
Response Letter Date	12/11/2008
Submitted Date	12/11/2008

Dear Becky Harrington,

Comments:

We have attached the cover memo and related endorsements as response to Objection Letter dated 11/24/2008

Response 1

Comments: Response to Objection Letter dated 11/24/2008

Related Objection 1

Applies To:

- Farmers Next Generation Homeowners Amendatory Endorsement (Form)

Comment:

Per your statement, AR008 amends the 1st version of policy form 56-5549 to be identical to the 2nd version. The Accuracy of Information and Changed Circumstances of the amendatory endorsement adds language to the 1st edition that is not included in the 2nd edition.

The language "You agree that if any information we use to rate or underwrite your policy, including but not limited to whether you qualify for discounts, changes or is determined by you or us to be incorrect or incomplete, we may, during the policy period, re-underwrite this insurance, including adjusting coverage and/or premium." must be removed. It is our opinion that it would allow possible violations of the trade practices.

Related Objection 2

Applies To:

- Farmers Next Generation Homeowners Policy Index (Form)

Comment:

The new language of the third paragraph, under Section 1, Uninsured loss or damage and excluded causes of loss or damage, A. Uninsured Types of Loss or Damage is unacceptable and must be removed. (Page 23)

SERFF Tracking Number: FARM-125837432 State: Arkansas
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Product Name: F-AR-2008-HO-F
Project Name/Number: AR NextGen HO Program - Coverage Changes/F-08-063

This language is vague and ambiguous given the affirmative coverages. "Any reason" could conceivably give the company ample 'excuses' to deny viable claims.

Related Objection 3

Applies To:

- Farmers Next Generation Homeowners Policy Index (Form)

Comment:

Regarding the definition of vacant or vacancy - We consider your clarification of the term legally woefully inadequate. There are uses that may not be known by the owner, but would have been approved. We do not consider the language precise or definitive enough for approval.

Related Objection 4

Applies To:

- Farmers Next Generation Homeowners Amendatory Endorsement (Form)

Comment:

Please verify that all the language in the amendatory endorsement to assure each amendment is included in the 2nd addition and therefore required for the 1st edition.

Changed Items:

Supporting Document Schedule Item Changes

Satisfied -Name: Response to Objection Letter dated 11/24/2008

Comment:

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Response to Objection Letter dated 11/24/2008

Sincerely,

Anahit Bekarian, Chris SalvaCruz, Edmond Balaian, Gayane Rupchian, Jeanette Campion, Karen Lacy, Mina Villegas

SERFF Tracking Number: FARM-125837432 State: Arkansas
Filing Company: Farmers Insurance Exchange State Tracking Number: EFT \$50
Company Tracking Number: FAR0840-107280
TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations
Product Name: F-AR-2008-HO-F
Project Name/Number: AR NextGen HO Program - Coverage Changes/F-08-063

Objection Letter

Objection Letter Status Pending Industry Response
Objection Letter Date 10/22/2008
Submitted Date 10/22/2008

Respond By Date

Dear Brenda Dorogi,

This will acknowledge receipt of the captioned filing.

Objection 1

- Farmers Next Generation Homeowners Policy Index (Form)

Comment: The new language of the third paragraph, under Section 1, Uninsured loss or damage and excluded causes of loss or damage, A. Uninsured Types of Loss or Damage is unacceptable and must be removed. (Page 23)

Objection 2

- Farmers Next Generation Homeowners Policy Index (Form)

Comment: The definition of Vacancy or vacant regarding the word "legally" is ambiguous. Please revise.

Objection 3

- Farmers Next Generation Homeowners Policy Index (Form)

Comment: Section 1- Extensions of Coverage - The language added to the end of the lead paragraph appears excessive and ambiguous, especially...including without limitation the terms and limitations of any.

Objection 4

- Farmers Next Generation Homeowners Policy Index (Form)

Comment: Additional coverage 10. Collapse of Building Structure or Structural Part of the Building Structure contain duplicate language.

Objection 5

No Objections

Comment: Have the changes to 56-5549 been approved in other prior approval states? If so, provide the state.

Objection 6

- Farmers Next Generation Homeowners Policy Index (Form)

Comment: Provide the flesch score.

Objection 7

SERFF Tracking Number: FARM-125837432 State: Arkansas
Filing Company: Farmers Insurance Exchange State Tracking Number: EFT \$50
Company Tracking Number: FAR0840-107280
TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations
Product Name: F-AR-2008-HO-F
Project Name/Number: AR NextGen HO Program - Coverage Changes/F-08-063

- Farmers Next Generation Homeowners Amendatory Endorsement (Form)

Comment: To which policy form will this endorsement be attached?

Please feel free to contact me if you have questions.

Sincerely,

Becky Harrington

Response Letter

Response Letter Status	Submitted to State
Response Letter Date	11/20/2008
Submitted Date	11/20/2008

Dear Becky Harrington,

Comments:

We have attached our response to Objection Letter dated 10/22/2008

Response 1

Comments: Dear Ms. Harrington:

Attached please find response to Objection Letter dated 10/22/2008

Related Objection 1

Applies To:

- Farmers Next Generation Homeowners Policy Index (Form)

Comment:

The new language of the third paragraph, under Section 1, Uninsured loss or damage and excluded causes of loss or damage, A. Uninsured Types of Loss or Damage is unacceptable and must be removed. (Page 23)

Related Objection 2

Applies To:

- Farmers Next Generation Homeowners Policy Index (Form)

Comment:

The definition of Vacancy or vacant regarding the word "legally" is ambiguous. Please revise.

Related Objection 3

Applies To:

SERFF Tracking Number: FARM-125837432 State: Arkansas
Filing Company: Farmers Insurance Exchange State Tracking Number: EFT \$50
Company Tracking Number: FAR0840-107280
TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations
Product Name: F-AR-2008-HO-F
Project Name/Number: AR NextGen HO Program - Coverage Changes/F-08-063

- Farmers Next Generation Homeowners Policy Index (Form)

Comment:

Section 1- Extensions of Coverage - The language added to the end of the lead paragraph appears excessive and ambiguous, especially...including without limitation the terms and limitations of any.

Related Objection 4

Applies To:

- Farmers Next Generation Homeowners Policy Index (Form)

Comment:

Additional coverage 10. Collapse of Building Structure or Structural Part of the Building Structure contain duplicate language.

Related Objection 5

Comment:

Have the changes to 56-5549 been approved in other prior approval states? If so, provide the state.

Related Objection 6

Applies To:

- Farmers Next Generation Homeowners Policy Index (Form)

Comment:

Provide the flesch score.

Related Objection 7

Applies To:

- Farmers Next Generation Homeowners Amendatory Endorsement (Form)

Comment:

To which policy form will this endorsement be attached?

Changed Items:

Supporting Document Schedule Item Changes

Satisfied -Name: Response to Objection Letter dated 10/22/2008

Comment:

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

SERFF Tracking Number: FARM-125837432 *State:* Arkansas
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Product Name: F-AR-2008-HO-F
Project Name/Number: AR NextGen HO Program - Coverage Changes/F-08-063
Response to Objection Letter dated 10/22/2008

Sincerely,

Anahit Bekarian, Chris SalvaCruz, Edmond Balaian, Gayane Rupchian, Jeanette Campion, Karen Lacy, Mina Villegas

SERFF Tracking Number: FARM-125837432 State: Arkansas
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TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations
Product Name: F-AR-2008-HO-F
Project Name/Number: AR NextGen HO Program - Coverage Changes/F-08-063

Objection Letter

Objection Letter Status Pending Industry Response
Objection Letter Date 10/10/2008
Submitted Date 10/10/2008
Respond By Date

Dear Brenda Dorogi,

This will acknowledge receipt of the captioned filing.

The filing fee for form filings is \$50. Please submit an additional \$25.

Please feel free to contact me if you have questions.

Sincerely,

Becky Harrington

Response Letter

Response Letter Status Submitted to State
Response Letter Date 10/20/2008
Submitted Date 10/20/2008

Dear Becky Harrington,

Comments:

I have added an additional \$25.00 to the Filing Fee tab per Objection Letter. The total now is \$50.00

Also, per your request in the Note to Reviewer, I attached the side-by-side copy of the policy form 56-5549.

Response 1

Comments: Response to Objection Letter and Note to Reviewer dated 10/10/2008

Changed Items:

Supporting Document Schedule Item Changes

Satisfied -Name: Response to Objection Letter and Note to Reviewer dated 10/10/2008

Comment:

SERFF Tracking Number: FARM-125837432 *State:* Arkansas
Filing Company: Farmers Insurance Exchange *State Tracking Number:* EFT \$50
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Product Name: F-AR-2008-HO-F
Project Name/Number: AR NextGen HO Program - Coverage Changes/F-08-063

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Response to Objection Letter / Note to Reviewer dated 10/10/2008

Sincerely,

Anahit Bekarian, Chris SalvaCruz, Edmond Balaian, Gayane Rupchian, Jeanette Campion, Karen Lacy, Mina Villegas

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TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations
Product Name: F-AR-2008-HO-F
Project Name/Number: AR NextGen HO Program - Coverage Changes/F-08-063

Amendment Letter

Amendment Date:
Submitted Date: 11/21/2008

Comments:

Dear Ms. Harrington:

We corrected a typographical error on the response cover memo that we submitted yesterday and therefore attached the revised letter.

Thank you very kindly,

Mina A. Villegas
Regulatory Filings Technician
(323) 932-3116

Changed Items:

Supporting Document Schedule Item Changes:

User Added -Name: Corrected response cover letter

Comment:

Corrected response cover letter.pdf

SERFF Tracking Number: FARM-125837432 *State:* Arkansas
Filing Company: Farmers Insurance Exchange *State Tracking Number:* EFT \$50
Company Tracking Number: FAR0840-107280
TOI: 04.0 Homeowners *Sub-TOI:* 04.0000 Homeowners Sub-TOI Combinations
Product Name: F-AR-2008-HO-F
Project Name/Number: AR NextGen HO Program - Coverage Changes/F-08-063

Note To Filer

Created By:

Becky Harrington on 11/19/2008 09:37 AM

Subject:

Objection Letter of 10/22/08

Comments:

The changes in the revised form submitted with the amendment letter do not effect the objections in my letter of 10/22/08. Please respond.

SERFF Tracking Number: FARM-125837432 State: Arkansas
Filing Company: Farmers Insurance Exchange State Tracking Number: EFT \$50
Company Tracking Number: FAR0840-107280
TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations
Product Name: F-AR-2008-HO-F
Project Name/Number: AR NextGen HO Program - Coverage Changes/F-08-063

Amendment Letter

Amendment Date:

Submitted Date: 11/18/2008

Comments:

SUBJECT: Revisions to Farmers Next Generation Homeowners 2nd Edition Policy

Dear Ms Harrington:

Our Next Generation Homeowners policy 2nd edition has not yet been approved by your department. However, as we were preparing the policy for implementation in other states, we discovered some errors. In some instances language which was included in the 1st edition of this policy was inadvertently omitted, in other instances intended changes did not make it into the filed version and some formatting changes were absent.

Since this policy is still under review by your department, we would like to replace the version you currently have with the attached revised version. We apologize for these errors and respectfully request your review and approval of the changes noted.

The effective date for implementation remains as April 16, 2009.

Below is a summary of the changes from our original submission:

- 1) On the second page of the Index, above "SECTION II – LIABILITY COVERAGE", we have added the clarifying heading "SECTION II – LIABILITY" and its page number. In line with this change, a number of places in the form which referenced "Section II – Liability Coverage" have been changed to "Section II – Liability"
- 2) Definitions, #11 Earth movement, subsection b, we have added "displacement, compacting" in between "lateral movement," and "or contracting".
- 3) Definitions, #31 Vacancy or vacant, the word "construction" appears five times. We have inserted the word "active" before the first, second and fifth times that the word "construction" appears. Also in the sentence that starts "A recently purchased dwelling that is not under active construction will be deemed vacant...", the word "dwelling" has been bolded.
- 4) Under SECTION I – TYPES OF PROPERTY INSURED, Coverage C (Personal Property), subsection 1. which starts out "owned by others while the property...", in the second sentence, where it states "property of tenants not related to

SERFF Tracking Number: FARM-125837432 State: Arkansas
Filing Company: Farmers Insurance Exchange State Tracking Number: EFT \$50
Company Tracking Number: FAR0840-107280
TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations
Product Name: F-AR-2008-HO-F
Project Name/Number: AR NextGen HO Program - Coverage Changes/F-08-063

that insured is not covered...”, we have inserted “, roomers, live-ins or boarders” after the word “tenants”.

5) Under Special Limits On Certain Personal Property, item 6. Money..., we have inserted “cashiers checks,” after “money,”.

6) Under Extensions of Coverage, 1. Limited water coverage, a.(2). iii., we have changed “explosion” to “explosion resulting from combustion” to clarify and have added “falling objects” as item viii as it had been inadvertently omitted.

7) Under Extensions of Coverage, 6. Trees, Shrubs, Plants or Lawns, we have changed b. “explosion” to “explosion resulting from combustion” to clarify.

8) Under SECTION I – UNINSURED LOSS OR DAMAGE and EXCLUDED CAUSES OF LOSS OR DAMAGE, A. Uninsured Types of Loss or Damage, item 14. Exceptions to Uninsured types of damage, has been deleted and replaced with a new provision. In our 1st Edition policy, we listed several perils as exceptions to the exclusions of 6. Breakage of Personal Property, 8. Marring and 12. Movement, Settling,... in providing coverage for those perils. For the 2nd Edition policy we decided to consolidate all the excepted perils under a new item 14. Exceptions to Uninsured Types of Damage. When consolidating these perils, we accidentally returned coverage for earth movement caused by a sudden and accidental discharge of water from a plumbing system or caused by vandalism or malicious mischief. We have fixed this section, returning it to the coverage consistent that you approved in our 1st Edition policy.

9) Under B. Excluded Causes of Loss or Damage, 5. Faulty, Inadequate, Defective or Incomplete Planning, Zoning, Maintenance, Repairs, Manufacture or Construction, in the first sentence (second line in most) we say “...faulty, inadequate, defective or incomplete defective planning, zoning, ...”. The second use of the word “defective” has been deleted.

10) Under B. Excluded Causes of Loss or Damage, 14. Governmental action, a., in ii., iv. and v., we have inserted “, condemnation” after the word “damage”.

Respectfully,
FARMERS INSURANCE EXCHANGE

Julie Whittington
Personal Lines Contracts

Changed Items:

SERFF Tracking Number: FARM-125837432 State: Arkansas
 Filing Company: Farmers Insurance Exchange State Tracking Number: EFT \$50
 Company Tracking Number: FAR0840-107280
 TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations
 Product Name: F-AR-2008-HO-F
 Project Name/Number: AR NextGen HO Program - Coverage Changes/F-08-063

Form Schedule Item Changes:

Form Name	Form Number	Edition Date	Form Type	Action	Replaced Form #	Previous Filing #	Readability Score	Attachments
Farmers Next Generation Homeowner's Policy Index	56-5549,	7-08	Other	Replaced				c5549200 (11-12-08) AR.pdf

SERFF Tracking Number: FARM-125837432 *State:* Arkansas
Filing Company: Farmers Insurance Exchange *State Tracking Number:* EFT \$50
Company Tracking Number: FAR0840-107280
TOI: 04.0 Homeowners *Sub-TOI:* 04.0000 Homeowners Sub-TOI Combinations
Product Name: F-AR-2008-HO-F
Project Name/Number: AR NextGen HO Program - Coverage Changes/F-08-063

Note To Filer

Created By:

Becky Harrington on 10/10/2008 01:45 PM

Subject:

Marked-up copy

Comments:

I would appreciate a marked-up copy of policy form 56-5549 showing additions and deletions prior to my review.

SERFF Tracking Number: FARM-125837432 State: Arkansas
 Filing Company: Farmers Insurance Exchange State Tracking Number: EFT \$50
 Company Tracking Number: FAR0840-107280
 TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations
 Product Name: F-AR-2008-HO-F
 Project Name/Number: AR NextGen HO Program - Coverage Changes/F-08-063

Form Schedule

Review Status	Form Name	Form #	Edition Date	Form Type Action	Action Specific Data	Readability	Attachment
Approved	Unscheduled Personal Articles Endorsement	J6676, 1st edition	6-08	Endorsement/Amendment/Conditions		45.10	J6676, 1st edition.pdf
Approved	Farmers Next Generation Homeowners Endorsement Extending Coverage Under Section II-Liability for Farmland Leased to Others	J6677, 1st edition	6-08	Endorsement/Amendment/Conditions		48.30	J6677, 1st edition.pdf
Approved	Modified Loss Settlement	J6234, 4th edition	9-08	Endorsement/Amendment/Conditions	Replaced Form #: Previous Filing #:		J6234, 4th edition).pdf
Approved	Increased Limits on Certain Personal Property	J6254, 2nd edition	8-08	Endorsement/Amendment/Conditions	Replaced Form #: Previous Filing #:		J6254, 2nd edition.pdf
Approved	Endorsement Adding Personal Watercraft Coverage	J6259, 3rd edition	9-08	Endorsement/Amendment/Conditions	Replaced Form #: Previous Filing #:		J6259, 3rd edition.pdf
Approved	Farmers Next Generation Homeowners Basic Package Endorsement	J6467, 2nd edition	9-08	Endorsement/Amendment/Conditions	Replaced Form #: Previous Filing #:		J6467, 2nd edition.pdf
Approved	Farmers Next Generation Homeowners	56-5549, 2nd edition	7-08	Other Replaced	Replaced Form #: Previous Filing #:		c5549200 (12-11-08).pdf

SERFF Tracking Number: FARM-125837432 *State:* Arkansas
Filing Company: Farmers Insurance Exchange *State Tracking Number:* EFT \$50
Company Tracking Number: FAR0840-107280
TOI: 04.0 Homeowners *Sub-TOI:* 04.0000 Homeowners Sub-TOI Combinations
Product Name: F-AR-2008-HO-F
Project Name/Number: AR NextGen HO Program - Coverage Changes/F-08-063

Policy Index

Approved	Farmers Next	94-1635, 9-08	Endorseme Replaced	Replaced Form #:	W1635100
	Generation	1st edition	nt/Amendm		(AR008) 12-
	Homeowners		ent/Condi	Previous Filing #:	11-08.pdf
	Amendatory		ons		
	Endorsement				

**UNSCHEDULED PERSONAL ARTICLES
ENDORSEMENT**

J6676
1st Edition

We agree to insure items of personal property in the categories shown below, for which a premium is paid and an amount of insurance is stated below, against accidental, direct physical loss or damage. All property covered by this endorsement must be owned by an **insured**.

The Section I - Special Limits on Certain Personal Property do not apply to property in categories shown below. Our limit of insurance for all articles in each category of personal property shown below shall be the amount of insurance set forth for that property in this endorsement. The maximum limit for a single item is \$2,500.

The Limit of Insurance stated for Jewelry and/or Other does not increase the Coverage C **stated limit** shown in the Declarations.

Jewelry

Amount of Insurance \$ @@@@@@@@

Other

Furs, including articles for which fur represents the principal value; fine arts; stamp and coin collections; silverware, goldware and pewterware; and firearms.

Amount of Insurance \$ @@@@@@@@

DEDUCTIBLE

Coverage under this endorsement is subject to the policy deductible shown in the Declarations, or \$500, whichever is less.

For covered loss or damage to Fine Arts, breakage of personal property is removed from SECTION I - UNINSURED LOSS OR DAMAGE and EXCLUDED CAUSES OF LOSS OR DAMAGE, A. Uninsured Types of Loss or Damage, 6. Breakage, impairment, corruption or failure of personal property.

PERSONAL PROPERTY NOT COVERED

Fine Arts

We do not cover Fine Arts while on exhibit or display, or in any exposition, showing, gallery, museum, or similar venue.

Firearms

We do not cover firearms used in a paid or professional capacity.

Stamp and Coin Collections

We do not cover loss to covered property:

1. in the custody of transportation companies or in the mail unless such shipments are by Railway Express, armored cars, registered mail or insured parcel post;
2. in an unattended auto unless being shipped by Railway Express, armored car, registered mail, or insured parcel post; or
3. which is not an actual part of a stamp or coin collection.

Silverware

We do not cover pens, pencils, flasks, or smoking implements.

TERRITORIAL LIMITS

This insurance covers your personal property in the specified categories anywhere in the world except as provided below:

1. **Firearms** and their accessories are covered only in the Western Hemisphere.
2. **Fine Arts** are covered only in the Continental United States and Canada.

LOSS SETTLEMENT

Subject to a \$2,500 maximum limit for a single item, loss or damage to covered property will be settled at replacement cost without deduction for depreciation, but for no more than the smallest of the following:

1. for property that is repairable or restorable, the amount actually and necessarily spent to repair or restore the property for equivalent construction or fabrication with materials of like kind and quality;
2. the amount necessary to replace the article with an article of like kind and quality; or
3. the loss to the interest of the **insured** in the property.

When the identical article is no longer manufactured or is not available, replacement cost shall mean the cost of a similar article to that damaged or destroyed and which is of comparable quality and usefulness. In case of total loss of an article or articles of a set we will pay you the full market value of the set upon your surrender to us of any remaining articles of the set, up to a \$2,500 maximum.

DEFINITIONS

Stamp and Coin Collections means the following owned personal property while in your custody and control:

1. postage stamps, envelope, official, revenue, match and medicine stamps, covers, locals, reprints, essays, proofs and other stamp collection property; and
2. rare and current coins, medals, paper money, bank notes, tokens of money and other numismatic property.

Fine Arts means the following:

1. paintings, etchings, pictures, tapestries, art glass windows; and
2. other bona fide works of art such as valuable rugs, statuary, marble, bronzes, antique furniture, rare books, antique silver, manuscripts, porcelains, rare glass and bric-a-brac belonging to an **insured's** private collection.

This endorsement is part of your policy. It supersedes and controls anything to the contrary. It is otherwise subject to all other terms of the policy.

MODIFIED LOSS SETTLEMENT ENDORSEMENT

J6234
4th Edition

In exchange for a reduction in your premium, you have agreed to the Loss Settlement provisions and coverage changes set forth below. Please read this endorsement carefully.

Refer to the Declarations or renewal notice for the revised **stated limit** for Coverage A (**Dwelling**) and for other revised coverages, as applicable.

In exchange for a reduction in premium, you agree:

1. to a **stated limit** of insurance for Coverage A (**Dwelling**) that is lower than the estimated cost to replace the **dwelling**. This will result in a lower limit for any coverage that is a percentage of Coverage A, including but not limited to **Separate Structures**, Personal Property, and Loss of Use;
2. to our use of less costly but functionally equivalent construction and materials in settling loss or damage to **building structures** under Coverage A (**Dwelling**) and Coverage B (**Separate Structures**). We will replace custom, obsolete, upgraded or unique construction or materials with functionally equivalent construction and materials;
3. to our use of **actual cash value** for settlement of all **separate structures** which are not **building structures**; and
4. that **SECTION I - EXTENSIONS OF COVERAGE, 2. Extended Replacement Cost-Coverage A** and **4. Building Ordinance or Law** do not apply.

You understand and agree that in the event of a loss, you may not have enough coverage to completely repair or return a damaged **building structure** or **separate structure** to its pre-loss custom, upgraded or unique condition.

SECTION I - EXTENSIONS OF COVERAGE, the following items are deleted:

2. Extended Replacement Cost - Coverage A
4. Building Ordinance or Law

SECTION I - PROPERTY CONDITION, 5.a. How We Settle Covered Loss, Coverage A (**Dwelling**) and Coverage B (**Separate Structures**), is deleted and replaced with the following. Even if Property Condition 5.a. is amended by another endorsement(s), this Modified Loss Settlement Endorsement controls and supersedes the policy, as amended by any such other endorsement(s) as respects to Property Condition 5.a..

5. How we settle covered loss.
 - a. Coverage A (**Dwelling**) and Coverage B (**Separate Structures**).
 - (1) Settlement for covered loss or damage to **building structures** under Coverage A (**Dwelling**) or Coverage B (**Separate Structures**) will be settled as follows:
 - i. Actual repair cost - if you repair or replace the damaged or destroyed **building structure**, we will pay the smallest of the following amounts:
 - a. the **stated limit** or other limit of insurance under this policy that applies to the damaged or destroyed **building structure**;
 - b. the amount you actually and necessarily spent to repair or replace damage to the **building structure**. If the **building structure** was used for other than a private residential premises, we will pay only the amount to repair or replace the **building structure** for use as a private residential premises;

- c. repair or replacement costs as if at the same location if replacement is at a different location; or
 - d. the loss to the interest of the **insured** in the **building structure**.
- ii. **Actual Cash Value** - if you do not repair or replace the damaged or destroyed **building structure**, we will pay the **actual cash value** of the loss, but no greater than the smallest of the following amounts:
- a. the **stated limit** or other limit of insurance under this policy that applies to the damaged or destroyed **building structure**; or
 - b. the loss to the interest of the **insured** in the **building structure**.

For purposes of settlement under both subparagraph i. and ii. above, the repair or replacement cost will be estimated using common construction methods and basic, common, standard grade materials, surfaces, finishes and fixtures, that are locally available, and which are equal in function instead of and in place of any obsolete, antique, decorative, custom, luxury, artisan, upgraded or unique construction methods, materials, surfaces, finishes or fixtures. For example, wallboard will be used instead of plaster. For settlement on an **actual cash value** basis, depreciation will then be applied to the replacement or repair cost so estimated.

- (2) Loss settlement for any **separate structure** that is not a **building structure** will only be settled at **actual cash value** of the damage, but for no more than the smallest of the following:
- i. the **stated limit** or other limit of insurance under this policy that applies to the damaged or destroyed property;
 - ii. the amount you actually and necessarily spend to repair or replace damage to the **separate structure**; or
 - iii. the loss to the interest of the **insured** in the property.

Loss or damage to a **separate structure** that is not a **building structure**, but which is attached to a **building structure**, will also be settled under this subparagraph (2).

- (3) When the cost to repair or replace a damaged or destroyed **building structure** is more than \$2,500, we will settle the loss on an **actual cash value** basis until actual repair or replacement is completed. If you do not actually repair or replace the **building structure** within 12 months of our first payment towards **actual cash value**, then the damage will only be settled on an **actual cash value** basis whether or not you have decided to repair or replace the damaged or destroyed **building structure**.
- (4) Notwithstanding the foregoing, if damaged or destroyed property is subject to a "valued policy" law or similar law that applies to the loss or damage, then we will pay the amount required by such law.

SECTION I - PROPERTY CONDITION, 6. Replacement Cost Settlement, is amended by the addition of the following:

This condition does not apply to loss or damage to **building structures** under **SECTION I - PROPERTY CONDITIONS, 5.a. How We Settle Covered Loss**, Coverage A (**Dwelling**) and Coverage B (**Separate Structures**).

This endorsement is part of your policy. It supersedes and controls anything to the contrary. It is otherwise subject to all other terms of the policy.

**INCREASED SPECIAL LIMITS
ON CERTAIN PERSONAL PROPERTY**

J6254
2nd Edition

For an additional premium, the limits shown in your policy under Coverage C - Special Limits on Certain Property are changed as follows. The categories of personal property designated by an below, are increased by the amount shown for that category.

- | | Increased Amount |
|---|-------------------------|
| <input checked="" type="checkbox"/> 2. Theft of jewelry, watches, precious and semi-precious stones and furs, including articles for which fur represents the principal value. This applies even if such items are considered art work or used as decoration.

The per article limit is increased to \$2,500 and the total limit is increased by: | \$ <u>@@@@@@@@@@</u> |
| <input checked="" type="checkbox"/> 3. Theft of firearms, including their scopes or mounts whether attached or not, and all other firearm related equipment and ammunition.

The limit is increased by: | \$ <u>@@@@@@@@@@</u> |
| <input checked="" type="checkbox"/> 5. Computers and electronic data processing equipment and accessories and recording or storage media used with the foregoing, whether or not it is business property . Computers, electronic data processing equipment, and recording or storage media that cannot be replaced with other of like kind and quality on the current retail market is not covered.

This limit is increased by: | \$ <u>@@@@@@@@@@</u> |
| <input checked="" type="checkbox"/> 7. Securities, deeds, evidences of debt, letters of credit, notes other than bank notes, legal documents and other valuable papers, personal records including, but not limited to, photographs, videos, financial and health records, manuscripts, passports, tickets, stamps and stamp collections. This limit includes the costs to research, replace or restore the information from the lost or damaged material.

This limit is increased by: | \$ <u>@@@@@@@@@@</u> |
| <input checked="" type="checkbox"/> 8. Theft of silverware, gold ware, platinumware and pewter ware, including articles for which such metal represents the principal value.

This limit is increased by: | \$ <u>@@@@@@@@@@</u> |

The increased coverage amounts shown above do not increase the Coverage C **stated limit**. All other provisions of this policy apply.

This endorsement is part of your policy. It supersedes and controls anything to the contrary. It is otherwise subject to all other terms of the policy.

Keep with your policy showing the same policy number as this endorsement.

ENDORSEMENT ADDING
PERSONAL WATERCRAFT COVERAGE

J6259
3rd Edition

Effective

Date: @@- @@- @@@@

@@@@@- @@- @@

Policy Number

For additional premium, we agree to insure you for the personal watercraft and trailers scheduled below. The limits shown below apply only to the personal watercraft and trailers scheduled. The stated limits and other limits in the underlying policy do not apply.

SCHEDULE OF COVERAGES AND LIMITS OF INSURANCE

Table with 3 columns: Premium, Physical loss or damage with deductible to, and Limit of Insurance. Rows include Watercraft 1-3, Trailer, Personal Liability, Medical Payments to Others, and Total Annual Premium.

DESCRIPTION OF INSURED PROPERTY

Table with 4 columns: Description, Year Built, Manufacturer - Serial Number, and Owner (if other than insured). Rows include Personal Watercraft (1-3) and Trailers.

Loss is payable as interests are shown below.

1. Personal watercraft 1: Mortgagee, Lienholder or Other Interest:

Placeholder text for Personal watercraft 1 interest details.

2. Personal watercraft 2: Mortgagee, Lienholder or Other Interest:

Placeholder text for Personal watercraft 2 interest details.

3. Personal watercraft 3: Mortgagee, Lienholder or Other Interest:

Placeholder text for Personal watercraft 3 interest details.

ADDITIONAL DEFINITION

For purposes of this endorsement, **personal watercraft** means personal property that is:

1. a jet ski;
2. a wet bike; or
3. a similar water jet driven craft under 12 feet in length.

The **personal watercraft** must be:

1. used for recreational purposes only; and
2. operated by a person sitting, standing, or kneeling on the craft.

COVERAGE EXTENSIONS

Coverage is extended to:

1. Any **personal watercraft** or trailer that you buy or lease in place of any **personal watercraft** or trailer scheduled herein. Any lease must be written and for a period of at least six months. For this coverage extension 1. to apply, you must buy or lease the replacement item during the policy period and you must notify us within 30 days of the date you buy or lease it. It will have the same coverage as the scheduled item it replaces, until it is scheduled.
2. Any additional **personal watercraft** or trailer which you buy or lease during the policy period. Any lease must be written and for a period of at least six months. For this coverage extension 2. to apply, you must notify us within 30 days of the date you buy or lease it and all of your other **personal watercraft** and trailers must be insured by a company from the Farmers Insurance Group of Companies®. The coverage for this item will be the same as the highest limit for a similar item above, until it is scheduled.
3. Any person using a covered **personal watercraft**, with your consent, as an **insured**.

AMENDMENTS TO SECTION I - PROPERTY COVERAGE

For purposes of this endorsement:

1. **SECTION I - PROPERTY COVERAGE, Special Limits on Certain Personal Property, 11. Watercraft and windsurfers**, does not apply to **personal watercraft** and trailers insured herein.
2. **SECTION I - PROPERTY COVERAGE, TYPES OF PERSONAL PROPERTY NOT INSURED, 4. and 5.** do not apply to **personal watercraft** and trailers insured herein.
3. If **SECTION I - EXTENSIONS OF COVERAGE, 3. Contents Replacement Cost - Coverage C** applies, then **personal watercraft** and trailers insured herein are added under subsection c. to the list of personal property which will be settled as shown in subsection d.
4. **SECTION I - UNINSURED LOSS OR DAMAGE and EXCLUDED CAUSES OF LOSS OR DAMAGE, section A. Uninsured Types of Loss or Damage**, the following does not apply to the **personal watercraft** and trailers insured herein:
 6. **Breakage, impairment, corruption or failure of personal property.**
5. **SECTION I - UNINSURED LOSS OR DAMAGE and EXCLUDED CAUSES OF LOSS OR DAMAGE, section A. Uninsured Types of Loss or Damage**, the following is added with respect to the **personal watercraft** and trailers insured herein:

We do not insure loss or damage to wood, fiberglass, plywood or any composite material consisting of, composed of, or which is:

- a. weathering;
- b. unseaworthiness;
- c. bubbling;
- d. osmosis; or
- e. delamination.

6. **SECTION I - UNINSURED LOSS OR DAMAGE and EXCLUDED CAUSES OF LOSS OR DAMAGE**, section **B. Excluded Causes of Loss or Damage**, the following do not apply to **personal watercraft** and trailers insured herein:

19. h. **Theft**; and

26. b. **Windstorm or hail**.

7. **SECTION I - UNINSURED LOSS OR DAMAGE and EXCLUDED CAUSES OF LOSS OR DAMAGE**, section **B. Excluded Causes of Loss or Damage**, the following is added with respect to **personal watercraft** and trailers insured herein:

We do not insure loss or damage directly or indirectly caused by, arising out of or resulting from:

a. marine life, unless caused by collision with marine life;

b. freezing or extremes of temperature;

c. road hazard damage to tires or tubes;

d. servicing, unless fire ensues. We only insure the loss or damages from the fire;

e. dishonesty of an **insured's** employees;

f. dishonesty of other persons to whom a **personal watercraft** or trailer is entrusted;

g. ice; or

h. failure to maintain the **personal watercraft** or trailer.

AMENDMENTS TO SECTION II - LIABILITY COVERAGE

For purposes of this endorsement, **Coverage F (Medical Payments to Others)** applies as follows with regard to **personal watercraft**:

1. to any **insured** if the **bodily injury** arises out of the use of property insured herein; or

2. to any **insured** if the **bodily injury** arises out of the use of any **personal watercraft** not insured herein. The **insured** must have enough reason to believe that the use is with the permission of the owner. There is no coverage if the other **personal watercraft** is owned by any **insured**, and there is no coverage if the other **personal watercraft** is available for any **insured's** regular use.

This coverage does not apply to:

1. any person who is not an **insured**;

2. **bodily injury** to an **insured** if caused by any trailer towed by, or attached to or carried on a **motor vehicle**; or

3. **bodily injury** to an **insured** if it arises from any form of water skiing, water sledding, or para-sailing.

For purposes of this coverage, **bodily injury** only includes physical harm to the body of an **insured**.

SECTION II - LIABILITY EXTENSIONS OF COVERAGES, 1. Claim expenses, subsection e. is added:

e. premiums on bonds to release attachments in any such suit for an amount not more than the Personal Liability limit of insurance. We are not obligated to apply for a bond. We are not obligated to furnish a bond.

SECTION II - LIABILITY EXCLUSIONS, Exclusion, 15. Aircraft, Motor Vehicles or Watercraft, subsections c. (1) and (4) do not apply to:

1. the **personal watercraft** and trailers insured herein; or

2. **personal watercraft** used by an **insured** but not insured in this endorsement. Exclusion 15. will still apply to **personal watercraft** owned by any **insured**, except the **personal watercraft** insured herein, or those available for any **insured's** regular use. Coverage extends only if the **insured** has sufficient reason to believe the use of any non-owned **personal watercraft** is with the permission of the owner.

SECTION II - LIABILITY EXCLUSIONS, the following exclusion is added with respect to **personal watercraft** and trailers:

We do not cover:

bodily injury or **property damage** resulting from, arising from or in connection with the operation of any of the following:

1. a watercraft repair shop;
2. a sales agency;
3. a service station; or
4. any similar organization.

GENERAL CONDITIONS APPLYING TO THE ENTIRE ENDORSEMENT

1. Other Insurance

- a. If there is other valid and collectible physical damage insurance on the **personal watercraft** or trailers insured herein, we will pay only our share. This is the proportion that our limit bears to the total of all limits.
- b. This insurance is excess over other valid and collectible Personal Liability insurance.
- c. If any applicable insurance other than this policy is issued to you by us or any other company from the Farmers Insurance Group of Companies®, the total amount payable among all such policies shall not exceed the **stated limit** or other limit that provides the highest limit of insurance.

2. Territory

This coverage applies only to **occurrences** and loss or damage during the policy period shown in the Declarations. Any **occurrence** or loss must occur in the Western Hemisphere.

3. Private Pleasure Use

You warrant that the **personal watercraft** or trailers insured in this endorsement will be used solely for private pleasure purposes. You warrant that they will not be hired by or chartered to others without our prior written consent.

We do not cover **bodily injury** or **property damage** arising from, during the course of or in connection with any **personal watercraft** or trailers, while used to carry persons for a charge. This condition also applies when the item is rented to others. This condition also applies when the item is used for illegal purposes.

4. Competitive Event

We do not cover any **personal watercraft** and trailers, while being operated in or practicing for any race, speed contest or competitive event. This condition applies whether or not the event is organized or not organized. This condition applies whether the event is professional or amateur.

5. Limits.

a. Section I - Property Insurance.

We will pay for covered loss to the **personal watercraft** and trailers scheduled above, in accordance with the limits scheduled. The deductible shown in the schedule above will apply to property insured herein.

b. Section II - Liability Insurance.

- (1) The **Section II - Liability Coverage stated limits** in the underlying policy do not apply to an **occurrence** involving any **personal watercraft** or trailer insured herein. The only Personal Liability and Medical Payments to Others limits that apply to an **occurrence** involving **personal watercraft** are those limits shown in this endorsement. All other liability terms and conditions do apply.

The limit of insurance for Personal Liability in this endorsement is both the per **occurrence** and the **annual aggregate limit**. The **annual aggregate limit** means the total we will pay under this endorsement for all covered **occurrences** combined which happen in the policy period.

This **annual aggregate limit** applies regardless of:

- i. the number of **occurrences** or loss events; and
 - ii. the number of **insureds**, claimants, **personal watercraft** or trailers involved in such **occurrences** or loss events.
- (2) Payments under the Personal Liability and Medical Payments to Others coverages shown in this endorsement are part of and subject to the Personal Liability **annual aggregate limit**.
 - (3) The limit of insurance for Medical Payments to Others is the most we will pay under this endorsement for all necessary medical services for **bodily injury** to any one **insured** for any one **occurrence**.
 - (4) **Personal injury** coverage, if indicated, does not apply to coverage provided under this endorsement.

This endorsement is part of your policy. It supersedes and controls anything to the contrary. It is otherwise subject to all the terms of the policy.

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FARMERS NEXT GENERATION® HOMEOWNERS
BASIC PACKAGE ENDORSEMENT

J6467
2nd Edition

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Policy Number

For a reduction in premium, it is agreed that this endorsement reduces coverage and **stated limits**.

Refer to the Declarations or renewal notice for the applicable **stated limits** for each coverage and Extension of Coverage.

Stated limits that apply to the following coverages are reduced:

1. Coverage B (**Separate Structures**);
2. Coverage C (**Personal Property**); and
3. Coverage D (**Loss of Use**).

Coverage is further reduced by amending the policy as follows:

Coverage D - Loss of Use:

1. **Additional living expense.**

The time period referred to in this section is changed from 24 months to 12 months, except where prohibited by statute.

2. **Loss of rents.**

This section is deleted.

SECTION I - EXTENSIONS OF COVERAGE, 2. Extended replacement cost - Coverage A is deleted.

SECTION I - EXTENSIONS OF COVERAGE, 9. IDENTITY FRAUD, coverage is reduced as follows:

1. The dollar amount at subsection a. is reduced from \$1,500 to \$1,000;
2. All references to the dollar amount of \$28,500 (in subsections b. and c. in the Farmers Next Generation® Homeowners Policy, 1st edition, and in subsection b. in the Farmers Next Generation® Homeowners Policy, 2nd edition) are reduced to \$15,000; and
3. In the last paragraph, the dollar amount is reduced coverage from \$30,000 to \$16,000.

This endorsement is part of your policy. It supersedes and controls anything to the contrary. It is otherwise subject to all other terms of the policy.

FARMERS NEXT GENERATION® HOMEOWNERS POLICY

Arkansas

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Arkansas law requires the following information be included with every policy of insurance.
Arkansas Insurance Dept., Consumer Services Division
1200 W. 3rd St., Little Rock, AR 72201-1904;
Telephone 800-852-5494 or 501-371-2640

This policy is a legal contract between you (the policyholder) and us (the Company).
IT CONTAINS CERTAIN EXCLUSIONS.

READ YOUR POLICY CAREFULLY.

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INTRODUCTION

Property Coverage:

Under Section I, this policy insures different kinds of property; however, not all property is insured. This policy will not pay for all types of loss or damage or for all causes of loss or damage to covered property. Coverage is dependent upon both the (1) cause of the loss or damage and (2) type of loss or damage.

Settlements, including replacement cost settlements, and coverages under this policy, are subject to the limits of insurance stated herein.

If loss occurs, refer to Section I - Property Conditions, Duties After Loss.

Liability Coverage:

Under Section II, this policy provides coverage for certain damages you become legally obligated to pay because of **bodily injury** or **property damage** resulting from an **occurrence**. If the Declarations or renewal notice indicates **personal injury** coverage applies, this policy provides coverage for certain **personal injuries**. Further, the amount we will pay is limited and coverage under this policy is subject to certain conditions.

If a claim should be made against you, refer to Section II - Liability Conditions, Duties after loss.

AGREEMENT

You agree to pay premiums when due and comply with all applicable terms of this policy. In return, we will insure you for the coverages and limits described except as otherwise indicated in the Declarations or renewal notice.

ACCURACY OF INFORMATION AND CHANGED CIRCUMSTANCES

The Coverage A (**Dwelling**) **stated limit** is the most we will pay if your **dwelling** sustains a loss. The actual cost to replace the **dwelling** at the time of loss may be different. We do not guarantee that the **stated limit** represents the actual cost to replace the **dwelling**. You may have additional insurance as provided under Extensions of Coverage or by endorsement.

You agree by acceptance of this policy and payment of premium that all information you have provided to us is accurate. We may provide you with information about your **dwelling** or this insurance. You agree to cooperate in determining if all information is correct and complete. You agree to notify us within 60 days if any information is inaccurate, incomplete or changes.

DEFINITIONS

Throughout this policy, "you" and "your" mean the "named insured" shown in the Declarations or renewal notice and your spouse or registered domestic partner under applicable state law if a resident of the same household with you. Any domestic partner must be registered prior to the date of a loss. "We," "us" and "our" refer to the company providing this insurance. In addition, certain words and phrases are defined as follows:

1. **Actual cash value** - means the reasonable replacement cost at time of loss less deduction for physical deterioration and depreciation.
We may depreciate all replacement costs, including by way of example but without limitation costs of materials.
2. **Aircraft** - means any device used or designed for flight, including **aircraft** parts, accessories, or equipment. **Aircraft** does not include model or hobby **aircraft** not used or designed to carry people or cargo.
3. **Annual aggregate limit** - means the total we will pay for all covered **occurrences** combined which happen in each policy period. This limit applies regardless of the number of such **occurrences** or loss events, or **insureds** or claimants.

4. **Bodily injury** - under Section II - Liability means physical harm to the body, including physical sickness or disease, to a person other than an **insured**. This includes reasonable required care, loss of services and death that results.

Bodily injury does not include:

- a. psychological or mental injury or effect, including by way of example but not limited to fear, depression, humiliation, anxiety, anguish, shock or distress, unless it arises from actual physical harm to the body of a person;
 - b. any sexually transmitted disease;
 - c. Acquired Immune Deficiency Syndrome (AIDS), AIDS related Complex, Human Immunodeficiency Virus (HIV);
 - d. any auto-immune disease; or
 - e. any symptom, injury, condition, effect, illness or disease related to subsections a. through d. above, or resulting from a **noxious substance**. A symptom, injury, condition, effect, illness or disease includes by way of example but is not limited to fatigue, insomnia, stomachaches, headaches or ulcers.
5. **Building structure** - means a structure fully enclosed with walls and a roof. A roof or wall does not include a temporary roof or wall structure or any kind of temporary tarp, sheeting or other covering, except a temporary roof or wall or temporary covering which has been installed for temporary purposes because of recent damage covered under this policy.
6. **Business** - means any full or part-time employment, trade, profession, or occupation, or a commercial, mercantile or industrial undertaking of an economic nature. It does not matter whether it is continuous or regular or is a secondary or supplemental source of income or is an **insured's** principal means of livelihood. Profit and profit motive are irrelevant.
- Business** does not include volunteer activities for a not-for-profit organization or public agency for which no money is received other than payment of expenses. **Business** does not include incidental and infrequent personal economic activity such as a garage or yard sale or hobby. **Business** does not include any self-employed, occasional activity by a person under 18 years of age, which activity has no employees or subcontracted independent contractors and is of a type of activity normally performed by persons under 18 including, by way of example but not limited to, babysitting, lawn mowing, paper delivery.
7. **Business property** - means property related to or used for or intended for use in **business**. **Business property** includes personal property that is frequently used in or for **business** or for **business** purposes.
8. **Contamination** - means the actual, perceived or suspected introduction, existence, presence, proliferation or spread of any, **noxious substance, nuclear substance, pathogen, fungus** or pollutant on, to, or in land, **water**, air, buildings, structures or personal property, either on or off the **residence premises** which may harm or injure the property or its usefulness or characteristics, or any person.
9. **Dwelling** - means the building used as the primary private residence structure located on the **residence premises**. **Dwelling** does not include **separate structures**.
10. **Earthquake** - means shaking or trembling of the earth, whether caused by volcanic activity, tectonic processes or any other cause.
11. **Earth movement** - means any movement of earth, including by way of example but not limited to any type of soil or rock, or mixture of soil and rock, or fill, regardless of magnitude. Examples of **earth movement** include but are not limited to:
- a. **earthquake**, landslide, mudslide, debris flow or mudflow, all whether combined with, caused by or resulting from **water**;
 - b. collapse, vibrating, settling, cracking, shrinking, bulging, heaving, subsiding, eroding, sinking, rising, shifting, shearing, expanding, lateral movement, displacement, compacting or contracting of or any pressure by surface or subsurface earth or fill, all whether combined with, caused by or resulting from **water** and all whether the **water** event is man-made or naturally occurring or is sudden and accidental or is constant, repeating, gradual, intermittent, steady or slow; and
 - c. volcanic activity, including eruption, explosion, lava flow and volcanic action.

12. **Fungus or fungi** - means any part or form of **fungus, fungi**, mold, mildew, spores, wet or dry rot, parasitic microorganisms, mycelial agent or fragment, scents, or mycotoxins. This includes any byproduct of any of the foregoing, whether germinated, whether forming a colony or infestation, whether aerosolized, and whether visible or not visible to the unaided human eye.

13. **Household appliance** - means:

- a. a common household device operated by gas or electric current. This includes by way of example but not limited to an air conditioning unit, heating unit, refrigerator, dishwasher, ice maker, clothes washer, water heater, disposal or dehumidifier, and any hoses directly attached thereto; and
- b. a water softener or filtration system connected to the **residence premises plumbing system**, and any hoses directly attached thereto.

Household appliance does not include furniture, waterbeds, aquariums or sump pumps. A household appliance is not part of the **plumbing system**.

14. **Insured** - means:

- a. you;
- b. permanent residents of your household who are:
 - (1) your relatives; or
 - (2) other persons under the age of 21 and in the care of any person described above in subsection a. or b. (1);
- c. a student enrolled in school full time, as defined by the school, who was a permanent 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 person described in b.(1) above; and
- d. under Section II - Liability, **insured** also means:
 - (1) any person or organization legally responsible for animals or watercraft covered under Section II - Liability which are owned by you, or anyone included in subsection b. or c. above. Any person or organization using or having custody of these animals or watercraft in the course of any **business** or without permission of the owner is not an **insured**.
 - (2) with respect to any vehicle covered as personal property under Section I of this policy:
 - i. any person while using or maintaining the vehicle while engaged in the employment of the **insured**; or
 - ii. any other person using the vehicle on an **insured location** with an **insured's** consent.

15. **Insured location** - means:

- a. the **residence premises**;
- b. that part of any other premises, structures and grounds you use as a private residence and:
 - (1) which is shown on the Declarations or renewal notice; or
 - (2) which you acquire during the policy period for your use as a private residence;
- c. any premises you use in connection with a premises described in subsections 15.a. or 15.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** and shown in the Declarations or renewal notice;
- f. land owned by or rented to you on which a one or two family **dwelling** is being built as your private residence;
- g. individual or family cemetery plots or burial vaults of an **insured**; and
- h. any part of a premises occasionally rented to an **insured** for other than **business** use, but only when it is actually rented to the **insured**.

16. **Marring** - means any disfigurement, blemish, discoloration weathering or stretching, or the like, of or to covered property, including by way of example but not limited to scratching, scorching, denting, creasing, gouging, fading, staining, tearing or thinning.

17. **Motor vehicle** - means:

- a. any self-propelled vehicle or any self-propelled machine, whether operable or not, which is designed for movement on land or on land and in **water**, including by way of example but not limited to any type of automobile, hovercraft or air cushion vehicle;
- b. parts, equipment, machinery, furnishings or accessories attached to or located in or upon such vehicle or machine described in subsection a. above; and
- c. any trailer or semi-trailer which is being carried on, towed by, or hitched for towing by a vehicle or machine described in subsection a. above.

18. **Noxious substance** - means any hazardous, toxic, or contaminating solid, liquid, vaporous, gaseous or thermal substance which may cause or result in harm, destruction, damage or injury to the environment or any living thing, or to covered property, the **residence premises** or any other property, or which may be an irritant or a nuisance.

Noxious substances include by way of example but are not limited to asbestos, silica, radon, fumes, odors, smoke from tobacco products, acids, alkalis, chemicals, carbon monoxide, oil, fuel, fuel oil, gasoline, lead, lead paint, polychlorinated biphenyls (PCBs), solvents or waste, including any residual dust or other residuals, other than commonly available chemical products found in a residential household which are normally used for cleaning or maintenance. Waste includes materials which are to be or have been recycled, reconditioned or reclaimed.

Noxious substances does not include smoke or fumes from a fire.

19. **Nuclear hazard** - means:

- a. a nuclear explosion, including shockwaves, and nuclear reaction and nuclear radiation;
- b. the dispersal or spread of **nuclear substances** or nuclear radiation by any means. These include conventional explosion, fallout, or radioactive contamination, all whether controlled or uncontrolled or whether intended or accidental, however caused; and
- c. the negligent, defective or improper design, construction, operation or maintenance of a nuclear facility or any facility which uses, handles, stores or processes **nuclear substances**.

Nuclear hazard is also intended to include any other act or omission which results in a **nuclear hazard**.

20. **Nuclear substance** - means any solid, liquid, vaporous, gaseous or thermal substance contaminated by or with nuclear radiation, or which gives off harmful levels of nuclear radiation.

21. **Occurrence** - under Section II - Liability, means an accident, including exposure to conditions, which occurs during the policy period, and which results in **bodily injury, property damage** or **personal injury** during the policy period. Repeated or continuous exposure to the same general conditions is deemed to be one **occurrence**.

22. **Pathogen** - means any biological or microbial organism or substance which may cause or result in harm, destruction, damage, injury or disease to any living thing or to property. **Pathogens** include by way of example but are not limited to bacteria, bacterium, viruses, or any part or by-product of bacteria, bacterium or viruses, including bacterial or viral toxins.

23. **Personal injury** - under Section II - Liability, means an act or activity of an **insured** which takes place during the policy period which results in injury to another, other than an **insured**, from one or more of the following offenses:

- a. false arrest, wrongful imprisonment or detention;
- b. libel, slander or defamation of character; or
- c. malicious prosecution.

Personal injury does not include false arrest, wrongful imprisonment or detention in connection with or arising out of molestation, abuse or corporal punishment.

24. **Plumbing system** - means all **water** supply and distribution pipes, plumbing fixtures and traps, drainage and vent pipes, and building drains. This includes their respective joints, connections and receptors and vents for same.

A **plumbing system** does not include any of the following:

- a. a shower pan;
- b. a roof drainage system, including by way of example but not limited to gutters, drain pipes and downspouts;
- c. a sump or sump pump, sump-pump well or related equipment, pipes or connectors;
- d. any part of a drainage ditch or channel; or
- e. that part of any system designed to remove or drain **water** away from a **building structure** or **separate structure** on the **residence premises** which part is not within a **building structure** or **separate structure** or which is not above the surface of the ground.

25. **Property damage** - under Section II - Liability means direct distinct and demonstrable, actual physical injury to or destruction of tangible property, including loss of use resulting from the distinct and demonstrable, actual physical injury to or destruction of the property.

Property damage does not mean:

- a. actual, threatened, feared, constructive or alleged diminution or loss of value or equity;
- b. functional impairment or loss of use of property unless the property has sustained distinct and demonstrable, actual physical injury or destruction, including by way of example but not limited to conditions brought about by long or repeated use, mechanical breakdown, or malfunction.

26. **Remediate** - means to:

- a. (1) decontaminate, abate, treat, contain, isolate, remove, extract, clean, mitigate, neutralize, quarantine or detoxify;
- (2) monitor, evaluate, detect, investigate, test or measure for;
- (3) haul away or dispose of; or
- (4) respond in any way to, or assess the effects of

any **nuclear substance, noxious substance, pathogen, fungus**, or pollutant, or any **contamination**, whether on or off the **residence premises**; or

- b. remove, restore or replace any land, **water**, air, building, structure or personal property which is threatened with or has been affected, damaged, infested, polluted or injured by **contamination**.

27. **Residence employee** - means an employee of an **insured** who performs duties related to the ownership, maintenance or use of the **residence premises**. This includes employees who perform similar duties elsewhere for an **insured** if the duties relate to the **residence premises**. This does not include employees while performing duties related to a **business** of an **insured**.

28. **Residence premises** - means the **dwelling, separate structures** and grounds at the address shown on the Declarations or renewal notice.

29. **Separate structure** - means:

- a. those structures, including buildings and **building structures**, on the **residence premises** set apart from the **dwelling** by clear space or structures only connected to the **dwelling** by a fence, wall, sidewalk, walkway, driveway, patio, decking or utility line or similar connection; and
- b. all fences, walls not part of a building, sidewalks, walkways, driveways, pools, pool cages, piers, wharfs, boat docks and spas on the **residence premises**, whether or not abutting or connected to the **dwelling**.

30. **Stated limit(s)** - means the dollar amounts stated as coverage limits on the Declarations or renewal notice for the different types of coverages.

31. Vacancy or vacant - means:

- a. no one is using the dwelling as a principal, habitual place of abode with the knowledge and approval of the owner; and
- b. a predominant amount of personal property has been removed or is absent from the dwelling.

A dwelling under active construction or actively being repaired because of damage otherwise covered under this policy will not be considered vacant even if a. and b. apply. A dwelling is under active construction when it is being erected as a new structure or when it is undergoing substantial improvements, renovations, remodeling or modifications and the construction results in substantial continuing activities by persons associated with the construction project at the premises during the relevant time periods. A recently purchased dwelling that is not under active construction will be deemed vacant until occupied as a principal, habitual place of abode with the knowledge and approval of the owner.

This definition will apply whether or not a dwelling is in fact habitable.

32. Vandalism or malicious mischief - means malicious or willful intentional physical injury or damage to property.

33. Water - means water (H₂O) alone, whether in liquid, frozen, or vapor form, or any liquid, sewage or sludge which contains water, whether or not contaminated or combined with or containing other chemicals, particulates, microorganisms or impurities. Water includes but is not limited to rain, snow, sleet, slush, ice, dampness, vapor, condensation, moisture, steam and humidity.

34. Water - reverse flow - means the flow of water through any sewage, septic or drainage system, or a drain, drain line or drainage channel, or sump pump, or similar system on the premises, which is designed to drain or pump water away from the premises, when the flow of water is in the opposite or reverse direction from that which the system, drain line, channel, or pump was designed to drain or pump. A stoppage on the premises within any of the foregoing which stops the flow of water with a resulting backing up of the water is a backup and is not a water-reverse flow. A backup may cause an overflow.

SECTION I - PROPERTY COVERAGE

SECTION I - LOSS OR DAMAGE INSURED

Coverage A (Dwelling), Coverage B (Separate Structures) and Coverage C (Personal Property)

We insure accidental direct physical loss or damage to that property described in Section I - Types of Property Insured.

Loss or damage:

1. means distinct and demonstrable, actual physical injury to or destruction of the property;
2. does not include functional impairment or the loss of use of property unless the property has sustained distinct and demonstrable, actual physical injury or destruction;
3. does not include any decrease in the market value of the property, however measured or determined;
4. is caused by perils or causes of loss or damage; and
5. consists of certain types of loss or damage.

We do not insure covered property for the types or causes of loss or damage described in Section I - Uninsured Loss or Damage and Excluded Causes of Loss or Damage.

SECTION I - TYPES OF PROPERTY INSURED

Coverage A (Dwelling)

We insure:

1. the **dwelling**; and
2. material and supplies owned by you on or adjacent to the **residence premises** for use in construction of the **dwelling** or a **separate structure**.

Coverage B (Separate Structures)

We insure **separate structures**.

We do not insure:

1. **separate structures** which are intended for use in **business** or which are actually used in whole or in part for **business** purposes by an **insured** or any other person; or
2. **separate structures** rented or held for rental to any person not a tenant of the **dwelling**, unless used solely as a private garage.

Coverage A (Dwelling) and Coverage B (Separate Structures)

We do not insure:

1. land or the value of land, including by way of example but not limited to the cost to restore, replace, repair or rebuild land. This includes land on which the **dwelling** or a **separate structure** is located. If covered cause of loss or damage occurs to the **dwelling** or a **separate structure** and to the land on the **residence premises**, we do not cover any increased cost to repair or replace the **dwelling** or **separate structure** because of damage to the land. Land includes but is not limited to trees, shrubs, plants and lawns on land. However, we do provide limited coverage for trees, shrubs, plants and lawns under Section I - Extensions of Coverage, Trees, Shrubs, Plants, and Lawns; or
2. any type of warranty, service or maintenance contract covering property.

Coverage C (Personal Property)

We insure personal property owned or used by an **insured** anywhere in the world. At your request after a loss, we will also insure personal property:

1. owned by others while the property is on the part of the **residence premises** occupied by an **insured**. However, property of tenants, roomers, live-ins or boarders not related to that **insured** is not covered; and
2. owned by and in the control of a **residence employee** while in the service of an **insured** anywhere in the world.

Special Limits On Certain Personal Property

Special limits of insurance apply to certain types of personal property. The limits shown below do not increase the Coverage C **stated limit**. The limit for each numbered group is the total limit for any one loss event for all property in that group. The lowest applicable special limit shall apply to personal property that falls into more than one group.

1. **Property usually located at an insured's residence other than the residence premises.**

15% of the Coverage C **stated limit** on personal property which is usually located at an **insured's** residence other than the **residence premises**. This is an aggregate limit which applies to all personal property usually located at the **insured's** other residence, even if the property is also subject to one or more of the specific special limits following. This limit does not apply to personal property in a newly acquired principal residence for the first 45 days after the **insured** begins moving to the new residence.

2. **Jewelry, watches, precious and semi-precious stones, and furs.**

\$1,000 limit on any one article and \$5,000 total limit on theft of jewelry, watches, precious and semi-precious stones and furs, including articles for which fur represents the principal value. This applies even if such items are considered artwork or used as decoration.

3. **Firearms.**

\$3,000 limit on theft of firearms. This includes their scopes or mounts whether attached or not, and all other firearm related equipment and ammunition.

4. **Business property, other than electronic data processing equipment, media and data.**

Coverage for loss or damage to **business property**, other than computers, electronic data processing equipment, and accessories and recording or storage media used with the foregoing, is limited to:

- a. \$5,000 limit while on the **residence premises**; and
- b. \$500 limit while away from the **residence premises**.

5. **Electronic data processing equipment, media and data.**

- a. \$5,000 limit on computers and electronic data processing equipment and accessories and recording or storage media used with the foregoing, whether or not it is **business property**. Computers, electronic data processing equipment, and recording or storage media that cannot be replaced with other of like kind and quality on the current retail market is not covered.
- b. \$1,000 limit for the cost of replacing data stored on computers, electronic data processing equipment, personal electronic entertainment equipment, communications equipment, accessories, electronic media or recording or storage media. Data includes by way of example but is not limited to any type of software or text, image, video or audio files.

6. **Money, cashiers checks, currency, gift certificates and cards, scrip and metals.**

\$200 limit on money, cashiers checks, currency, gift certificates or cards, stored value cards, scrip, smart cards or any card used as money (other than bank issued credit or debit cards), bank notes, medals, coins, bullion, platinum, gold and silver other than gold ware and silverware. This includes collections of all such property.

7. **Securities, deeds, valuable papers and stamps.**

\$1,500 limit on securities, deeds, evidences of debt, letters of credit, notes other than bank notes, legal documents and other valuable papers, personal records including, but not limited to, photographs, videos, financial and health records, manuscripts, passports, tickets, stamps and stamp collections. This limit includes the costs to research, replace or restore the information from the lost or damaged material.

8. **Silverware, gold ware, platinumware and pewter ware.**

\$3,000 limit on theft of silverware, gold ware, platinumware and pewter ware. This includes articles for which any such metal represents the principal value.

9. **Imported rugs, carpets and tapestries.**

\$5,000 any one article and \$10,000 total limit on theft of imported rugs, carpets and tapestries. This applies even if such items are artwork or decoration. Imported means made or manufactured in whole or in part outside of the United States.

10. **Cards and comic books.**

\$200 limit per trading or collectible card or comic book and \$2,500 total limit on all cards or comic books. This includes sports cards, game cards and trading cards of any kind.

11. **Watercraft and windsurfers.**

\$3,000 limit on watercraft and windsurfers. This includes their trailers, furnishings, equipment and outboard motors, which are not being carried on, towed by or hitched for towing by a **motor vehicle**.

12. **Trailers.**

\$1,500 limit on trailers not used with watercraft or windsurfers, which are not being carried on, towed by or hitched for towing by a **motor vehicle**.

13. **Motor vehicle parts.**

\$2,000 limit on **motor vehicle** parts, equipment, machinery, furnishings or accessories not attached to or located in or upon any **motor vehicle**.

SECTION I - TYPES OF PERSONAL PROPERTY NOT INSURED

We do not insure:

1. personal property separately described and specifically insured in this or any other policy;
2. any type of warranty, service or maintenance contract covering property;
3. any animals or creatures, including by way of example but not limited to mammals, birds, fish, reptiles, insects and spiders, except as provided in Extensions of Coverage;
4. watercraft and windsurfers, including their trailers, furnishings, equipment and outboard motors while being carried on, towed by or hitched for towing by a **motor vehicle**;
5. trailers while being carried on, towed by or hitched for towing by a **motor vehicle**;
6. **motor vehicles**, however, we do cover:
 - a. a motorized golf cart not subject to **motor vehicle** registration:
 - (1) while on the golf course and used for golfing purposes; or
 - (2) while in a private residential community, including its public roads upon which a motorized golf cart can legally travel, which is subject to the authority of a property owners association and contains the **residence premises**;
 - b. lawn, garden or farm equipment which is not designed for use on public roads and which is principally used on the **residence premises**;
 - c. recreational vehicles designed principally for off road recreational use that are only used on the **residence premises**, including by way of example but not limited to, all terrain vehicles; and
 - d. a motorized assisted living device designed to assist the disabled;
7. any sound, video, mapping, tracking or communications equipment or device or system designed for reproducing, detecting, receiving, transmitting, recording or playing data, maps, location, sound, videos or pictures, and is designed only to be operated from the electrical system of any **motor vehicle**, motorized land conveyance, watercraft, camper or home trailer while such equipment, device or system is in, on, or installed in a **motor vehicle**, motorized land conveyance, watercraft, camper or home trailer. This equipment includes by way of example but not limited to: citizen band radios, radio or cellular telephones, radio transceivers, radio transmitters, two way mobile radios, scanning monitor receivers, radar or laser detectors, car radio receivers, tape or disc players or recorders, global positioning system devices and any accessories, antennas, tapes, discs, software, reels, cassettes, cartridges, carry cases or other devices used with such equipment, device or system;
8. **aircraft** or self-propelled missiles;
9. property located in that part of the **residence premises** which is regularly rented or held for rent to others;
10. property of an **insured** which is rented or is available for rent to others when it is away from the **residence premises**;
11. property of roomers, live-ins, boarders or tenants not related to an **insured**;
12. **water**, electricity or gas; or
13. any property which is illegal for an **insured** to possess under federal or state law.

COVERAGE D - LOSS OF USE

The **stated limit** for Loss of Use is the total limit for all Additional living expense, Loss of rents and Prohibited use coverages for any one loss event.

1. **Additional living expense.**

If covered actual, accidental direct, distinct and demonstrable physical loss or damage to the **dwelling** makes the **dwelling** uninhabitable by you, we will reimburse you for the reasonable and necessary increase in living expense incurred by you. This coverage is for you and **insured** members of your household to maintain the normal standard of living you had at the time of the loss event. Reimbursement for additional living expense will be for the shortest time needed to (a) repair or replace the loss or damage to the **dwelling**, or (b) permanently relocate, but in no event for more than 24 months. Additional living expense that raises your standard of living will not be reimbursed. Upon our request, you must provide receipts for expenses incurred. Additional living expense will be paid for only one household, regardless of the number of named insureds.

2. **Loss of rents.**

If covered actual, accidental direct, distinct and demonstrable physical loss or damage to covered property makes that part of the **residence premises** rented to others or held for rental by you untenable, we cover the loss of rents less any expense that does not continue during the loss period. We pay for the shortest time needed to repair or replace the damaged property but in no event for more than 12 months. Loss of rents due to cancellation of a lease or agreement is not covered. This coverage only applies if the use of the part rented is for private residential living purposes.

3. **Prohibited use.**

We provide Additional living expense or Loss of rents as described above for no more than two weeks if a civil authority prohibits you from use of the **residence premises** because of actual, accidental direct, distinct and demonstrable physical damage to a neighboring premises, which damage would have been covered under this policy if the damage had occurred to the **residence premises**. Prohibited use coverage does not apply to threatened damage.

The time periods in subsections 1, 2, and 3 above are not limited by cancellation, renewal or non-renewal of this policy.

No deductible applies to subsections 1, 2, and 3 above.

SECTION I - EXTENSIONS OF COVERAGE

We will insure you for the Extensions of Coverage as described below except as otherwise indicated in the Declarations or renewal notice. Unless otherwise expressly stated, the following Extensions of Coverage are subject to all the policy terms, exclusions, deductibles, and conditions, including without limitation the terms and limitations of any uninsured loss or damage or excluded cause of damage set forth in Section I - Uninsured Loss or Damage and Excluded Causes of Loss or Damage, and in any other Extension of Coverage.

1. **Limited Water Coverage.**

- a. We provide limited coverage for accidental direct, distinct and demonstrable physical **water** damage of covered property from direct contact with **water**, but only if the **water** results from:
 - (1) the build-up of ice on portions of the roof or roof gutters on a **building structure**.
 - (2) hail, rain, snow, or sleet entering through an opening in the roof or wall of a **building structure**, but only if the opening is first caused by damage from the direct force of the following:
 - i. fire;
 - ii. lightning;
 - iii. explosion resulting from combustion;

- iv. riot or civil commotion;
 - v. **aircraft** or vehicles;
 - vi. **vandalism** or **malicious mischief**;
 - vii. collapse of a **building structure** or structural part of the **building structure**;
 - viii. falling objects;
 - ix. windstorm;
 - x. hail; or
 - xi. theft or attempted theft.
- (3) the freezing of and a discharge, leakage or release of **water** as a result of the freezing from the **plumbing system**, heating, air-conditioning or automatic fire protection system or a **household appliance**. We only cover the **water** damage from freezing if you have used reasonable care to:
- i. maintain heat in the **dwelling** or heated **building structure**; or
 - ii. shut off the **water** supply and drain the **plumbing system**, other system or **household appliance** of **water**.

Under this subsection (3) we will cover loss or damage from the freezing to the covered **plumbing system**, heating, air-conditioning or automatic fire protection system or a **household appliance** from which the **water** discharged, erupted, released or overflowed.

- (4) a sudden and accidental discharge, eruption, overflow or release of **water**, other than a **water - reverse flow**, from within any portion of:
- i. a **plumbing system**;
 - ii. a heating or air conditioning system;
 - iii. an automatic fire protection system; or
 - iv. a **household appliance**;

and provided the discharge, eruption, overflow or release of **water** is not directly or indirectly caused by, or arises out of or results from flood, including debris flow and mud flow, from any form of surface **water**, waves, tsunami, seiche, tidal **water**, tidal waves, storm surge or overflow or escape of a body of **water**, or spray from any of these, whether or not driven by wind.

- b. The limited coverage for **water** damage described at subsection a. (4) above applies even if the sudden and accidental discharge, eruption, overflow or release of **water** is caused by the following Section I - part B. Excluded Causes of Loss or Damage:

- (1) Faulty, Inadequate, Defective or Incomplete Planning, Zoning, Maintenance, Repairs, Manufacture or Construction;
- (2) Inherent Vice or Latent Defect;
- (3) Wear and Tear or Mechanical Breakdown;
- (4) Corrosion, Deterioration, Decay or Rust;
- (5) Power Interruption;
- (6) Animals or Pests;
- (7) Pressure by Trees, Shrubs, Plants or Lawns; or
- (8) Collapse of Building Structure or Structural Part of the Building Structure Extension of Coverage.

All the foregoing must either occur on or be on the **residence premises**, unless the damage is to covered personal property which is off the **residence premises** when damaged.

- c. A sudden and accidental discharge, eruption, overflow or release of **water** does not include a constant or repeating gradual, or slow release of **water**, or the infiltration or presence of **water** over a period of time. We do not cover any **water**, or the presence of **water**, over a period of time from any constant or repeating gradual or slow seepage, leakage, trickle, collection, infiltration or overflow of **water** from any source, even if from the usage of those items described in subsection a. (4) (i), (ii), (iii) or (iv) above, whether known or unknown to any **insured**.

- d. If **water** damage to the **dwelling** or to a **building structure** covered under subsection a. (4) above occurs on the **residence premises**, we will pay the reasonable cost of tearing out and replacing that part of the **dwelling** or the **building structure** actually necessary for you to gain access and repair that portion of the system or **household appliance** from which the **water** suddenly and accidentally discharged, erupted, overflowed or was released. Any costs incurred under this subsection are subject to the applicable Coverage A or B **stated limit**.
- e. Under subsection a. (4) above, we do not cover loss or damage to any system or **household appliance** from which the **water** discharged, erupted, released or overflowed.
- f. We do not cover any loss or damage which consists or is composed of or which is the movement, settling, cracking, bulging, shrinking, heaving, erosion, washing out or expanding of a foundation, slab, concrete floor, concrete pad or sidewalk or patio, or a foundation wall, foundation fill, or pavement.
- g. This is not additional insurance and all loss, damage or expense under this coverage is subject to the applicable Coverage A, B, or C **stated limit** or any special limit of insurance on personal property.
- h. **Water** damage under subsection a. (4) will include any **contamination** damage from any **contaminant** in the **water**.

2. **Extended Replacement Cost - Coverage A.**

We will pay you up to the Extended Replacement Cost **stated limit**, if necessary, to repair, rebuild or replace covered loss or damage to the **dwelling**.

For this Extended Replacement Cost coverage to apply at the time of loss or damage to the **dwelling**, you must have complied with each of the following conditions, as applicable:

- a. you must have notified us within 60 days of any inaccuracy or change in any information you have provided us regarding the physical characteristics of your **dwelling**;
- b. you must have notified us within 60 days of any inaccuracy or change in any information we have provided to you regarding the physical characteristics of your **dwelling**;
- c. you must have notified us within 60 days of the start of any physical changes which costs or will increase the replacement cost of your **dwelling** by \$5,000 or more. This includes additions or remodeling;
- d. you must have selected or increased the Coverage A **dwelling** amount to an amount at least equal to our most current estimated replacement cost of the **dwelling**; and
- e. you must actually repair, rebuild or replace the **dwelling**.

If you do not comply with conditions a., b., c. and d. above prior to covered direct physical loss or damage to the **dwelling** and with condition e. above after the direct physical loss or damage, then this coverage will not apply. With respect to conditions a., b., c. and d. above, you must agree to any resulting increases in the Coverage A (**Dwelling**) limit and other **stated limits** as calculated.

This is additional insurance. It will only apply if the Coverage A **stated limit** is insufficient to repair, rebuild or replace covered loss or damage to the **dwelling** at the same location. If you do elect to rebuild at a different location, then any Extended Replacement Cost coverage available will only be based on the costs to repair, rebuild or replace the **dwelling** as if at the same location.

This coverage only applies to loss or damage to the **dwelling** excluding any increased costs from enforcement of any building ordinance or law. We will not consider any increased costs from enforcement of any building ordinance or law when we determine whether this coverage applies.

3. **Contents Replacement Cost - Coverage C.**

- a. If the Declarations or renewal notice indicates that Contents replacement cost coverage applies, then covered loss or damage to covered personal property, except for those types of personal property described in subsection c. below, will be settled at replacement cost without deduction for depreciation for an amount that is reasonably necessary to repair or replace the damaged property, but for no more than the smallest of the following:

- (1) any **stated limit** or other limit of insurance under this policy that applies to the property;

- (2) the replacement cost of that part of the property damaged for equivalent manufacture or construction with materials of like kind and quality, determined as of the time of loss;
 - (3) the reasonable amount actually and necessarily spent to repair or replace damage to the property;
or
 - (4) the loss to the interest of the **insured** in the property.
- b. We will pay no more than the **actual cash value** of the property at the time of loss until actual repair or replacement is completed. Except for those types of personal property described in subsection c. below, you may collect any additional amount on a replacement cost basis. To do so the property must have been repaired or replaced in accordance with and subject to Section I - Property Conditions, Replacement Cost Settlement.
- c. Covered loss or damage to the following types of personal property, whether or not attached to buildings or any structure, will be settled as shown below in subsection d.:
- (1) property which cannot be replaced;
 - (2) property not in workable condition at the time of loss or damage;
 - (3) property, the age or condition of which has rendered it either obsolete or unusable for the purpose for which it was originally intended;
 - (4) paintings, etchings, pictures, tapestries, art glass windows, or other bona fide works of art or rarity, historical value or artistic merit, including by way of example but not limited to valuable rugs, statuary, marble, rare books, manuscripts, bronzes, porcelains, rare glass or bric a brac;
 - (5) antiques, including by way of example but not limited to furniture, metalware, tools, toys, and bric a brac;
 - (6) photographs or negatives, digital or analog storage medium that contains data or articles whose age or history contribute substantially to their value, including by way of example but not limited to memorabilia, souvenirs, and collectibles and collectors items;
 - (7) a motorized golf cart not subject to **motor vehicle** registration:
 - i. while on the golf course and used for golfing purposes; or
 - ii. while in a private residential community, including its public roads upon which a motorized golf cart can legally travel, which is subject to the authority of a property owners association and contains the **residence premises**;
 - (8) farm equipment principally used on the **residence premises**;
 - (9) recreational vehicles designed principally for off road recreational use that are only used on the **residence premises**, including by way of example but not limited to, all terrain vehicles;
 - (10) **motor vehicle** parts, equipment, machinery, furnishings or accessories not attached to or located in or upon any **motor vehicle**.
- d. The covered types of personal property shown above in subsection c. will be settled for no more than the smallest of the following:
- (1) **actual cash value**;
 - (2) fair market value;
 - (3) any **stated limit** or other limit of insurance under this policy that applies to the property; or
 - (4) the reasonable amount actually and necessarily spent to repair or replace loss or damage to the property.
- e. The Coverage C **stated limit** is the most we will pay regardless of the number of items of personal property which are involved in a loss event.
- f. We may repair or replace damaged property with equivalent like kind and quality property.

4. Building Ordinance or Law.

- a. We will pay for the increased costs that you actually and necessarily incur when you repair or rebuild covered damage to the **dwelling** or a **separate structure** because of or resulting from the enforcement of any governmental ordinance, code, regulation, order or law, hereinafter "building law".

We will pay up to the percentage shown on the Declarations or renewal notice of the applicable Coverage A (**Dwelling**) or Coverage B (**Separate Structures**) **stated limit**. The building law must be adopted by the local government in which the **dwelling** is located and be in force on the date of loss or damage. The building law must directly apply to the part of the **dwelling** or **separate structure** which sustained the covered damage, and enforcement of the building law must directly result from the covered damage and must require:

- (1) upgrades to or regulation of the construction, demolition, renovation, repair, removal or rebuilding of that part of the **dwelling** or a **separate structure** which has sustained covered damage;
 - (2) the total demolition and/or regulation of the reconstruction of the undamaged part of the **dwelling** or a **separate structure** necessary to repair the damaged part of the **dwelling** or **separate structure** and to bring the undamaged part of the **dwelling** or **separate structure** into conformity with the building law;
 - (3) the renovation or rebuilding of the undamaged part of the **dwelling** or a **separate structure** necessary to complete the repair or rebuilding of that part of the **dwelling** or **separate structure** which has sustained the covered loss or damage; or
 - (4) modifications to any undamaged part of the **dwelling** or **separate structure** as a direct result of the covered loss or damage.
- b. We do not cover:
- (1) the loss in value to the **dwelling** or a **separate structure** due to the requirements of any building law;
 - (2) the cost to repair, replace, rebuild, stabilize or otherwise restore land;
 - (3) the costs to comply with any building law which requires an **insured** or others to **remediate** the **dwelling** or a **separate structure**, or a part thereof;
 - (4) the increased cost to repair or rebuild if the **dwelling** or **separate structure** is not intended for the same type of occupancy as the pre-loss event **dwelling** or **separate structure**;
 - (5) the increased cost to repair or rebuild the **dwelling** or **separate structure** until it is actually repaired or rebuilt;
 - (6) those increased costs of construction, renovation or repair that are a result of your failure to timely undertake repairs or rebuilding of loss or damage;
 - (7) the costs of demolition if you should fail to reasonably mitigate, repair or rebuild loss or damage and as a result the **dwelling** or **separate structure** then becomes subject to demolition;
 - (8) those costs of complying with any building law that you were required to comply with before the covered loss or damage and which building law you failed to comply with;
 - (9) those costs of complying with any building law that regulates the use of the **dwelling** or **separate structure**; or
 - (10) those costs of conforming, correcting or remedying any original or subsequent construction, addition, modification, renovation or repair to a building or other structure which did not conform to a building law in effect when the construction, modification, renovation or repair was performed.

- c. If you should rebuild the dwelling or a separate structure at another location, then we will only pay under this coverage the increased costs that you would have incurred to repair or rebuild the dwelling or separate structure at the same location.

This Building Ordinance or Law coverage is additional insurance.

5. Debris Removal.

We will reimburse you for the reasonable and necessary expenses you incur to remove debris caused by or resulting from covered loss or damage.

If the amount of loss or damage, including reimbursable debris removal expense, exceeds the applicable Coverage A, B or C stated limit for the type of damaged property, we will reimburse you up to an additional 5% of the applicable stated limit for the excess reimbursable debris removal expense you have incurred. This is additional insurance which is excess of the applicable Coverage A, B or C stated limit. No deductible applies to this coverage.

Debris removal does not include and we will not reimburse any expenses incurred by you or anyone acting on your behalf to:

- a. remediate any contamination; or
- b. remove, restore or replace any contaminated land, water, air, buildings, structures or personal property, either on or off the residence premises.

This coverage does not apply to any debris removal of any tree, shrub, plant or lawn, unless the tree, shrub, plant or lawn first damaged covered Coverage A or B property. Then the removal of the tree, shrub, plant or lawn will be included in this Debris removal coverage.

6. Trees, Shrubs, Plants and Lawns.

Subject to the limitations set forth in Section I - Uninsured Loss or Damage and Excluded Causes of Loss or Damage, we cover trees, shrubs, plants and lawns on the residence premises for accidental, direct physical loss or damage resulting from the following perils:

- a. fire or lightning;
- b. explosion resulting from combustion;
- c. riot or civil commotion;
- d. aircraft and vehicles, not owned or operated by any insured;
- e. vandalism and malicious mischief; and
- f. theft.

Property grown for business purposes is not covered.

The limit for this coverage, including any necessary debris removal, for any one loss event will not exceed 5% of the Coverage A stated limit. No more than \$750 will be paid for any one tree, shrub or plant. This coverage is additional insurance and is not subject to the Coverage A stated limit.

Except as provided therein, debris removal for trees, shrubs, plants and lawns is not covered under Section I - Extensions of Coverage, Debris Removal.

7. Fire Department Service Charge.

We will pay up to \$750 for fire department charges incurred when the fire department is called to save or protect covered property from covered loss or damage.

This coverage is additional insurance. It is not subject to the applicable Coverage A, B, or C stated limits.

No deductible applies to this coverage.

8. Emergency Removal of Property.

We pay for damage from any cause to covered property:

- a. while being removed from a premises actually and imminently endangered by a peril not excluded under this policy; and

b. while removed for not more than 30 days from the date of removal.

This is not additional insurance. All loss or damage under this coverage is subject to the applicable Coverage C **stated limit** or any Special Limits on Certain Personal Property.

9. **Identity Fraud**

a. We will pay up to \$1,500 for loss sustained by an **insured** caused by any of the following:

- (1) a knowing transfer or use, without authority, of the identity of or a means of identification of an **insured** to obtain goods, services or other benefits from an innocent third party. The transfer or use must be with intent to commit, or to aid or abet, unlawful activity that constitutes a violation of federal law or a felony under any applicable state or local law;
- (2) theft or unauthorized use of a credit, debit or fund transfer card issued to that **insured**;
- (3) forgery or alteration of a check or other negotiable instrument made or drawn upon an **insured's** account; or
- (4) acceptance in good faith by an **insured** of counterfeit United States or Canadian paper money.

No deductible applies to this subsection a. Any loss which may be payable under this subsection a. will be reduced by any amount we pay under any other coverage of this policy for the same loss event.

b. We will reimburse up to \$28,500 for the costs and expenses identified below. For coverage to apply:

- (1) the costs or expenses must be the direct result of an act described in subsection a. which first commences during the policy period;
- (2) the act described in subsection a. must be reported to us within 90 days after the date of discovery; and
- (3) the costs or expenses must be incurred within 12 months after the date of discovery.

Reimbursable costs and expenses are:

- (1) costs for notarizing fraud affidavits or similar documents for financial institutions or similar credit grantors, credit agencies or card issuers that have required that such affidavits be notarized;
- (2) costs for certified mail to law enforcement agencies, credit bureaus, financial institutions or similar credit grantors or card issuer;
- (3) lost wages as a result of time taken off from work to meet with, or talk to, law enforcement agencies, credit agencies, card issuers and/or legal counsel, or to complete fraud affidavits, or to attend legal proceedings, up to a maximum payment of \$250 per day for a maximum of ten days;
- (4) loan application fees for re-applying for a loan(s) when the original application is rejected solely because the lender received incorrect credit information;
- (5) reasonable attorney fees incurred for:
 - i. defense of lawsuits brought against that **insured** by merchants, card issuers or their collection agencies;
 - ii. the removal of any criminal or civil judgments wrongly entered against that **insured**; and
 - iii. challenging the accuracy or completeness of any information in a consumer credit report; and
- (6) charges incurred for long distance telephone calls to merchants, law enforcement agencies, financial institutions or similar credit grantors, or credit bureaus, or card issuers to report or discuss any of the subsection a. loss events.

For subsection b. we will reimburse all costs or expenses up to \$28,500 that exceed \$100 in the aggregate.

c. The additional duties of the **insured** after loss are to:

- (1) cooperate in the investigation of the covered event and provide receipts, bills or other records that support the **insured's** claim for reimbursement under this extension of coverage; and

- (2) immediately notify the police. As applicable, notify the issuer of the card, credit bureau, credit reporting agency, or credit grantor. Failure to comply with the terms and conditions of the reporting requirements of the grantor of credit will void coverage for any further loss after such failure.
- d. Any act of or series of acts committed by any person(s) or in which any person(s) is involved or implicated is considered to be one loss event, even if a series of acts continues into subsequent policy periods.
- e. We do not cover loss or expense:
 - (1) arising from or in connection with any **business** engaged in by any **insured**;
 - (2) arising from any fraudulent, dishonest or criminal act by an **insured**, any person acting in concert with an **insured**, any authorized representative of an **insured**, or any **residence employee**, regardless of whether any of these act alone or in collusion with others;
 - (3) arising out of use of any card, identification or information by a resident of the **residence premises** or a relative of the **insured** which enables any of the activities in subsection a. above;
 - (4) if an **insured** has not complied with all terms and conditions under which any card is issued; or
 - (5) resulting from any use of a credit card or other credit information of an **insured** by persons or entities to whom the account information has been made available by an **insured** for the purchase of goods, services, money or property, and the **insured** is disputing the transaction for any reason whatsoever, including by way of example but not limited to disputes over the quality or amount of goods, services, money or property provided or authorized.

Regardless of the number of **insureds** or loss events, our total aggregate limit of insurance under this extension of coverage for loss, costs and expense for any policy period is \$30,000. The policy deductible does not apply to this coverage.

10. **Collapse of Building Structure or Structural Part of the Building Structure.**

We cover loss or damage to covered property caused by collapse of a **building structure** or any structural part of the **building structure**. The collapse must be a direct result of:

- a. weight of ice, snow, sleet or rain which collects on a roof;
- b. weight of persons, animals, contents or equipment; or
- c. defective methods or materials used in construction, repair, remodeling or renovation, but only if the collapse occurs in the course of such construction, repair, remodeling or renovation.

The collapse must be a sudden and accidental, actual and complete falling down or caving in of the **building structure** or of a structural part of the **building structure**. A structural part of a **building structure** means a part of the building, which if it fell down or caved in, would threaten the structural integrity of the **building structure**. Substantial impairment of a **building structure** or structural part of a **building structure** without a sudden and accidental, actual and complete falling down or caving in is not a collapse. Collapse does not mean imminent or threatened collapse. Collapse does not include movement, settling, cracking, bulging, shrinkage, heaving or expansion, whether natural or otherwise, of the **building structure** or a structural part of the **building structure** unless an actual and complete falling down or caving in has occurred. Collapse coverage does not apply to **separate structures** which are not **building structures**.

For purposes of this Extension of Coverage only, a **building structure** means a structure fully or partially enclosed with walls, but fully covered by a roof. A roof or wall does not include a temporary roof or wall structure or any kind of temporary tarp, sheeting or other covering, except a temporary roof or wall or temporary covering which has been installed for temporary purposes because of recent damage covered under this policy.

This is not additional insurance. All loss or damage under this coverage is subject to the applicable Coverage A, B or C **stated limit** or any Special Limits on Certain Personal Property.

11. Food Spoilage.

We will pay for the cost of loss or damage to contents in a refrigerator or freezer on the **residence premises** which thaws or spoils due to interruption of electrical utility service. The interruption must originate off the **residence premises**. This coverage is subject to the Coverage C **stated limit**.

12. Artificially Generated Electrical Current.

We will pay for loss or damage caused by a sudden and accidental surge or decrease in artificially generated electrical current, whether on or off the **residence premises**, to any electronic components or wiring of or in covered personal property. We will pay no more than \$1,000 for all personal property damaged per loss event.

13. Arson, Burglary or Vandalism and Malicious Mischief Reward.

We will pay up to the amount specified below for information which leads to an arson, burglary or **vandalism** and **malicious mischief** conviction in connection with loss or damage to property covered by this policy:

- a. a \$5,000 limit for arson;
- b. a \$1,000 limit for burglary; and
- c. a \$500 limit for **vandalism** and **malicious mischief**.

In no event will the amount of the reward exceed the total amount of the loss or damage. We will pay no more than the highest limit for any one loss event. No limit shall be increased, regardless of the number of persons providing information for that loss, the number of claims being made for that loss or the fact that the loss may involve loss or damage to property under Coverages A, B and C.

No deductible applies to this coverage.

14. Lock Re-keying.

We will reimburse you up to \$500 for expense you incur to re-key locks on exterior doors of the **dwelling** or a **separate structure** located on the **residence premises**, when the keys to those locks are part of a covered loss.

No deductible applies to this coverage.

15. Pet Coverage.

We will pay reasonable amounts up to \$500 for the veterinary care, burial, disposal, injury or death of household pets owned or kept by you that are injured or die resulting from any covered loss under **SECTION I** that occurs on the **residence premises**. Settlement will be based on the monetary value of the household pets up to a maximum of \$500 for all pets in any covered loss event under **SECTION I**.

For the purposes of this coverage only, a household pet is a fully domesticated animal owned by you for personal companionship, such as a dog, a cat, a reptile, a bird or a rodent. Household pet does not include any type of horse, cow, pig, sheep, goat, chicken, turkey, rooster, or captive fur-bearing animal, or any animal commonly kept for food or profit.

SECTION I - UNINSURED LOSS OR DAMAGE AND EXCLUDED CAUSES OF LOSS OR DAMAGE

A. Uninsured Types of Loss or Damage.

We do not insure property covered under this policy, provide Loss of Use coverage or extend coverage under any Extensions of Coverage, for any loss or damage consisting or composed of any of the uninsured types of loss or damage listed below, whether on or off the residence premises, however caused, whether the loss or damage is, or is the result of, a natural or man-made activity, condition or event, except as may be stated otherwise.

Uninsured types of loss or damage are never covered regardless of whether any acts, omissions or decisions of any persons, group, organization, association or governmental body or any other cause of loss or event contributes concurrently or in any combination or sequence to cause the uninsured type of loss or damage, except as may be stated otherwise.

Uninsured types of loss or damage can occur in combination with insured loss or damage. If any uninsured type of loss or damage does occur in combination with or in sequence to insured loss or damage, the uninsured type of loss or damage is not covered. If a loss event involves both insured types of loss or damage and uninsured types of loss or damage, the insured types of loss or damage will be covered and the uninsured types of loss or damage will not be covered.

1. Water Damage.

We do not insure loss or damage consisting of, composed of or which is water damage, except as covered under Section I - Extensions of Coverage, Limited Water Coverage and unless if by fire or lightning.

2. Nuclear Damage.

We do not insure loss or damage consisting of or composed of nuclear radiation. Further, we do not insure any remediation of or provide any Loss of Use or any Extensions of Coverage for expenses directly or indirectly due to, arising out of or resulting from remediation of nuclear damage.

3. Construction Defect.

We do not insure loss or damage which is a construction defect in the dwelling or a separate structure, except as covered under Section I - Extensions of Coverage, Collapse of Building Structure or Structural Part of the Building Structure and unless if by fire or lightning.

4. Inherent Vice or Latent Defect.

We do not insure loss or damage which is an inherent vice or latent defect in covered property.

5. Contamination.

We do not insure loss or damage consisting of, composed of or which is contamination except as covered under Section I - Extensions of Coverage, Limited Water Coverage or unless if by fire or lightning. However, even if by fire or lightning, nuclear contamination is not insured. Further, we do not insure any remediation or provide any Loss of Use or any Extensions of Coverage for expenses directly or indirectly due to, arising out of or resulting from remediation of any contamination.

6. Breakage, Impairment, Corruption or Failure of Personal Property.

We do not insure loss or damage which is the breakage, impairment, corruption or failure of personal property, including any electronic or mechanical part of the personal property, except as provided in item 14.

7. Wear and tear or mechanical breakdown.

We do not insure loss or damage which is wear and tear, deterioration or mechanical breakdown, unless if by fire or lightning.

8. **Marring.**

We do not insure loss or damage which is **marring** of covered property except as provided in item 14.

9. **Corrosion, Deterioration, Decay or Rust.**

We do not insure loss or damage consisting of, composed of or which is corrosion, deterioration, decay or rust, unless if by fire or lightning. This includes by way of example, but is not limited to any decomposition, breakdown and/or decay of manmade or natural material or matter by any agent.

10. **Fungi.**

We do not insure loss or damage consisting of, composed of or which is **fungi**. However, if **fungi** is located upon covered property, which property must be repaired or replaced because of direct physical damage as the result of a covered loss, we will remove and dispose of any **fungi** on that covered property. Further, we do not insure any **remediation** or provide any Loss of Use or any Extensions of Coverage for expenses directly or indirectly due to, arising out of or resulting from **remediation** of **fungi**.

11. **Pathogen.**

We do not insure loss or damage consisting of, composed of or which is a **pathogen**, unless if by fire or lightning. Further, we do not insure any **remediation** or provide any Loss of Use or any Extensions of Coverage for expenses directly or indirectly due to, arising out of or resulting from **remediation** of a **pathogen**.

12. **Movement, Settling, Cracking, Bulging, Shrinking, Heaving or Expanding.**

We do not insure loss or damage consisting of, composed of or which is the movement, settling, cracking, bulging, shrinking, heaving or expanding of any part of covered property, except as provided in item 14.

Movement, settling, cracking, bulging, shrinking, heaving or expanding of any part of covered property includes by way of example but not limited to foundations, foundation fill material, foundation piers, foundation beams, slabs, pads, patios, walls, floors, ceilings, roofs, roof structures, walks, driveways, pavements, curbs, fences, retaining walls, bulkheads, spas or swimming pools.

13. **Building Ordinance or Law.**

We do not insure the increased costs of enforcement of any ordinance, code, regulation, order or law except as provided in Section I - Extensions of Coverage, **Building Ordinance or Law**.

However, we do insure sudden and accidental direct physical loss or damage which results from order of governmental or public authorities to prevent the spread of a fire if the fire results from a cause of loss which would have been covered under this policy.

14. **Exceptions to Uninsured types of damage.**

However, we do insure:

6. Breakage, Impairment, Corruption or Failure of Covered Personal Property;

8. **Marring**; and

12. Movement, Settling, Cracking, Bulging, Shrinking, Heaving or Expanding;

which is directly caused by the following causes of loss, subject to the terms, conditions and limitations set forth in subsection B. Excluded Causes of Loss or Damage for any such cause of loss:

a. fire or lightning;

b. windstorm or hail;

c. smog, smudging or smoke (all only if sudden and accidental);

d. explosion resulting from combustion (other than nuclear explosion);

e. riot or civil commotion;

f. **aircraft** or vehicles;

g. theft;

h. falling objects;

- i. fall of trees or limbs, including felling, topping or trimming of trees;
- j. weight of ice, snow or sleet which causes damage to personal property contained in a building; or
- k. artificially generated electric current;

and we do insure:

6. Breakage, Impairment, Corruption or Failure of Covered Personal Property; and

8. **Marring**

which is directly caused by the following subsection B. Excluded Cause of Loss or Damage or by the following Extensions of Coverage, subject to the terms, conditions and limitations set forth for the cause of loss or the Extensions of Coverage: **vandalism or malicious mischief**, Limited Water Coverage and Collapse of a Building Structure or Structural Part of the Building Structure.

B. Excluded Causes of Loss or Damage.

Except as expressly provided elsewhere in this policy, we do not insure property covered under this policy, provide Loss of Use coverage or extend coverage under any Extensions of Coverage for loss or damage directly or indirectly caused by, arising out of, or resulting from any of the Excluded Causes of Loss or Damage listed below, whether occurring on or away from the **residence premises**. Acts or omissions of persons or other causes or other events can cause, contribute to, combine with or aggravate any of the Excluded Causes of Loss or Damage to cause loss or damage. Loss or damage is not covered regardless of any acts, omissions or decisions of any persons, group, organization, association or governmental body or any other causes or other events which aggravate or contribute concurrently or in any combination or sequence with the excluded cause of loss or damage.

Excluded Causes of Loss or Damage are excluded whether they are, or are the result of, natural or man-made activities, conditions or events.

Excluded Causes of Loss or Damage apply to exclude the loss or damage arising from or as a result of the excluded activity, condition or event, whether the loss or damage is direct or indirect or immediate or consequential.

However, we do insure direct physical loss or damage by fire, when the fire results from an excluded cause of loss or damage, except when the fire results from Governmental action, Failure to Protect Covered Property, Destructive Acts, **Nuclear Hazard**, Meteorites or **Vandalism or Malicious Mischief** or **Arson** if the **dwelling is vacant**. We do insure loss or damage consisting of or composed of **water** from a covered fire.

1. **Earth Movement.**

2. **Water.**

By way of example, this exclusion includes but is not limited to:

- a. a **water - reverse flow**;
- b. flood, including debris flow and mud flow, any form of surface **water**, waves, tsunami, seiche, tidal **water**, tidal waves, storm surge or overflow or escape of a body of **water**, or spray from any of these, whether or not driven by wind; or
- c. **water** from any source whatsoever above, on or below the surface of the ground, whether natural or otherwise.

This **water** exclusion applies even if **water** combines or contributes in any way with any other excluded cause of loss or damage hereunder to cause loss or damage, including by way of example but not limited to **fungi** or any **noxious substance**.

However, see Extensions of Coverage, **Limited Water Coverage** for limited coverage for **water** damage.

3. **Nuclear Hazard.**

4. **Neglect or Lack of Maintenance or Failure to Make Repairs.**

5. **Faulty, Inadequate, Defective or Incomplete Planning, Zoning, Maintenance, Repairs, Renovation, Manufacture or Construction.**

We do not insure loss, damage or costs directly or indirectly caused by, arising out of or resulting from faulty, inadequate, defective or incomplete planning, zoning, development, surveying, siting, engineering, design, specifications, workmanship, maintenance, servicing, repairs, renovation, manufacture, construction, grading, compaction, or materials that is for, is used in or is part of a method or process involving any type of personal property owned or used by an **insured** or any type of real property (including land or any improvements) whether or not the real property is owned or used by an **insured**.

This exclusion applies:

- a. whether the activity is by an **insured** or by any person, group, organization, association or governmental body;
- b. whether or not an **insured** knew of or approved the activity;
- c. whether the property is on or off the **residence premises**;
- d. whether the property is **insured** under this policy;
- e. whether the activity involves a flawed quality inherent in the property itself or involves a flawed process, method or procedure in producing property or which affects property;
- f. whether the activity being performed on one item of property which damages another item of the same or different property in the process; or
- g. whether the activity damages one aspect or part of property and another aspect or part of the same or different property becomes flawed as a result.

However, see Extensions of Coverage, **Limited Water Coverage** for limited coverage for **water** damage.

6. **Inherent Vice or Latent Defect.**

We do not insure loss or damage directly or indirectly caused by, arising out of or resulting from any inherent vice or latent defect in property or a quality in or of the property that causes it to damage or destroy itself, whether or not such defect or quality could have been discovered upon reasonable inspection.

However, see Extensions of Coverage, **Limited Water Coverage** for limited coverage for **water** damage.

7. **Contamination.**

We also do not insure any **remediation** or provide any coverage under Loss of Use or any Extensions of Coverage, directly or indirectly due to, arising out of, or resulting from **contamination**.

8. **Wear and Tear, Deterioration or Mechanical Breakdown.**

However, see Extensions of Coverage, **Limited Water Coverage** for limited coverage for **water** damage.

9. **Corrosion, Deterioration, Decay or Rust.**

However, see Extensions of Coverage, **Limited Water Coverage** for limited coverage for **water** damage.

10. **Fungi.**

This exclusion includes but is not limited to the discharge, dispersal, migration, release or escape of any **fungi**, whether combined with, caused by, or resulting from **water**. Further, we do not insure any **remediation** or provide any coverage under Loss of Use or any Extensions of Coverage directly or indirectly due to, arising out of, or resulting from **remediation** of **fungi**.

11. Noxious Substance.

This exclusion includes but is not limited to the discharge, dispersal, seepage, migration, release or escape of any **noxious substance**. This exclusion applies whether the **noxious substance** was used legally, normally or intentionally for a purpose for which it was intended and whether its use was confined within the general area of its intended use, or whether the **noxious substance** was the result of some legal and normal use of any process or product. Further, we do not insure any **remediation** or provide any coverage under Loss of Use or any Extensions of Coverage directly or indirectly due to, arising out of, or resulting from **remediation** of any **noxious substance**.

12. Pathogen.

This exclusion includes but is not limited to the discharge, dispersal, migration, release or escape of any **pathogen**. Further, we do not insure any **remediation** or provide any coverage under Loss of Use or any Extensions of Coverage directly or indirectly due to, arising out of, or resulting from **remediation** of a **pathogen**.

13. Building Ordinance or Law.

Except as otherwise provided in Section I - Extensions of Coverage, **Building Ordinance or Law**, we do not insure loss or damage directly or indirectly caused by, arising out of or resulting from the enforcement of any ordinance, code, regulation, order or law.

14. Governmental Action.

- a. This exclusion includes but is not limited to the, confiscation, seizure, quarantine or destruction of or injury to any property covered by this policy by any governmental authority or order of governmental authority. This exclusion applies even if:
 - i. the governmental authority mistakenly believes it has the right to engage in the conduct;
 - ii. the confiscation, seizure, quarantine, damage, condemnation or destruction is sustained by property not intended or expected by the governmental authority;
 - iii. the damage is different, or greater or of a different quality than that intended or expected by the governmental authority;
 - iv. the governmental authority did not understand that confiscation, seizure, quarantine, damage, condemnation or destruction may result; or
 - v. the confiscation, seizure, quarantine, damage, condemnation or destruction is incidental to policing activity of the governmental authority.
- b. However, we do insure actual direct, distinct and demonstrable physical loss or damage caused by acts of confiscation, seizure, damage or destruction of your property by any governmental authority or order of governmental authority:
 - i. taken at the time of a fire to prevent its spread, if the fire would be otherwise covered under this policy; or
 - ii. if, subject to the Destructive Acts Exclusion, the confiscation, seizure, damage or destruction is incidental to policing activity of a governmental authority and is directly caused by or results from the activities of a person who is not an **insured**, or who is not a tenant, roomer, live-in or boarder.

15. Power Interruption.

We do not insure loss or damage directly or indirectly caused by, arising out of or resulting from the interruption of power or other utility service which originates off the **residence premises**, except as provided in Section I - Extensions of Coverage, **Food Spoilage Coverage**.

16. Artificially Generated Electrical Current.

We do not insure loss or damage directly or indirectly caused by, arising out of or resulting from a sudden and accidental surge from or increase or decrease in artificially generated electrical current to any electronic components or wiring of or in personal property, except as provided in Section I - Extensions of Coverage, **Artificially Generated Electrical Current**.

17. Failure to Protect Covered Property.

We do not insure loss or damage directly or indirectly caused by, arising out of or resulting from the failure or neglect of an **insured** to use all reasonable means to mitigate or abate covered loss or damage or to protect covered property at and after the time of loss or damage, or when property is endangered by a covered cause of loss or damage.

18. Destructive Acts.

We do not insure loss or damage directly or indirectly caused by, arising out of or resulting from any destructive act directed against civilian, military or governmental personnel or property by any domestic or foreign person(s), organization(s), association(s), entity or entities, government or any quasi-governmental body. This exclusion includes by way of example but is not limited to war, undeclared war, civil war, insurrection, seizure, rebellion and revolution, all whether or not by military or paramilitary personnel, and including any direct or indirect consequence of these, including **contamination**. This exclusion applies even if the loss or damage is sustained by property not intended or expected. This exclusion does not include acts of **vandalism** or **malicious mischief**.

19. Theft.

We do not insure for theft:

- a. from a **dwelling** that is under construction, until after the construction has been completed and when the **dwelling** is occupied by an **insured**;
- b. from a **dwelling** that is undergoing remodeling or renovation unless the **dwelling** is occupied by an occupant who is legally using the **dwelling** as a principal, habitual place of abode;
- c. from the **residence premises**, if the **dwelling** has been **vacant** for a period of more than 30 days prior to the theft or no person has actually legally lived in the **dwelling** for a period of 30 days;
- d. committed by any **insured** or at the direction of an **insured**;
- e. committed by any person who is regularly residing at an **insured location**. However, theft committed by a **residence employee** is covered;
- f. from any part of a **residence premises** rented to others;
- g. of property from any other premises owned, occupied by or rented to any **insured** unless an **insured** is temporarily residing there at the time of the theft. Property of an **insured** in a secured rental storage facility is covered. Property of a student **insured** is covered at a residence away from the **residence premises** if the student has been at the residence any time 45 days before the theft;
- h. of watercraft, campers or trailers and their equipment, furnishings and outboard motors when off the **residence premises**;
- i. of property while off the **residence premises** and unattended in any **motor vehicle** or trailer, other than a public conveyance, unless all its doors, windows and other openings are closed and locked and there are visible marks of forcible entry. Property is not unattended when an **insured** has entrusted the keys of the vehicle to a custodian;
- j. of building materials and supplies while off the **residence premises**;

- k. directly or indirectly caused by, arising out of or resulting from any type of sale or transfer of real or personal property, or any investment or any investing activity, including by way of example but not limited to internet transactions, conversion, fraud or other deceptive practices; or
- l. committed by or at the direction of any person to whom an **insured** has given or allowed a power of attorney, or any other similar power, or any type of authorization in or over the property of the **insured**.

Theft includes attempted theft. Theft does not include mysterious disappearance of property, a shortage of property or property taken by someone who claims a right to such property under a written or oral agreement with any **insured** unless a court of law rules that a theft did occur. To be covered under this policy, any theft must be immediately reported to the local police.

20. **Mysterious Disappearance.**

Mysterious disappearance is an unexplained loss of property, including by way of example but not limited to losing or misplacing property.

21. **Vandalism or Malicious Mischief or Arson if the Dwelling is Vacant.**

We do not insure loss or damage directly or indirectly caused by, arising out of or resulting from:

- a. **vandalism** or **malicious mischief** if:
 - i. the **dwelling** has been **vacant** beyond a period of 30 days or no person has actually legally lived in the **dwelling** for a period of 30 days; or
 - ii. committed by any person who is regularly residing on the **residence premises**; or
- b. arson, whether a result of **vandalism** or **malicious mischief**, if the **dwelling** has been **vacant** beyond a period of 60 consecutive days.

Vandalism or **malicious mischief** does not include theft of property.

22. **Animals or Pests.**

This exclusion only applies to animals or creatures owned or kept by an **insured**, or pests including by way of example but not limited to bats, rats, mice and other rodents, bees, termites and moths, vermin, birds, fish, reptiles, insects and spiders.

However, see Extensions of Coverage, **Limited Water Coverage** for limited coverage for **water** damage.

23. **Smog, Smudging or Smoke.**

We do not insure loss or damage directly or indirectly caused by, arising out of or resulting from smog, smudging or smoke:

- a. from the manufacturing of controlled substances, or from legal or illegal commercial, manufacturing, industrial or agricultural operations, whether on or off the **residence premises**; or
- b. which originates on the **residence premises**, unless the smog, smudging or smoke is sudden and accidental.

24. **Pressure by Trees, Shrubs, Plants or Lawns.**

We do not insure loss or damage directly or indirectly caused by, arising out of or resulting from pressure by, push from or presence of (1) any trees, shrubs, plants or lawn, or (2) any root system from any trees, shrubs, plants or lawn.

However, see Extensions of Coverage, **Limited Water Coverage** for limited coverage for **water** damage.

25. **Soil Conditions.**

Soil conditions include by way of example but are not limited to corrosion, erosion, chemicals, compounds, elements, formation of crystals, suspensions or gels of or in the soil, or saturation of the soil.

26. Windstorm or hail.

We do not insure loss or damage directly or indirectly caused by, arising out of or resulting from windstorm or hail:

- a. to personal property covered under this policy contained in a **building structure** caused by sand or dust unless the direct force of wind or hail first damaged the **building structure** causing an opening in a roof or outside wall and then sand or dust enters through this opening and causes the loss or damage to the personal property;
- b. to watercraft and windsurfers, including their trailers, furnishings, equipment and outboard motors, unless inside a fully enclosed **building structure** at the time of loss or damage; or
- c. to cloth awnings, greenhouses and their contents, radio and television towers, masts and antennas, including lead-in wiring, and wind chargers and windmills.

27. Aircraft or vehicles.

However, we do insure loss or damage from accidental direct, distinct and demonstrable physical contact by an **aircraft**, or any refuse from an **aircraft**, or a vehicle with covered property or with a structure containing the covered property. Coverage will not apply unless the **aircraft** or vehicle is moving. Extensions of Coverage **Artificially Generated Electrical Current** and **Food Spoilage** are not subject to this exclusion.

28. Falling Objects.

- a. We do not insure loss or damage to covered property caused by or resulting from objects which fall as a result of any cause of loss or damage excluded in this policy.
- b. We do not insure loss or damage to personal property contained in a **building structure** caused by:
 - i. a falling object, unless the direct force of the falling object first damages the roof or an outside wall of the **building structure**; or
 - ii. sand or dust, unless the direct force of a falling object first damages the roof or an outside wall of the **building structure** and then sand or dust enters through this opening and causes the loss or damage to personal property.
- c. We do not insure loss or damage to covered property caused by or resulting from meteorites.

A falling object is a material inanimate thing which can be touched. Loss of or loss or damage to the falling object itself is not covered.

29. Collapse.

However, we do provide limited coverage for collapse of a **building structure** or any structural part of a **building structure** in Section I - Extensions of Coverage, **Collapse of Building Structure or Structural Part of the Building Structure**.

30. Sales or Transfers of Property.

We do not insure loss or damage directly or indirectly caused by, arising out of or resulting from any type of sale or transfer of real or personal property by or to an **insured**, including by way of example but not limited to internet transactions, and whether by conversion, fraud, trickery, false pretenses or other deceptive practices.

31. Pollution.

In addition, we do not insure any **remediation** or provide any coverage under Loss of Use or any Extensions of Coverage directly or indirectly due to, arising out of, or resulting from **remediation** of pollution. This exclusion does not apply to loss or damage caused by sudden and accidental smoke or fumes from a fire.

32. Refinishing, Renovating, Repairing, Servicing, Restoring, Reconditioning, Retrofitting or Retouching of Personal Property.

33. Weather Conditions.

We do not insure a weather condition if the weather condition contributes to or combines with any cause of loss or damage excluded under this policy to cause loss or damage, except if with Falling Objects or Power Interruption. This exclusion applies whether or not the weather condition affects property covered by this policy and whether the property is on or off the **residence premises**.

34. Movement, Settling, Cracking, Bulging, Shrinking, Heaving or Expanding of any Structure.

35. Malfunction or Failure of Software or a Computer System.

This exclusion applies whether or not a result of error or malicious activities.

36. Extremes of Temperature.

This exclusion includes freezing, except as provided in Extensions of Coverage, **Limited Water Coverage**.

SECTION I - PROPERTY CONDITIONS

1. Limits of Insurance.

- a. The **stated limits** or any other applicable limits of insurance in this policy are the maximum amounts we will pay for covered loss or damage. You are responsible for selecting the **stated limits**.
- b. Subject to **stated limits**, with each covered loss or damage to the **dwelling** or any **separate structure**, the amount of insurance coverage applicable to that structure will be reduced by the estimated amount of the loss or damage until reconstruction or repairs are actually made. Except as otherwise provided in this policy, any endorsement attached hereto, or any renewal hereof, as reconstruction or repairs are made, the amount of insurance coverage for that structure will be reinstated up to the applicable **stated limit**.

2. Insurable Interest.

If more than one person or entity has an insurable interest in the covered property, the most we will pay is an amount equal to the **insured's** interest, unless specifically stated otherwise herein.

3. Duties After Loss.

In case of covered loss or damage to property, it is your responsibility to:

- a. give prompt written notice to us or our agent without unnecessary delay. In case of theft, you must also immediately notify the police. In case of loss under Section I - Extensions of Coverage, **Identity Fraud**, involving an unauthorized use of a credit card, debit card, fund transfer card, forgery, or acceptance of counterfeit money, you must also immediately notify the police, and as appropriate, the issuer of the card, credit bureau, credit reporting agency, and the credit grantor;
- b. protect the property from further damage. You should make any reasonable and necessary emergency repairs or perform loss mitigation needed to protect the property from further damage. See Section I - Property Conditions, Emergency Services following. Failure to perform emergency repairs or loss mitigation may result in continuing or secondary damages which may not be covered under this policy. Keep records and receipts of your costs;
- c. make a list of all damaged or destroyed personal property showing in detail the quantity, description, **actual cash value**, replacement cost, age and amount of loss. Attach all bills, receipts and related records that support your figures;
- d. cooperate with our investigation of the loss or damage and our verification of any repairs or replacement of the damaged property;

- e. as often as we reasonably require:
- (1) exhibit the damaged property or provide us and our representatives access to the damaged property in order to, among other things, determine the types of loss or damage and the extent and cause thereof, and costs of repair or replacement;
 - (2) provide us with records, documents and other information we may request, and permit us to make copies. This includes by way of example but not limited to banking records, asset, debt and income information, records and documents, credit history and other financial records, prior insurance losses with us or other insurers, or receipts for property damaged, if obtainable;
 - (3) allow us to take samples of damaged property for inspection, testing and analysis;
 - (4) submit to examinations under oath by us at such times and places as we reasonably designate. We may require the examinations to be conducted separately and apart from any other person defined as you or **insured**. Each examinee must sign a transcript of his or her examination. Submission to a requested examination(s) under oath is a condition precedent to recovery under this policy. Our denial of your claim shall not act as a waiver of our right to examinations under oath; and
 - (5) produce representatives, employees, members of your household or others for interviews or examinations under oath to the extent it is within your power to do so; and
- f. send us within 60 days after our request, your signed, sworn statement showing:
- (1) date, time, location and cause of loss or damage;
 - (2) interest of all **insureds** and all others in the property involved;
 - (3) all legal claims against the property involved including lienholders;
 - (4) all other insurance and any warranty, service or maintenance contract which may cover the loss or damage (see Other Insurance condition following);
 - (5) all information we request to investigate the claim;
 - (6) changes in title or occupancy of the property;
 - (7) specifications and detailed repair estimates of any damaged structure;
 - (8) a list of stolen, damaged or destroyed personal property described in subsection 3.c. above;
 - (9) receipts and records that support additional living expenses and loss of rents; and
 - (10) evidence which states the amount and cause of loss to support a claim under Extensions of Coverage, **Identity Fraud** coverage.

To the extent an **insured**, other than you, is a direct beneficiary of coverage under this policy, that **insured** shall also be responsible for complying with the duties and responsibilities set forth in this policy respecting loss or damage, including examinations under oath and production of information requested by us.

4. **Emergency Services.**

In the event your covered property sustains covered loss or damage, you should protect the property from further damage. You should make any reasonable and necessary emergency repairs or perform loss mitigation needed to protect the property from further damage (hereinafter emergency services). We will reimburse the necessary, reasonable costs you incur on an emergency basis to mitigate further damage. from the covered event.

If you undertake emergency repairs or services, you must give prompt notice to us or our agent without unnecessary delay and exhibit the damaged property or provide us and any of our representatives access to the damaged property so that we may, among other things, determine the types of loss or damage and the extent and causes thereof, and estimate the reasonable costs of repair or replacement, if covered. This is not additional insurance. Expenses incurred for emergency services are subject to the applicable Coverage A, B or C **stated limit** and any Special Limits on Certain Personal Property that apply to the property.

Emergency services do not include mitigation or abatement of uninsured types of loss or damage, including by way of example but not limited to **remediation** of any **nuclear substance, noxious substance, pathogen, fungus**, or pollutant, or any **contamination**.

If you report loss or damage to covered property and if you have not already performed reasonable, necessary emergency services, we may at our sole discretion assist you in obtaining such emergency services prior to our determination as to whether the loss or damage is covered under this policy. Although we are not obligated to do so, we may advise you of or we may dispatch an independent contractor to perform such emergency services. However, you are responsible for contracting for such emergency services with the independent contractor. You have the right to reject the independent contractor providing such emergency services at any time. The provision of such emergency services will not prejudice our right to later deny coverage for any loss or damage.

It is solely your responsibility to direct or manage the activities of any independent contractor providing emergency services. We do not assume liability arising from any repair, attempted repair or from any loss mitigation.

5. How We Settle Covered Loss.

a. Coverage A (**Dwelling**) and Coverage B (**Separate Structures**). We will only settle covered loss or damage on the basis of use as a private residence.

(1) Settlement for covered loss or damage to the **dwelling** or **separate structures** will be settled at replacement cost, without deduction for depreciation, for an amount that is reasonably necessary to repair or replace damaged property, but for no more than the smallest of the following:

- i. the applicable **stated limit** or other limit of insurance under this policy that applies to the damaged or destroyed **dwelling** or **separate structure(s)**;
- ii. the replacement cost of that part of the **dwelling** or **separate structure(s)** damaged for equivalent construction with materials of like kind and quality on the **residence premises**, determined as of the time of loss or damage;
- iii. the reasonable amount actually and necessarily spent to repair or replace the damage to the **dwelling** or **separate structure(s)**; or
- iv. the loss to the interest of the **insured** in the property.

When the cost to repair or replace damaged property is more than \$2,500, we will pay no more than the **actual cash value** of the loss until actual repair or replacement is completed. If the **dwelling** or **separate structure** is rebuilt or replaced at a different location, the costs described in subsection ii. above are limited to the costs which would have been incurred if the **dwelling** or **separate structure** had been rebuilt or replaced at its location on the **residence premises**.

b. Coverage C (Personal Property).

Unless Section I - Extensions of Coverage, **Contents Replacement Cost** Coverage applies, covered loss or damage to personal property will be settled for no more than the smallest of the following:

- (1) **actual cash value**;
- (2) fair market value;
- (3) any **stated limit** or other limit of insurance under this policy that applies to the property;
- (4) the reasonable amount actually and necessarily spent to repair or replace damage to the property; or
- (5) the loss to the interest of the **insured** in the property.

The Coverage C **stated limit** is the most we will pay regardless of the number of items of personal property which are involved in a loss event.

6. **Replacement Cost Settlement - Time Limitation.**

For any loss to property which may be settled on a replacement cost basis, you have 365 days from the date of our first payment toward **actual cash value** to collect any amounts due for replacement cost settlement. The property must be actually repaired or replaced by you to collect replacement cost. If you do not actually repair or replace the property within 365 days from the date of our first payment toward **actual cash value**, then the loss or damage will only be settled at **actual cash value**.

7. **Other Insurance and Assignment.**

Except as provided below, this insurance is excess of any other insurance covering the property. If covered property sustains loss or damage covered by any other insurance, we will be liable only for that portion of the loss covered under this policy that is in excess of the limit of insurance that applies under the other insurance. For purposes of this provision, other insurance includes any type of warranty or service or maintenance contract.

If insurance is issued by us or any other member company of the Farmers Insurance Group of Companies covering the loss or damage, the loss or damage will only be payable under the single policy providing the highest limit of insurance.

8. **Deductible clause.**

We pay for loss or damage when a covered loss exceeds the deductible(s) amount applicable to the property. The deductible(s) applies separately to each loss or damage event. All limits of insurance, including special limits, will be applied after application of the appropriate deductible(s) to the loss or damage.

9. **Loss or Damage to a Pair or Set.**

We may elect to:

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

Loss or damage to a part does not mean a total loss or damage of the pair or set.

10. **Appraisal.**

If you and we fail to agree on the **actual cash value**, amount of loss or damage or the cost of repair or replacement of the loss or damage, either one may make a written demand for appraisal. Each will then select a competent and disinterested, independent appraiser and notify the other of the appraiser's name within 20 days after the written demand is received. The appraisers will choose a competent, independent and disinterested umpire. If the appraisers cannot agree upon an umpire within 15 days, you or we can ask a judge of a court of record in the judicial district where the **residence premises** is located to choose an umpire. Any person or entity which has performed services for either party at any time as respects the particular loss or damage or loss event at issue in the claim may not serve as an appraiser or the umpire.

The appraisers will then set the amount of loss or damage, stating separately the **actual cash value**, the repair or replacement cost and a description of the damage and extent of damage for each item of property. If the appraisers submit a written agreement to us, the agreed amount will be the amount of loss or damage and **actual cash value**. If the appraisers cannot agree, they will submit their differences to the umpire. A written agreement signed by any two will set the amount of loss or damage and **actual cash value**. Each party will pay the appraiser it chooses. The umpire and all other expenses of the appraisal will be paid equally by you and us.

Interpretation of this policy and whether any particular loss or damage to covered property is in fact insured under this policy may not be determined under this provision.

11. **Vacancy.**

Vacancy of the **residence premises** will affect coverage as provided in this policy.

12. **Intentional Acts, Criminal Acts, and Fraud.**

We do not provide coverage for loss or damage if any **insured** has before or after the loss or in relation to any insurance provided in this policy:

- a. concealed or misrepresented any material fact or circumstance;
- b. intentionally caused or arranged for the loss or damage;
- c. directly or indirectly caused the loss or damage while engaged in committing or concealing a felony;
- d. engaged in fraudulent conduct; or
- e. made material, false statements.

We do not provide coverage for loss or damage from a criminal act committed by or at the direction of any **insured** if the loss that occurs may be reasonably expected to result from such an act, or is the intended result of such an act.

13. **Suit Against Us.**

No suit or other action can be brought against us, our agents or our representatives unless there has been full compliance with all the terms of this policy, including submission to requested examinations under oath. Suit on or arising out of the Section I - Property Coverage of this policy must be brought within the time allowed by law.

14. **Loss Adjustment and Payment.**

At our option, we may adjust all losses with you. We may pay you unless another payee is named in the policy, in which case we will pay as interests appear. We will pay within 30 days after:

- a. we reach agreement with you;
- b. a final judgment; or
- c. an appraisal award.

15. **Abandoned Property - Our Option.**

We need not accept property abandoned by an **insured**. At our sole option and discretion, we may take all or part of the damaged property at an agreed or the appraised value. We will give you written notice of our intention within 30 days after receipt of your signed sworn statement of loss or the written agreement from the appraisal.

16. **Mortgagee Clause.**

- a. Mortgagee includes trustee or loss payee. If a mortgagee is named in this policy, a covered loss will be paid to the mortgagee and you, as interests appear. If more than one mortgagee is named, the order of payment will be the same as the order of precedence of the mortgages.

If we deny your claim, based on your act, omission or neglect, such denial will not apply to a mortgagee's valid claim if the mortgagee:

- (1) knows and promptly notifies us of any change of ownership, occupancy, **vacancy** or substantial change in risk;
- (2) pays on demand any premium due if you have failed to do so; and
- (3) submits a signed, sworn statement of loss within 60 days after we notify the mortgagee of your failure to do so.

- b. All policy conditions and terms will apply to the mortgagee, except Misrepresentation, Concealment or Fraud, unless committed by the mortgagee or its representatives. A mortgagee will only have a valid claim if it promptly notifies us of any change in ownership, occupancy, vacancy or of a substantial change in risk known to the mortgagee.

- c. We will give the mortgagee 10 days notice before we cancel this policy for non-payment of premium. We will give the mortgagee 20 days notice before we cancel for any other reason. If we pay the mortgagee for any loss and deny payment to you:

- (1) we have right of recovery against any party responsible for the loss; and

(2) at our option, we may pay off the entire mortgage debt to the mortgagee. In this event, we receive full assignment and transfer of the mortgage, including all security held as collateral to the mortgage debt, and we are subrogated to all the rights of the mortgagee under the mortgage.

A mortgagee's claim will not be impaired by transfer of a right of recovery.

- d. If the dwelling is foreclosed upon under the deed of trust or through any other legal means, the mortgagee may cancel this policy of insurance. The mortgagee will then be entitled to any unearned premiums from this policy.

The mortgagee must credit any unearned premium against any deficiency owed. The mortgagee must return any unearned premium not so credited to the borrower. The unearned premium will be figured using the customary pro rata procedures.

17. No Benefit to Bailee.

This insurance will not benefit any person, association or organization who may be storing, holding or caring for or handling or moving property for a fee. We will not recognize any assignment or grant any coverage hereunder to any such person or organization.

18. Salvage.

We have salvage rights to damaged property for which we pay loss benefits. We have the right to obtain all or part of the property which may be recovered, including property substituted by others to conceal the loss.

SECTION II - LIABILITY

SECTION II - LIABILITY COVERAGE

We will insure you for the coverages as described below except as otherwise indicated in the Declarations or renewal notice.

Coverage E (Personal Liability)

We will pay those damages which an insured becomes legally obligated to pay because of:

1. bodily injury resulting from an occurrence; or
2. property damage resulting from an occurrence.

At our expense and with attorneys of our choice, we will defend an insured against any suit seeking damages covered under Coverage E (Personal Liability). Our obligation to defend a suit seeking damages ends once we have paid our applicable stated limit. We may investigate and settle any claim or suit seeking damages that we consider appropriate.

We do not have any duty to defend or settle any suit involving actual, alleged, threatened or declared bodily injury or property damage not covered under this liability insurance. This applies whether or not the suit is groundless, false or fraudulent.

Coverage F (Medical Payments To Others)

We will pay reasonable medical expenses for necessary medical services furnished to a person to whom this coverage applies for treatment of bodily injury. This will apply for services within three years from the date of the occurrence causing bodily injury.

Necessary medical services are limited to necessary medical, surgical, dental, x-ray, ambulance, hospital, professional nursing and funeral services. These include the costs of pharmaceuticals, orthopedic and prosthetic devices, eyeglasses, and hearing aids.

Necessary medical services do not include:

1. treatment, services, products or procedures that are:
 - a. experimental in nature, for research, or not primarily designed to serve a medical purpose; or
 - b. not commonly and customarily recognized throughout the medical profession and within the United States as appropriate for the treatment of the **bodily injury**;
2. the use of:
 - a. thermography or other related procedures of a similar nature; or
 - b. acupuncture or other related procedures of a similar nature; or
3. purchase, rental cost, or use of:
 - a. hot tubs, spas, water beds;
 - b. exercise equipment;
 - c. heating or vibrating devices;
 - d. furniture or equipment not primarily designed to serve a medical purpose;
 - e. memberships in health clubs; or
 - f. medical reports, unless requested by us.

A reasonable medical expense means the usual and customary expense for the necessary medical services.

This coverage applies to:

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

This coverage does not apply to:

1. persons injured as a result of their intentional acts;
2. any **insured** or any regular resident of an **insured location**, except a **residence employee** who is in the course and scope of employment by an **insured** as a **residence employee**; or
3. any person eligible to receive benefits provided or mandated under any workers' compensation, occupational disease or non-occupational disability law.

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

SECTION II - LIABILITY EXTENSIONS OF COVERAGE

We will insure you for the Extensions of Coverage as described below except as otherwise indicated in the Declarations or renewal notice.

1. **Claim Expenses.**

We pay:

- a. all costs we incur in our settlement of a claim or defense of a suit with attorneys of our choice;
- b. premiums on bonds required in a suit we defend, but not for a bond amount greater than the Coverage E **stated limit**. We are not obligated to apply for or furnish a bond;
- c. reasonable expenses incurred by an **insured** at our specific request to help us investigate or defend a suit. When we ask an **insured** to attend hearings or trials we will pay actual loss of earnings (but not other income) up to \$250 per day; and
- d. interest after entry of judgment. This will only apply to that portion of damages covered by this policy and which do not exceed the applicable Coverage E or F **stated limits**. We will only be responsible for interest accruing on such damages until we pay, have given written offer to pay or have deposited the damages with a court.

2. **First Aid Expenses.**

We will reimburse reasonable and necessary first aid expenses for **bodily injury** to others incurred by an **insured** at the time of an **occurrence** to which this liability coverage applies. We do not pay for first aid to you or any other **insured**.

3. **Damage to Property of Others.**

At your request, we pay replacement cost up to \$1,500 per **occurrence** for **property damage** to property of others caused by an **insured**. We will not pay for **property damage**:

- a. to property covered under Section I - Property Coverage;
- b. intentionally caused by an **insured** who is 13 years of age or older;
- c. to property owned by or leased or rented to an **insured**, a tenant of an **insured**, any resident of an **insured's** household or anyone who cohabits with an **insured**;
- d. to **business property**;
- e. arising out of any **business** engaged in by an **insured**;
- f. arising out of premises owned, rented or controlled by an **insured**, other than an **insured location**; or
- g. arising out of the ownership, maintenance, operation, use, moving, occupancy, loading or unloading or entry or exit of **aircraft**, watercraft, or **motor vehicles** or any other motorized land conveyance or trailers.

4. **Association Loss Assessment Coverage.**

If the Declarations or renewal notice shows loss assessment coverage amount and the **residence premises** is subject to and governed by a homeowners or property owners association of which you are a member, then subject to the rules of the association we will pay up to the Loss Assessment **stated limit** for your share of any assessment levied against you and other unit owners by the association, but only if the assessment is for the following:

- a. If the assessment is for accidental, direct, distinct and demonstrable, physical loss or damage to tangible property owned in common by all association members, the loss or damage must be loss or damage that manifests during this policy period or the twelve months immediately following the end of this policy period and be loss or damage we would cover under Section I - Property Coverage as it would apply to your **dwelling** or other property you own.
- b. If the assessment is for **bodily injury, property damage** or **personal injury**, if **personal injury** coverage is provided hereunder, for which the association becomes liable, then the **bodily injury, property damage** or **personal injury** must result from an **occurrence** to which Section II of this policy would apply to an **insured**.

The **stated limit** is the most we will pay with respect to any one loss event, regardless of the number of assessments which may be levied by the association for loss or damage or liability arising from that event. This coverage is excess over any collectible insurance covering the association for the loss or damage or liability, whether the association files a claim for the loss or damage or liability with its insurer. You must make a claim for this coverage with us within 365 days of notice to you of the assessment. Claims made after that time are void. Our sole responsibility under this coverage is to pay for a covered assessment.

5. **Personal Injury**

If the Declarations or renewal notice indicates **personal injury** coverage applies, we will pay those damages which an **insured** becomes legally obligated to pay because of **personal injury** resulting from an **occurrence** to which this coverage applies.

At our expense and with attorneys of our choice, we will defend an **insured** against any suit seeking damages covered as **personal injury**. Our obligation to defend a suit seeking these damages ends once we have paid the applicable limit of insurance. We may investigate and settle any claim or suit seeking damages that we consider appropriate.

We do not have any duty to defend or settle any suit involving actual, alleged, threatened or declared **personal injury** not covered under this liability insurance. This applies whether or not the suit is groundless, false or fraudulent.

SECTION II - LIABILITY EXCLUSIONS

Coverage E (Personal Liability), Coverage F (Medical Payments to Others) and **personal injury** coverage, if covered under this policy, do not apply to:

1. **Any Insured or Other Residents of the Residence Premises.**

We do not cover **bodily injury** or **personal injury** to:

- a. any **insured**; or
- b. any resident of the **residence premises**. However, we do cover **bodily injury** to a **residence employee** unless the **bodily injury** is the result of the conduct of an **insured** or representative of an **insured** which would be serious and willful misconduct under the workers compensation laws.

2. **Business.**

We do not cover **bodily injury, property damage** or **personal injury** arising from, during the course of or in connection with any past or present **business** engaged in by any **insured** or conducted from any **insured location**. By way of example, this includes but is not limited to any warranty, any act, or any duty rendered, promised, owed or implied to be provided because of the nature of the **business**.

3. **Business or Professional Services.**

We do not cover **bodily injury, property damage** or **personal injury** arising from, during the course of or in connection with the rendering or failure to render **business** or professional services.

4. **Contract or Agreement - Performance.**

We do not cover **bodily injury, property damage** or **personal injury** arising from, during the course of or in connection with the performance or failure to perform under a contract or agreement, whether **business** or non-**business**.

5. **Contract or Agreement - Liability Assumed or Imposed.**

We do not cover **bodily injury, property damage** or **personal injury** arising from, during the course of or in connection with liability assumed by or imposed upon any **insured** under any contract or agreement, whether **business** or non-**business** and whether that of a third party. By way of example, this includes but is not limited to breaches of duty or express or implied warranties.

6. **Agreement With Homeowners Association.**

We do not cover **bodily injury, property damage** or **personal injury** arising from, during the course of or in connection with any agreement between any **insured** and a corporation or association of homeowners or property owners, except as provided under Section II - Association Loss Assessment Coverage.

7. **Rental Property.**

We do not cover **bodily injury, property damage** or **personal injury** arising from, during the course of or in connection with the rental or holding for rental of any property or any part of any premises by any **insured** to any party. However, this exclusion does not apply to the rental or holding for rental of that part of an **insured location** which is rented or available for rent:

- a. on an occasional basis for sole use as a residence;
- b. to no more than two roomers or boarders at the same time for sole use as a residence; or
- c. as an office, studio or private garage.

8. **Sale or Transfer of Property.**

We do not cover **bodily injury, property damage** or **personal injury** resulting from, arising from, or in connection with property you or any **insured** has sold or transferred. By way of example, this includes but is not limited to:

- a. known, unknown or hidden property conditions, problems or defects, including by way of example but not limited to manufacturing, structural, or plumbing, heating, air conditioning or electrical system conditions, problems or defects;
- b. known, unknown or hidden soil or drainage conditions, problems or defects;
- c. concealment or misrepresentation of or the failure to disclose any known condition, problem or defect in or of the property; or
- d. **contamination.**

9. **Owned Property.**

We do not cover **property damage** to property owned by an **insured** or any other resident of the **residence premises**. This includes expenses and costs incurred by any **insured** or others to repair, replace, 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**. This exclusion applies even where there has already been some injury or damage.

10. **Non-owned Property - Used or in the Care, Custody or Control.**

We do not cover **property damage** to non-owned property occupied by or used by, or in the care, custody or control of any **insured** or any other resident of the **residence premises** by any agreement or otherwise, except as provided under Section II - Damage to Property of Others. We do cover an **insured's** liability for **property damage** to such non-owned property caused by fire or lightning.

11. **Other Locations.**

We do not cover **bodily injury** or **personal injury** arising from or in connection with a location other than an **insured location** which is:

- a. owned by an **insured**;
- b. rented to an **insured**; or
- c. rented to others by an **insured**.

This exclusion does not apply to **bodily injury** to a **residence employee** arising out of and in the course and scope of the **residence employees** employment by an **insured**.

12. **Intentional Acts.**

We do not cover **bodily injury, property damage** or **personal injury** which is caused by, arises out of or is the result of an intentional act by or at the direction of any **insured**. By way of example this includes but is not limited to any intentional act or intentional failure to act by any **insured**, whether a criminal act or otherwise, where resulting injury or damage would be objectively expected to a high degree of likelihood, even if not subjectively intended or expected. This exclusion applies even if:

- a. any **insured** mistakenly believes he or she has the right to engage in certain conduct;
- b. the injury or damage is sustained by persons or property not intended or expected by any **insured**;
- c. the injury or damage is different or greater or of a different quality than that intended or expected;
- d. any **insured** did not understand that injury or damage may result; or
- e. any **insured** knew the intentional act or failure to act was a violation of any penal law, whether or not an **insured** is actually charged with or convicted of a crime.

For purposes of application of this exclusion, a plea of guilty, no contest, or true in a criminal proceeding, which involves the same acts or activities which are the basis of a claim for damages against any **insured**, shall conclusively bar any **bodily injury, property damage** or **personal injury** arising or resulting from or caused by such acts or activities from coverage under this policy. This applies whether the **insured** actually admits or admitted guilt by plea.

13. Home Care Services.

a. We do not cover **bodily injury, property damage** or **personal injury** arising from, during the course of or in connection with home care services, including by way of example but not limited to child care, day care or foster care services, whether licensed or not or otherwise approved by a governmental agency or body, provided to any person on a regular basis by or at the direction of:

- (1) any **insured**;
- (2) any employee of any **insured**; or
- (3) any other person actually or apparently acting on behalf of any **insured**.

Regular basis means more than a cumulative 20 hours per week provided to any one person or group of persons whether that person is the injured party or not.

b. This exclusion does not apply to:

- (1) home care services provided to an **insured's** relative, who is not a resident of your household;
- (2) occasional or part time home care services provided by any **insured** under 21 years of age; or
- (3) the providing of home care services or babysitting services for which compensation is not received, other than the mutual exchange of such services.

14. Transmitting a Communicable Sickness or Disease.

We do not cover **bodily injury, property damage** or **personal injury** which is caused by or arises out of any **insured** transmitting a communicable sickness or disease, including by way of example but not limited to sexually transmitted sickness or disease. This exclusion applies whether the act of transmitting the sickness or disease was consensual or non-consensual or voluntary or involuntary, or whether the **insured** knew he or she was infected with or bore the sickness or disease or the communicability thereof.

15. Aircraft, Motor Vehicles, or Watercraft.

We do not cover **bodily injury, property damage** or **personal injury** arising from, during the course of or in connection with the ownership, maintenance, operation, use, occupancy, loading or unloading, moving or movement, or entry or exit of any:

- a. **aircraft**;
- b. **motor vehicle**;

However, this exclusion does not apply to:

- (1) a motorized golf cart not subject to **motor vehicle** registration:
 - i. while on the golf course and used for golfing purposes; or
 - ii. while in a private residential community, including its public roads upon which a motorized golf cart can legally travel, which is subject to the authority of a property owners association and contains the **residence premises**;
- (2) lawn, garden or farm equipment principally used on the **residence premises**;
- (3) recreational vehicles not subject to **motor vehicle** registration that are only used on the **residence premises**, including by way of example, all terrain vehicles;
- (4) any watercraft, camper, home or utility trailer not being towed or carried on a **motor vehicle**; or
- (5) a motorized assisted living device designed to assist the disabled; or

c. watercraft which:

- (1) has more than a 50 horsepower inboard or outdrive motor power;
- (2) is powered by one or more outboard motors with more than 25 total horsepower;
- (3) is a sailing vessel, with or without auxiliary power, 26 feet or more in length;
- (4) uses a powered **water** jet pump as the primary source of propulsion; or
- (5) uses an air cushion to hover over **water** surfaces.

This subsection c. does not apply to any watercraft while stored on the **residence premises**.

This exclusion does not apply to **bodily injury** to a **residence employee** in the course and scope of employment by an **insured** as a **residence employee**.

16. **Entrustment and Negligent Supervision - Aircraft, Motor Vehicles, or Watercraft.**

We do not cover **bodily injury, property damage** or **personal injury** arising from, during the course of or in connection with:

- a. the entrustment of any **aircraft, motor vehicle** or watercraft to any person; or
- b. the negligent supervision of any person regarding the maintenance, operation, use, occupancy, loading or unloading, moving or movement, or entry or exit of any **aircraft, motor vehicle** or watercraft.

Respecting **motor vehicles** and watercraft, this exclusion only applies to the same types of **motor vehicles** and watercraft excluded under Section II - Liability Exclusions, Aircraft, **Motor Vehicles** or Watercraft.

This exclusion does not apply to **bodily injury** to a **residence employee** in the course and scope of employment by an **insured** as a **residence employee**.

17. **Vandalism or Malicious Mischief.**

We do not cover **bodily injury, property damage** or **personal injury** caused directly or indirectly by or arising from, during the course of or in connection with any **vandalism** or **malicious mischief**. This exclusion applies even if the loss or damage is sustained by persons or property not intended or expected.

18. **Destructive Acts.**

We do not cover **bodily injury, property damage** or **personal injury** caused directly or indirectly by or arising from, during the course of or in connection with any destructive act. This includes acts directed against civilians, or military or governmental personnel or property by any domestic or foreign person(s), organization(s), entity or entities, government or any quasi-governmental body. This exclusion includes by way of example but is not limited to war, undeclared war, civil war, insurrection, rebellion and revolution, all whether or not by military or paramilitary personnel, and includes any direct or indirect consequence of these, including **contamination**. This exclusion applies even if the loss or damage is sustained by persons or property not intended or expected.

19. **Fungus, Noxious Substance, Nuclear Substance, Pathogen or Pollutant.**

We do not cover **bodily injury, property damage** or **personal injury** caused by, resulting from, or in connection with or arising from any **fungus, noxious substance, nuclear substance, pathogen** or pollutant, all whether combined with, caused by or resulting from **water**.

This exclusion includes by way of example but is not limited to:

- a. the actual, alleged or threatened discharge, dispersal, seepage, release, migration, trespass or escape of any **fungus, noxious substance, nuclear substance, pathogen** or pollutant:
 - (1) from any premises, site or location; or
 - (2) during transportation, handling, storage, treatment, disposal or processing;
- b. **contamination** or **remediation**;
- c. any supervision, instruction, disclosure, failure to disclose, recommendation, warning;
- d. advice given or which allegedly should have been given, in connection with any **fungus, noxious substance, nuclear substance, pathogen** or pollutant, or **remediation** activities;

- e. any claim of nuisance concerning or related to any **fungus, noxious substance, nuclear substance, pathogen**, or pollutant;
- f. all costs, expenses or damages arising out of any order, claim, suit or threat of liability by or on behalf of a governmental authority or any other person or entity for injury, damages or injunctive relief because of or arising out of **contamination** or for **remediation**;
- g. anguish, distress, or fear of any person of **bodily injury** or **property damage** which may be caused by, arise out of or result from alleged, actual or threatened infection with, exposure to, absorption of or **contamination** by or with any **fungus, noxious substance, nuclear substance, pathogen**, or pollutant;
- h. actual, alleged, constructive or threatened diminution or loss of value of any property from the actual or alleged presence of any **fungus, noxious substance, nuclear substance, pathogen** or pollutant, including by way of example but not limited to loss of equity, loss of rents, loss of use or feared or actual economic loss; or
- i. sums an **insured** is required to expend in equity for or relief from **bodily injury, property damage** or **personal injury**.

This exclusion applies whether a **noxious substance, nuclear substance, pathogen** or pollutant was used legally, normally or intentionally for the purpose for which it was intended, whether it has any function with respect to your property, whether it was a localized event and whether its use was confined within the general area of its intended use.

20. **Illegal or Controlled Substance.**

We do not cover **bodily injury, property damage** or **personal injury** arising from, during the course of or in connection with the use, sale, manufacture, distribution, delivery, transfer or possession of any substance which is illegal or is a controlled substance under either federal or state law. Such substances include, by way of example but are not limited to: cocaine, LSD, methamphetamines, marijuana and all narcotic drugs.

This exclusion does not apply to the legal use, under both state and federal law, of legally prescribed drugs by a person following orders of a licensed physician.

21. **Punitive or Exemplary Damages, Fines or Penalties.**

We do not cover punitive or exemplary damages or any amount in the nature of a civil fine or penalty assessed or imposed under any code, statute or regulation, or by any court. We also do not cover the cost of defense, including attorney fees, related to any such damages, fine or penalty. Punitive or exemplary damages are those damages imposed to punish a wrongdoer and to deter others from similar conduct.

22. **Workers' Compensation.**

We do not cover **bodily injury** to any person eligible to receive benefits required to be provided or which may voluntarily be provided by an **insured** under any workers' compensation, occupational disease or non-occupational disability law.

23. **Nuclear Energy Liability Insurance.**

We do not cover **bodily injury** or **property damage** when any **insured** is covered under any nuclear energy liability policy. This exclusion applies even if the limits of that policy have been exhausted.

24. **Obligation to Reimburse, Share or Indemnify Damages.**

We do not cover any claim to reimburse, share with or indemnify any person or entity for damages, costs or expenses incurred by that person or entity which arises out of or results from any type of event or activity specified in these liability insurance exclusions.

25. **Statutory Liability.**

We do not cover any liability statutorily imposed on any **insured** which arises out of, is connected with or results from any type of event or activity specified in these liability insurance exclusions.

26. Violation of Ordinance, Penal Law or Criminal Acts.

We do not cover **personal injury** arising from, during the course of or in connection with a violation of any ordinance, order or penal law committed by, or with the knowledge or consent of any **insured**, or any criminal act by an **insured**.

For purposes of application of this exclusion, a plea of guilty, no contest, or true in a criminal proceeding, which involves the same acts or activities which are the basis of a claim for damages against the **insured**, shall conclusively bar any **personal injury** arising or resulting from or caused by such acts or activities from coverage under this policy. This applies whether the **insured** actually admits or admitted guilt by plea.

27. Employment - Personal Injury.

We do not cover **personal injury** arising from, during the course of or in connection with any offense directly or indirectly related to the employment of any person by any **insured**. This applies whether the offensive activity is an employment related practice, policy, act or omission and whether the substance or context of the offense is employment related.

28. Civic or Public Activities.

We do not cover **bodily injury, property damage or personal injury** arising from, during the course of or in connection with civic or public activities performed for pay by any **insured**.

29. Molestation, Abuse or Corporal Punishment.

We do not cover **bodily injury, property damage or personal injury** arising from, during the course of or in connection with the actual, alleged, or threatened molestation, abuse or corporal punishment of any person by anyone, including by way of example, but not limited to:

- a. any **insured**;
- b. any employee of any **insured**;
- c. any volunteer, person for hire, or any other person who is acting or who appears to be acting on behalf of any **insured**; or
- d. any **insured** or employee of an **insured** where there are allegations of negligent supervision, negligent hiring, training, or negligent entrustment or any allegation that an **insured** or employee of an **insured** failed, or allegedly failed, to train, supervise, detect, report or otherwise prevent any person from allegedly molesting, abusing or punishing, or continuing to allegedly molest, abuse or punish any person.

We have no duty to defend or settle any molestation, abuse or corporal punishment claim or any claim of negligent supervision, negligent hiring, failure to report, failure to prevent or negligent entrustment suit against any **insured** or any other person.

This exclusion applies even if:

- a. any **insured** or any other person mistakenly believes he or she has the right to engage in certain conduct;
- b. the injury is sustained by persons not intended or expected;
- c. the injury is different or greater or of a different quality than that intended or expected;
- d. any **insured** or any other person did not understand that injury may result; or
- e. any **insured** or any other person knew the acts or failure to act was a violation of any penal law, whether or not an **insured** is actually charged with or convicted of a crime.

For purposes of application of this exclusion, a plea of guilty, no contest, or true in a criminal proceeding, which involves the same acts or activities which are the basis of a claim for damages against any **insured** or any other person, shall conclusively bar any **bodily injury, property damage or personal injury** arising or resulting from or caused by such acts or activities from coverage under this policy. This applies whether the **insured** or any other person actually admits or admitted guilt by plea.

SECTION II - LIABILITY CONDITIONS

1. Limits of Insurance.

- a. The **stated limit** for Coverage E (Personal Liability) is both the per **occurrence** and the **annual aggregate limit**. All claims resulting from or arising out of any one person's **bodily injury**, including death, shall collectively be considered one **occurrence** and will be subject to the per **occurrence** limit.
- b. The **stated limit** for Coverage F (Medical Payments to Others) is the most we will pay under Coverage F for all necessary medical services for **bodily injury** to any one person for any one **occurrence**. Payments under Coverage F are part of and subject to the Coverage E **annual aggregate limit**.
- c. If **personal injury** coverage is indicated, then payments for **personal injury** damage are part of and subject to the Coverage E **annual aggregate limit**.

2. Separate Insurance.

This liability coverage applies separately to each **insured**. This condition will not increase our **annual aggregate limit** or our per **occurrence** limit of insurance. However, exclusions under this liability coverage as applied to any one **insured** may limit or exclude coverage as to all **insureds**.

3. Duties After Loss.

In case of an **occurrence**, an **insured** will perform the following duties:

- a. give written notice to us or our agent as soon as possible stating:
 - (1) the policy number, your name and the name of the **insured** against whom the claim is made;
 - (2) the time, place and circumstances of the **occurrence** or claimed **personal injury**; and
 - (3) names and addresses of claimants and witnesses;
 - b. immediately send us any notice or demand or legal papers received relating to a claim or suit;
 - c. cooperate with and assist us in any matter relating to a claim or suit;
 - d. provide all information we request to investigate the claim or suit;
 - e. under Damage to Property of Others, send us a sworn statement of loss within 60 days of the loss. Also exhibit any damaged property which is within the **insured's** control;
 - f. an **insured** will not, except at the **insured's** own cost, voluntarily make any payment, assume any obligation or incur any expense except First Aid Expenses;
 - g. submit to examinations under oath, separately and apart from any other person defined as you or **insured** and sign a transcript of the examination;
 - h. produce representatives, employees, members of the **insured's** household or others for interviews or examinations under oath to the extent it is within the **insured's** power to do so;
 - i. cooperate and assist us and not do anything to inhibit or release any right of contribution, recovery or indemnity against any person or organization who may be liable to an **insured** for activities related to a claim or suit; and
 - j. as reasonably requested, attend hearings and trials concerning the suit.
- ### 4. Duties of an Injured Person - Coverage F (Medical Payments to Others).

The injured person or someone acting on behalf of the injured person will:

- a. give us written proof of claim as soon as possible, under oath if required; and
- b. authorize us to obtain medical reports and records.

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

5. **Suit Against Us.**

No action can be brought against us unless there has been full compliance with the terms and conditions of this policy. No one has any right to make us a party to a suit to determine the liability of a person we insure or to make us a party to any action against an **insured**. We may not be sued under Coverage E (Personal Liability) until the obligation of the **insured** has been determined by final judgment after actual trial or by agreement signed by us. Under Coverage F (Medical Payments to Others), no action can be brought until 30 days after the required proofs of claim have been filed with us.

6. **Bankruptcy of an Insured.**

Bankruptcy or insolvency of an **insured** or of an **insured's** estate will not relieve us of our duties under this policy.

7. **Other Insurance - Coverage E (Personal Liability).**

This insurance is excess over any other valid and collectible insurance. If any applicable insurance other than this policy is issued to you by us or any other member company of the Farmers Insurance Group of Companies, the total amount payable among all such policies shall not exceed the **stated limit** or other limit of insurance of the single policy providing the highest limit of insurance.

GENERAL CONDITIONS - APPLYING TO THE ENTIRE POLICY

1. **Entire contract - waiver or change of policy provisions.**

This policy, the Declarations, the renewal notice and any endorsements include all the agreements between you and us and any of our agents relating to this insurance and the coverages hereunder. The terms, conditions, and exclusions of this policy may not be changed or waived by any oral agreement and may only be changed or waived by endorsement issued by us.

We may change this policy or replace it to conform to the policy form and coverage we then currently use. The change or new policy will be delivered to you or mailed to you at your mailing address shown on the Declarations or renewal notice at least 30 days before its effective date. Our request for an appraisal or examination will not waive any of our rights.

2. **Policy Period.**

This policy applies only to covered loss or damage under Section I and to **bodily injury, property damage or personal injury** which **occurs** during the policy period stated on the Declarations or renewal notice.

3. **Joint Obligations.**

The terms of this policy are joint obligations of all persons defined as an **insured**. This means that the responsibilities, acts, and failures to act of any **insured** will be binding upon any other **insured**. To the extent an **insured**, other than you, is a direct beneficiary of coverage under this policy, that **insured** is also responsible for complying with the duties and responsibilities set forth in this policy.

4. **Misrepresentation, Concealment or Fraud.**

We reserve the right to deny coverage for any loss or damage or claim for injury or damage if you or any **insured**, at any time either before or after a claim or loss, has negligently or fraudulently concealed or misrepresented any material fact or circumstance in the application for, change to or renewal of this insurance, or in the presentation of a claim or loss, or engaged in fraudulent conduct respecting a claim or loss.

As permitted by law, we reserve the right to void this policy if you or any **insured**, at any time either before or after a claim or loss, has intentionally concealed or misrepresented any material fact or circumstance in the application for, change to or renewal of this insurance, or in the presentation of a claim or loss or during our investigation of a claim or loss, or engaged in fraudulent conduct respecting a claim or loss.

We do not provide coverage for any loss or damage or claim for injury or damage if you or any **insured** has in connection with or related to any insurance provided in this policy intentionally caused or arranged for the loss or damage or claim or has caused the loss or damage while engaged in committing or concealing a felony, or for any loss or damage or claim for injury or damages when any **insured** had knowledge of the loss or damage or claim prior to the inception of this insurance.

5. Liberalization Clause.

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

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

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

6. Initial Premium Payment

If any initial policy premium is remitted by check, draft, money order or credit card, payment by such check, draft, money order or credit card is a conditional payment and is only accepted subject to collection. It is agreed that if the premium remittance is not honored, no coverage will exist from inception and this policy will be forfeited and void.

7. Cancellation

a. You may cancel this policy by:

- (1) returning it to us, or
- (2) notifying us when cancellation is to take effect.

b. The mortgagee may cancel this policy by notifying us in writing pursuant to the mortgagee clause.

c. We may cancel this policy by mailing or delivering written notice to you. Such notice will be delivered to you, or mailed to your last known mailing address. The mailing of it will be sufficient proof of notice.

We may cancel this policy only for the following reasons:

- (1) non-payment of premium, whether payable to us or our agent. We may cancel at any time by notifying you at least 10 days before the date cancellation takes effect;
- (2) any other reason, when this policy has been in effect for less than 60 days and is not a renewal with us. We shall notify you at least 10 days before the date cancellation takes effect; or
- (3) if 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 for non-payment of premium in accordance with subsection c.(1) above. We also may cancel for one or more of the following additional reasons, in which case we shall notify you in writing at least 20 days before the date cancellation takes effect:
 - i. fraud or material misrepresentation made by or with your knowledge in obtaining the policy, continuing the policy or in presenting a claim under the policy;
 - ii. the occurrence of a material change in the risk that substantially increases any hazard insured against after policy issuance;
 - iii. violation of any local fire, health, safety, building or construction regulation or ordinances with respect to any **insured location** or the occupancy of the property that substantially increases any hazard insured against under the policy;

- iv. a material violation of a material provision of the policy; or
- v. any other reason permitted by law.

d. Return of premium

Cancellation of or changes in this policy may result in a premium refund. If so, we will send it to you within 30 days after the cancellation or change takes effect. If you cancel this policy we will return the short rate unused share of the premium. If we cancel this policy, we will return the pro-rated unused share of the premium.

If the mortgagee cancels this policy pursuant to the mortgagee clause, we will return the pro rated unused share of the premium to the mortgagee.

8. **Renewal and Refusal to renew.**

We may elect:

- a. to nonrenew this policy; or
- b. to condition its renewal on an increase or reduction of **stated limits** or other limits of insurance or an increase, reduction or elimination of coverages.

We may elect to nonrenew by delivering to you, or mailing to you at your last known mailing address, written notice at least 30 days before the expiration date of this policy. The mailing of it will be sufficient proof of notice.

If we offer to renew, including offering to renew but conditioning the renewal as indicated above, we will deliver or mail to you a written offer in accordance with applicable state law. The mailing of it will be sufficient proof of notice.

This policy will automatically terminate at the end of the policy period if you do not accept our offer to renew it. Failure to pay the required renewal premium as we require means that you have declined our offer.

If this policy is written for a period of less than one year we agree not to refuse to renew except at the end of an annual period beginning with the original or renewal effective date.

9. **Assignment and Death.**

Your interest in this policy may not be transferred to another person without our written consent. If you should die, we will cover for the remainder of the policy period:

- a. your spouse, if a resident of the same household with you at the time of your death or any other member of your household on the **residence premises** who is an **insured** at the time of your death, but only while a resident of the **residence premises**;
- b. your legal representative while acting as such, but only with respect to the **residence premises** and property covered under this policy at the time of your death; or
- c. any person having proper temporary custody of your insured property until your legal representative is appointed and qualified.

10. **Subrogation.**

When we pay for any loss or damage, an **insureds** right to recover from anyone else for that loss or damage becomes our right up to the amount we have paid. **Insureds** must protect any of these rights and help us enforce them. However, an **insured** may waive in writing before a loss, all rights of recovery against any person. An **insured** may not waive after a loss any rights of recovery against any person. If not waived, we may require an assignment of rights of recovery for a loss to the extent that payment is made by us. If an assignment is sought, an **insured** must sign and deliver all related papers and cooperate with us. Subrogation does not apply under Section II - Liability. We are entitled to payment, reimbursement and subrogation regardless of whether the total amount of the recovery by an **insured** on account of the loss or damage is less than the actual loss suffered by the **insured**. Our right to recover will apply only after you have been fully compensated for a loss covered under this policy.

11. **What Law Will Apply.**

This policy is issued in accordance with the laws of the state in which the **residence premises** is located and covers property or risks principally located in that state. The laws of the state where the **residence premises** is located shall govern any and all claims or disputes in any way related to this policy.

12. **Arbitration.**

Any claim or dispute related to this policy, by an **insured** against us or us against an **insured**, may be resolved by arbitration only upon mutual consent of us and the other party subject to:

- a. no arbitrator has the authority to award punitive damages, exemplary damages or attorneys fees;
- b. neither of the parties are entitled to arbitrate any claims or disputes in a representative capacity or as a member of a class; and
- c. no arbitrator has the authority, without the mutual consent of the parties, to consolidate claims or disputes in arbitration.

13. **Conflict of Terms.**

If there are terms of this policy which conflict with statutes of the state where issued, the terms are amended to conform to such statutes.

14. **Where Suits May be Brought.**

Any and all suits related to this policy will be brought, heard and decided only in a state or federal court located in the state in which the **residence premises** is located. Any and all suits against persons not party to this policy but involved in the sale, administration, performance or alleged breach of this policy, shall be brought, heard and decided only in a state or federal court located in the state in which the **residence premises** is located, provided that such persons are subject to or consent to suit in the courts specified in this paragraph.

Nothing in this section shall limit or impair any party's right to remove a state court suit to a federal court.

15. **Reciprocal provisions.**

This policy is made and issued in consideration of your premium payment to us. It is also issued in consideration of the information you gave to us during the application process, some of which is set out in the policy Declarations, and in consideration of the Subscription Agreement, which is provided to you and is incorporated herein by reference. You acknowledge that you have read, understood and agree to all the terms and conditions of the Subscription Agreement. Among other things, the Subscription Agreement appoints your Attorney-in-Fact, authorizes your Attorney-in-Fact to execute interinsurance policies between you and other subscribers and to perform various functions, and addresses compensation of the Attorney-in-Fact.

Nothing in this policy is intended, or shall be construed, to create either:

- a. A partnership or mutual insurance association; or
- b. Any joint liability.

We may sue or be sued in our own name, as though we were an individual, if necessary to enforce any claims which arise under this policy. In any suit against us, service of process shall be upon the Attorney-in-Fact as shown in your Subscription Agreement.

Membership fees which you pay are not part of the premium. They are fully earned when you are granted membership and coverage is effective. They are not returnable. However, they may be applied as a credit to membership required of you for other insurance which we agree to write.

We hold the Annual Meeting of the members of the Farmers Insurance Exchange at our Home Office at Los Angeles, California, on the first Monday following the 15th day of March of each year at 2:00 p.m.

The Board of Governors may elect to change the time and place of the meeting. If they do so, you will be mailed a written or printed notice at your last known address at least ten (10) days before such a time. Otherwise, no notice will be sent to you.

The Board of Governors shall be chosen by subscribers from among yourselves. This will take place at the Annual Meeting or at any special meeting which is held for that purpose. The Board of Governors shall have full power and authority to establish such rules and regulations for our management as are not inconsistent with the subscribers agreements.

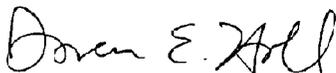
Your premium for this policy and all payment made for its continuance shall be payable to us at our Home Office or such location named by us in your premium notice.

The funds which you pay shall be placed to your credit on our records. They will be applied to the payment of your proportion of losses and expenses and to the establishment of reserves and general surplus. The Board of Governors or its Executive Committee has the authority to deposit, withdraw, invest and reinvest such funds. You agree that any amount which the Board of Governors allocates to our surplus fund may be retained by us. Also, after provision is made for all of our liabilities, it may be applied to any purpose deemed proper and advantageous to you and other policyholders. This policy is non-assessable.

This policy shall not be effective unless countersigned on the Declarations by a duly authorized representative of the company named on the Declarations. The company named on the Declarations has caused this policy to be signed by the officers shown below.

FARMERS INSURANCE EXCHANGE

By Farmers Underwriters Association
Attorney-in-Fact


Secretary


Vice President

FARMERS NEXT GENERATION® HOMEOWNERS POLICY
AMENDATORY ENDORSEMENT

AR008
1st Edition

It is agreed that coverage provided by this policy is modified as follows:

In **ACCURACY OF INFORMATION AND CHANGED CIRCUMSTANCES**, the last sentence of the last paragraph is deleted.

In **DEFINITIONS**, the following definition is added:

33. Vandalism or malicious mischief - means malicious or willful intentional physical injury or damage to property.

In **SECTION I - TYPES OF PROPERTY INSURED, Special Limits on Certain Personal Property, 4. Business property, other than electronic data processing equipment, media, and data**, subsection a., is deleted and replaced with:

a. \$5,000 limit while on the **residence premises**; and

and **7. Securities, deeds, valuable papers and stamps** is deleted and replaced with:

7. Securities, deeds, valuable papers and stamps

\$1,500 limit on securities, deeds, evidences of debt, letters of credit, notes other than bank notes, legal documents and other valuable papers, personal records including, but not limited to, photographs, videos, financial and health records, manuscripts, passports, tickets, stamps and stamp collections. This limit includes the costs to research, replace or restore the information from the lost or damaged material.

In **SECTION I - PROPERTY COVERAGE, SECTION I - TYPES OF PERSONAL PROPERTY NOT INSURED, 3.**, the words "except as provided in Extensions of coverage" are added to the end of this item.

In **SECTION I - EXTENSIONS OF COVERAGE, 1. Limited water coverage**, a. (3) is deleted and replaced with:

(3) the freezing of and a discharge, leakage or release of **water** as a result of the freezing from the **plumbing system**, heating, air-conditioning or automatic fire protection system or a **household appliance** within the **dwelling** or a **building structure**. We only cover the **water** damage from freezing if you have used reasonable care to:

- i. maintain heat in the **dwelling** or **building structure**; or
- ii. shut off the **water** supply and drain the **plumbing system**, other system or **household appliance** of **water**.

Under this subsection (3) we will cover loss or damage from the freezing to the covered **plumbing system**, heating, air-conditioning or automatic fire protection system or a **household appliance** from which the **water** discharged, erupted, released or overflowed;

and the following is added to **1. Limited water coverage** as new subsection h.:

h. **Water** damage under subsection a. (4) will include any **contamination** damage from any **contaminant** in the **water**.

In **SECTION I - EXTENSIONS OF COVERAGE, 3. Contents Replacement Cost - Coverage C, c.**, the words "lawn, garden or" are deleted from (8), the word "and" is added at the end of (9), and (10) is deleted in its entirety.

In **SECTION I - EXTENSIONS OF COVERAGE, 4. Building Ordinance or Law**, b., the "or" is deleted at the end of (7), a ";" replaces the "." at the end of (8), and the following is added:

- (9) those costs of complying with any building law that regulates the use of the **dwelling** or **separate structure**; or
- (10) those costs of conforming, correcting or remedying any original or subsequent construction, addition, modification, renovation or repair to a building or other structure which did not conform to a building law in effect when the construction, modification, renovation or repair was performed.

In **SECTION I - EXTENSIONS OF COVERAGE, 5., Debris Removal**, the second paragraph is deleted and replaced with:

If the amount of loss or damage, including reimbursable debris removal expense, exceeds the applicable Coverage A, B or C **stated limit** for the type of damaged property, we will reimburse you up to an additional 5% of the applicable **stated limit** for the excess reimbursable debris removal expense you have incurred. This is additional insurance which is excess of the applicable Coverage A, B or C **stated limit**. No deductible applies to this coverage.

In **SECTION I - EXTENSIONS OF COVERAGE, 9. Identity Fraud**, e., the phrase "subsection b." is deleted from the first sentence and in e. (2) the word "collusions" is deleted and replaced with "collusion".

In **SECTION I - EXTENSIONS OF COVERAGE, 10. Collapse of building structure or structural part of the building structure**, the following language is added to the end of the Extension:

For purposes of this Extension of Coverage only, a **building structure** means a structure fully covered by a roof. A roof does not include a temporary roof or any kind of temporary tarp, sheeting or other covering, except a temporary roof or temporary covering which has been installed for temporary purposes because of damage covered under this policy.

In **SECTION I - EXTENSIONS OF COVERAGE**, the following Extension of Coverage is added:

15. Pet coverage.

We will pay reasonable amounts up to \$500 for the veterinary care, burial, disposal, injury or death of household pets owned or kept by you that are injured or die resulting from any covered loss under **SECTION I** that occurs on the **residence premises**. Settlement will be based on the monetary value of the household pets up to a maximum of \$500 for all pets in any covered loss event under **SECTION I**. For the purposes of this coverage only, a household pet is a fully domesticated animal owned by you for personal companionship, such as a dog, a cat, a reptile, a bird or a rodent. Household pet does not include any type of horse, cow, pig, sheep, goat, chicken, turkey, rooster, or captive fur-bearing animal, or any animal commonly kept for food or profit.

In **SECTION I - UNINSURED LOSS OR DAMAGE and EXCLUDED CAUSES OF LOSS OR DAMAGE, A. Uninsured Types of Loss or Damage, 5. Contamination** is deleted and replaced with:

5. Contamination.

We do not insure loss or damage consisting of, composed of or which is **contamination**, except as covered under **SECTION I - EXTENSIONS OF COVERAGE, Limited water coverage** or unless if by fire or lightning. However, even if by fire or lightning, nuclear **contamination** is not insured. Further, we do not insure any **remediation** or provide any Loss of Use or any Extensions of Coverage for expenses directly or indirectly due to, arising out of or resulting from **remediation** of any **contamination**.

In **SECTION I - UNINSURED LOSS OR DAMAGE and EXCLUDED CAUSES OF LOSS OR DAMAGE, B. Excluded Causes of Loss or Damage,**

19. Theft., g., the following is added after the first sentence:

Property of an **insured** in a secured rental storage facility is covered.

22. Animals or pests., the words "animals or other pests" are deleted and replaced with "animals or creatures owned or kept by an **insured** or pests".

In **SECTION I - PROPERTY CONDITIONS, 5. How we settle covered loss,** a.(1), the phrase "except for the types of property described at subsection (2) below," is deleted, and item a.(2) is deleted.

In **GENERAL CONDITIONS APPLYING TO THE ENTIRE POLICY, 7. Cancellation,** the phrase "in writing" is deleted from subsection a.(2), and subsection c. is deleted and replaced with the following:

c. We may cancel this policy by mailing or delivering written notice to you. Such notice will be delivered to you, or mailed to your last known mailing address. The mailing of it will be sufficient proof of notice.

We may cancel this policy only for the following reasons:

- (1) non-payment of premium, whether payable to us or our agent. We may cancel at any time by notifying you at least 10 days before the date cancellation takes effect;
- (2) any other reason, when this policy has been in effect for less than 60 days and is not a renewal with us. We shall notify you at least 10 days before the date cancellation takes effect; or
- (3) if 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 for non-payment of premium in accordance with subsection c.(1) above. We also may cancel for one or more of the following additional reasons, in which case we shall notify you in writing at least 20 days before the date cancellation takes effect:
 - i. fraud or material misrepresentation made by or with your knowledge in obtaining the policy, continuing the policy or in presenting a claim under the policy;
 - ii. the occurrence of a material change in the risk that substantially increases any hazard insured against after policy issuance;
 - iii. violation of any local fire, health, safety, building or construction regulation or ordinances with respect to any **insured location** or the occupancy of the property that substantially increases any hazard insured against under the policy;
 - iv. a material violation of a material provision of the policy; or
 - v. any other reason permitted by law.

In **GENERAL CONDITIONS APPLYING TO THE ENTIRE POLICY, 8. Refusal to renew,** the second and third paragraphs are deleted and replaced with:

We may elect to nonrenew by delivering to you, or mailing to you at your last known mailing address, written notice at least 30 days before the expiration date of this policy. The mailing of it will be sufficient proof of notice.

If we offer to renew, including offering to renew but conditioning the renewal as indicated above, we will deliver or mail to you a written offer in accordance with applicable state law. The mailing of it will be sufficient proof of notice.

This policy will automatically terminate at the end of the policy period if you do not accept our offer to renew it. Failure to pay the required renewal premium as we require means that you have declined our offer.

In **GENERAL CONDITIONS APPLYING TO THE ENTIRE POLICY, 15. Reciprocal provisions**, the first paragraph is deleted and replaced with the following:

This policy is made and issued in consideration of your premium payment to us. It is also issued in consideration of the information you gave to us during the application process, some of which is set out in the policy Declarations, and in consideration of the Subscription Agreement, which is provided to you and is incorporated herein by reference. You acknowledge that you have read, understood and agree to all the terms and conditions of the Subscription Agreement. Among other things, the Subscription Agreement appoints your Attorney-in-Fact, authorizes your Attorney-in-Fact to execute interinsurance policies between you and other subscribers and to perform various functions, and addresses compensation of the Attorney-in-Fact.

This endorsement is part of your policy. It supersedes and controls anything to the contrary. It is otherwise subject to all other terms of the policy.

SERFF Tracking Number: FARM-125837432 *State:* Arkansas
Filing Company: Farmers Insurance Exchange *State Tracking Number:* EFT \$50
Company Tracking Number: FAR0840-107280
TOI: 04.0 Homeowners *Sub-TOI:* 04.0000 Homeowners Sub-TOI Combinations
Product Name: F-AR-2008-HO-F
Project Name/Number: AR NextGen HO Program - Coverage Changes/F-08-063

Rate Information

Rate data does NOT apply to filing.

SERFF Tracking Number: FARM-125837432 State: Arkansas
Filing Company: Farmers Insurance Exchange State Tracking Number: EFT \$50
Company Tracking Number: FAR0840-107280
TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations
Product Name: F-AR-2008-HO-F
Project Name/Number: AR NextGen HO Program - Coverage Changes/F-08-063

Supporting Document Schedules

Satisfied -Name: Uniform Transmittal Document-
Property & Casualty **Review Status:** Approved 12/17/2008

Comments:

Attachment:

P&C transmittal - FORM.pdf

Satisfied -Name: Response to Objection Letter and
Note to Reviewer dated 10/10/2008 **Review Status:** Approved 12/17/2008

Comments:

Attachments:

Cover memo.pdf

Side by Side - CONFIDENTIAL.pdf

Satisfied -Name: Response to Objection Letter dated
10/22/2008 **Review Status:** Approved 12/17/2008

Comments:

Attachments:

Cover letter.pdf

Revised 56-5549.pdf

Satisfied -Name: Corrected response cover letter **Review Status:** Approved 12/17/2008

Comments:

Attachment:

Corrected response cover letter.pdf

Satisfied -Name: Response to Objection Letter dated
11/24/2008 **Review Status:** Approved 12/17/2008

Comments:

SERFF Tracking Number: FARM-125837432 *State:* Arkansas
Filing Company: Farmers Insurance Exchange *State Tracking Number:* EFT \$50
Company Tracking Number: FAR0840-107280
TOI: 04.0 Homeowners *Sub-TOI:* 04.0000 Homeowners Sub-TOI Combinations
Product Name: F-AR-2008-HO-F
Project Name/Number: AR NextGen HO Program - Coverage Changes/F-08-063

Attachments:

- Response cover memo.pdf
- NGHO Policy - 56-5549, 2nd ed,.pdf
- AR008A 1ed Explainer W1636100 12-11-08.pdf
- AR008 W1635100 12-11-08.pdf

Property & Casualty Transmittal Document

1. Reserved for Insurance Dept. Use Only	2. Insurance Department Use only a. Date the filing is received: b. Analyst: c. Disposition: d. Date of disposition of the filing: e. Effective date of filing: <table style="width: 100%; border: none;"> <tr> <td style="width: 60%; border: none;">New Business</td> <td style="border: none;"></td> </tr> <tr> <td style="border: none;">Renewal Business</td> <td style="border: none;"></td> </tr> </table> f. State Filing #: g. SERFF Filing #: h. Subject Codes	New Business		Renewal Business	
New Business					
Renewal Business					

3. Group Name	Group NAIC #
Farmers Insurance Group of Companies	0212

4. Company Name(s)	Domicile	NAIC #	FEIN #	
Farmers Insurance Exchange	CA	21652	95-2575893	0212

5. Company Tracking Number	FAR0840-107280
-----------------------------------	----------------

Contact Info of Filer(s) or Corporate Officer(s) [include toll-free number]

6.	Name and address	Title	Telephone #s	FAX #	e-mail
	Julie Whittington 4700 Wilshire Blvd. Los Angeles, CA 90010	Personal Lines Contracts	(323) 964-8036	(323) 932-3170	julie_whittington@farmersinsurance.com

7. Signature of authorized filer	
----------------------------------	--

8. Please print name of authorized filer	Mina Villegas
--	---------------

Filing information (see General Instructions for descriptions of these fields)

9. Type of Insurance (TOI)	Homeowners
10. Sub-Type of Insurance (Sub-TOI)	Homeowners Sub TOI combinations
11. State Specific Product code(s)(if applicable)[See State Specific Requirements]	4.0 / 4.0000
12. Company Program Title (Marketing title)	J6676, J6677 NGHO Coverage Changes
13. Filing Type	<input type="checkbox"/> Rate/Loss Cost <input type="checkbox"/> Rules <input type="checkbox"/> Rates/Rules <input checked="" type="checkbox"/> Forms <input type="checkbox"/> Combination Rates/Rules/Forms <input type="checkbox"/> Withdrawal <input type="checkbox"/> Other (give description)
14. Effective Date(s) Requested	New: 4/16/2009 Renewal: 4/16/2009
15. Reference Filing?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
16. Reference Organization (if applicable)	
17. Reference Organization # & Title	
18. Company's Date of Filing	October 10, 2008
19. Status of filing in domicile	<input type="checkbox"/> Not Filed <input type="checkbox"/> Pending <input type="checkbox"/> Authorized <input type="checkbox"/> Disapproved

Property & Casualty Transmittal Document—

20.	This filing transmittal is part of Company Tracking #	FAR0840-107320
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21.	Filing Description [This area can be used in lieu of a cover letter or filing memorandum and is free-form text]
------------	--

We respectfully submit for your review and approval 3 new endorsements to be used with our Next Generation Homeowners program. Two new optional coverages will be offered for an additional premium to provide the following coverages:

- J6676, 1st Edition – Unscheduled Personal Articles Endorsement
- J6677, 1st Edition – Farmers Next Generation Homeowners Endorsement Extending Coverage Under Section II – Liability for Farm Land Leased to Others

Rates and Rules for these optional coverages will be filed separately.

We will also be introducing a mandatory endorsement AR008, 1st Edition – Farmers Next Generation Homeowners Amendatory Endorsement. This endorsement's language expands coverage and clarifies coverage intent found in our Next Generation Homeowners policy.

In addition, we are also filing a second edition of our Next Generation Homeowners policy. Changes under this new edition expand coverage and others revise language.

As a result of the changes to the second edition Next Generation Homeowners policy it is also necessary to revise the following previously approved optional coverages to track with the revised language:

- J6234, 4th Edition – Modified Loss Settlement
- J6254, 2nd Edition – Increased Limits on Certain Personal Property
- J6259, 3rd Edition – Endorsement Adding Personal Watercraft Coverage
- J6467, 2nd Edition – Farmers Next Generation Homeowners Basic Package Endorsement

The proposed effective date for new business and renewals for use of all above mentioned forms is April 16, 2009.

If you have any questions concerning these forms, please contact Julie Whittington at (323) 932-3170 or julie_whittington@farmersinsurance.com.

The Flesch score for J6676 is 45.1

The Flesch score for J6677 is 48.3

22.	Filing Fees (Filer must provide check # and fee amount if applicable) [If a state requires you to show how you calculated your filing fees, place that calculation below]
------------	---

Check: via EFT
Amount: \$50.00

Refer to each state's checklist for additional state specific requirements or instructions on calculating fees.



*****Refer to the each state's checklist for additional state specific requirements (i.e. # of additional copies required, other state specific forms, etc.)**

PC TD-1 pg 2 of 2

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FARMERS

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October 20, 2008

Honorable Julie Benafield Bowman
Commissioner of Insurance
Arkansas Insurance Department
1200 West Third Street
Little Rock, AR 72201

Attn.: Ms. Becky Harrington
Property & Casualty

SUBJECT: Response to Objection Letter dated 10/10/2008
NEXT GENERATION HOMEOWNERS – COVERAGE CHANGES

Company Name	Reference #	NAIC #	Group #
Farmers Insurance Exchange	FAR0840-107280	21652	0212

Dear Ms. Harrington,

We have received your objection letter dated 10/10/2008 and provide our response to your question.

Comments:

I would appreciate a marked-up copy of policy form 56-5549 showing additions and deletions prior to my review.

Response:

Attached please find a side by side comparison document. This document provides the requested information related to additions and deletions made to the policy.

Please let us know if you have any further questions. Otherwise we request approval for this filing.

Respectfully,
FARMERS INSURANCE EXCHANGE

By: Gordon Pennington
Contracts Manager
Office: (323) 930-4214
Cell (805) 258-3277

CONFIDENTIAL INFORMATION — TRADE SECRETS

This information is proprietary and a trade secret. Do not release this information to any third parties without the express, written permission of Farmers Insurance Exchange.

SUMMARY OF SIDE BY SIDE COMPARING 1st NEXT GENERATION HOMEOWNERS policy to 2nd ed NEXT GENERATION HOMEOWNERS policy.

In the 2nd edition Next Generation Homeowners policy, the following sections contain new language that clarifies our coverage intent or revises conditions that do not impact the level of coverage.

INTRODUCTION

AGREEMENT

DEFINITIONS (including new definitions for “vacancy or vacant” and “vandalism or malicious mischief”).

SECTION I – PROPERTY COVERAGE

SECTION I - LOSS OR DAMAGE INSURED

SECTION I – TYPES OF PROPERTY INSURED

Special Limits On Certain Personal Property

SECTION I - TYPES OF PERSONAL PROPERTY NOT INSURED

COVERAGE D - LOSS OF USE

SECTION I – EXTENSIONS OF COVERAGE

SECTION I – UNINSURED LOSS OR DAMAGE and EXCLUDED CAUSES OF LOSS OR DAMAGE

SECTION I – PROPERTY CONDITIONS

SECTION II – LIABILITY COVERAGE

SECTION II - LIABILITY EXTENSIONS OF COVERAGES

SECTION II – LIABILITY EXCLUSIONS

SECTION II – LIABILITY CONDITIONS

GENERAL CONDITIONS APPLYING TO THE ENTIRE POLICY

In the 2nd edition Next Generation Homeowners policy, the following sections contain new language that expands coverage compared to the 1st edition policy.

SECTION I - Special Limits On Certain Personal Property

Business property, other than electronic data processing equipment, media and data – increased sublimit from \$2,500 to \$5,000 for property on the residence premises.

SECTION I – EXTENSIONS OF COVERAGE

Contents replacement cost – Coverage C – revised language to eliminate reference to lawn and garden equipment and watercraft and trailers not being towed or carried on a **motor vehicle** as classes of property to be settled on an actual cash value basis only.

Collapse of building structure or structural part of the building structure - defined **building structure** to include structures that are partially enclosed by one wall and fully enclosed by a roof, in addition to structures that are fully enclosed by walls and a roof.

Pet Coverage – added new coverage that provides up to \$500 for loss or care of a household pet following a covered Section I loss which occurs on the **residence premises**.

SECTION I - UNINSURED LOSS OR DAMAGE and EXCLUDED CAUSES OF LOSS OR DAMAGE, B. Excluded Causes of Loss or Damage:

Theft - specified that property of an insured in a secured rental storage facility is covered.

Animals or pests - revised the language to cover loss or damage caused by an animal that is not owned by or kept by an insured.

SECTION I – PROPERTY CONDITIONS

How we settle covered loss - revised language to settle on a replacement cost basis rather than actual cash value basis for fences, decks and above ground pools.

SECTION II - LIABILITY EXTENSIONS OF COVERAGES

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Loss assessment coverage – revised language to cover loss assessment levied by the association against “you” and other unit owners, rather than against all members of the association.

SECTION II – LIABILITY EXCLUSIONS

Violation of Ordinance, Penal Law or Criminal Acts - revised language to eliminate reference to bodily injury” and “property damage.”

In the 2nd edition Next Generation Homeowners policy, the following section contains new language that further specifies additional factual situations which under the facts of a particular claim, could result in a reduced level of coverage compared to the 1st edition policy.

SECTION I – EXTENSIONS OF COVERAGE

Building ordinance or law – added language which excludes costs of complying with any building law that regulates the use of a **dwelling** or **separate structure** and which excludes those costs of any work to a building or other structure which did not conform to a building law in effect when the work was performed.



FARMERS

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November 20, 2008

Honorable Julie Benafield Bowman
Commissioner of Insurance
Arkansas Insurance Department
1200 West Third Street
Little Rock, AR 72201

Attn.: Ms. Becky Harrington
Property & Casualty

SUBJECT: Response to Objection Letter dated 10/22/2008
NEXT GENERATION HOMEOWNERS – COVERAGE CHANGES

Company Name	Reference #	NAIC #	Group #
Farmers Insurance Exchange	FAR0840-107280	21652	0212

Dear Ms. Harrington,

We have received your objection letter dated 10/22/2008 and provide our response to your question.

1. Farmers Next Generation Homeowners Policy Index, 56-5549, 2nd edition, 7-08, Other (Form) Comment: The new language of the third paragraph, under Section 1, Uninsured loss or damage and excluded causes of loss or damage, A. Uninsured Types of Loss or Damage is unacceptable and must be removed. (Page 23)

Response: Please provide the context as to why the language is unacceptable. We do not know how to respond to a general statement of unacceptability.

2. Farmers Next Generation Homeowners Policy Index, 56-5549, 2nd edition, 7-08, Other (Form) Comment: The definition of Vacancy or vacant regarding the word "legally" is ambiguous. Please revise.

Response: We respectfully disagree with the term “legally” being ambiguous as used in the definition of Vacancy or vacant. On page 10 of the policy, Vacancy or vacant states that a dwelling will be considered legally used only if it is with the knowledge and approval of the owner. This statement provides the necessary clarification of the term “legally” as used within the context of the definition.

3. Farmers Next Generation Homeowners Policy Index, 56-5549, 2nd edition, 7-08, Other (Form) Comment: Section 1- Extensions of Coverage - The language added to the end of the lead paragraph appears excessive and ambiguous, especially...including without limitation the terms and limitations of any.

Response: We do not agree that the language is excessive or ambiguous. Courts constantly tell insurers when interpreting policy language that if the insurer wanted the policy provisions to apply in a certain manner, then the insurer should have said so. All of the policy terms, exclusions, deductibles and conditions, including the very important terms and limitations of any uninsured loss or damage or excluded cause of damage set forth in Section I - Uninsured Loss or Damage and Excluded Causes of Loss or Damage, will be applied to the Extensions of Coverage, and we are expressly stating such.

Therefore, we requests that the language remain unchanged, and be approved.

4. *Farmers Next Generation Homeowners Policy Index, 56-5549, 2nd edition, 7-08, Other (Form) Comment: Additional coverage 10. Collapse of Building Structure or Structural Part of the Building Structure contain duplicate language.*

Response: Agree the language referenced above is duplicate language. Please find the attached revised copy with the duplicate language removed.

5. *Comment: Have the changes to 56-5549 been approved in other prior approval states? If so, provide the state.*

Response: The following States have approved the filing: Alabama, Arizona, California, Iowa, Idaho, Kansas, Minnesota, Missouri, Montana, North Dakota, New England, New Mexico, Ohio, Oregon, South Dakota, Tennessee, Washington, Wisconsin, Wyoming,

6. *Farmers Next Generation Homeowners Policy Index, 56-5549, 2nd edition, 7-08, Other (Form) Comment: Provide the flesch score.*

Response: The flesch score is 41.4.

7. *Farmers Next Generation Homeowners Amendatory Endorsement, AR008, 1st edition, 9-08, Endorsement/Amendment/Conditions (Form) Comment: To which policy form will this endorsement be attached?*

Response: Next Generation Homeowners Amendatory Endorsement AR008 will only be attached to 56-5549 1st edition to update the language to the second edition.

Please let us know if you have any further questions. Otherwise we request approval for this filing.

Respectfully,
FARMERS INSURANCE EXCHANGE

By: Gordon Pennington
Contracts Manager
Office: (323) 930-4214
Cell (805) 258-3277

FARMERS NEXT GENERATION[®] HOMEOWNERS POLICY

Arkansas

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Arkansas law requires the following information be included with every policy of insurance.
Arkansas Insurance Dept., Consumer Services Division
1200 W. 3rd St., Little Rock, AR 72201-1904;
Telephone 800-852-5494 or 501-371-2640

This policy is a legal contract between you (the policyholder) and us (the Company).
IT CONTAINS CERTAIN EXCLUSIONS.

READ YOUR POLICY CAREFULLY.

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and

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INTRODUCTION

Property Coverage:

Under Section I, this policy insures different kinds of property; however, not all property is insured. This policy will not pay for all types of loss or damage or for all causes of loss or damage to covered property. Coverage is dependent upon both the (1) cause of the loss or damage and (2) type of loss or damage.

Settlements, including replacement cost settlements, and coverages under this policy, are subject to the limits of insurance stated herein.

If loss occurs, refer to Section I - Property Conditions, Duties After Loss.

Liability Coverage:

Under Section II, this policy provides coverage for certain damages you become legally obligated to pay because of **bodily injury** or **property damage** resulting from an **occurrence**. If the Declarations or renewal notice indicates **personal injury** coverage applies, this policy provides coverage for certain **personal injuries**. Further, the amount we will pay is limited and coverage under this policy is subject to certain conditions.

If a claim should be made against you, refer to Section II - Liability Conditions, Duties after loss.

AGREEMENT

You agree to pay premiums when due and comply with all applicable terms of this policy. In return, we will insure you for the coverages and limits described except as otherwise indicated in the Declarations or renewal notice.

ACCURACY OF INFORMATION AND CHANGED CIRCUMSTANCES

The Coverage A (**Dwelling**) **stated limit** is the most we will pay if your **dwelling** sustains a loss. The actual cost to replace the **dwelling** at the time of loss may be different. We do not guarantee that the **stated limit** represents the actual cost to replace the **dwelling**. You may have additional insurance as provided under Extensions of Coverage or by endorsement.

You agree by acceptance of this policy and payment of premium that all information you have provided to us is accurate. We may provide you with information about your **dwelling** or this insurance. You agree to cooperate in determining if all information is correct and complete. You agree to notify us within 60 days if any information is inaccurate, incomplete or changes.

DEFINITIONS

Throughout this policy, "you" and "your" mean the "named insured" shown in the Declarations or renewal notice and your spouse or registered domestic partner under applicable state law if a resident of the same household with you. Any domestic partner must be registered prior to the date of a loss. "We," "us" and "our" refer to the company providing this insurance. In addition, certain words and phrases are defined as follows:

1. **Actual cash value** - means the reasonable replacement cost at time of loss less deduction for physical deterioration and depreciation.
We may depreciate all replacement costs, including by way of example but without limitation costs of materials.
2. **Aircraft** - means any device used or designed for flight, including **aircraft** parts, accessories, or equipment. **Aircraft** does not include model or hobby **aircraft** not used or designed to carry people or cargo.
3. **Annual aggregate limit** - means the total we will pay for all covered **occurrences** combined which happen in each policy period. This limit applies regardless of the number of such **occurrences** or loss events, or **insureds** or claimants.

4. **Bodily injury** - under Section II - Liability means physical harm to the body, including physical sickness or disease, to a person other than an **insured**. This includes reasonable required care, loss of services and death that results.

Bodily injury does not include:

- a. psychological or mental injury or effect, including by way of example but not limited to fear, depression, humiliation, anxiety, anguish, shock or distress, unless it arises from actual physical harm to the body of a person;
 - b. any sexually transmitted disease;
 - c. Acquired Immune Deficiency Syndrome (AIDS), AIDS related Complex, Human Immunodeficiency Virus (HIV);
 - d. any auto-immune disease; or
 - e. any symptom, injury, condition, effect, illness or disease related to subsections a. through d. above, or resulting from a **noxious substance**. A symptom, injury, condition, effect, illness or disease includes by way of example but is not limited to fatigue, insomnia, stomachaches, headaches or ulcers.
5. **Building structure** - means a structure fully enclosed with walls and a roof. A roof or wall does not include a temporary roof or wall structure or any kind of temporary tarp, sheeting or other covering, except a temporary roof or wall or temporary covering which has been installed for temporary purposes because of recent damage covered under this policy.
6. **Business** - means any full or part-time employment, trade, profession, or occupation, or a commercial, mercantile or industrial undertaking of an economic nature. It does not matter whether it is continuous or regular or is a secondary or supplemental source of income or is an **insured's** principal means of livelihood. Profit and profit motive are irrelevant.
- Business** does not include volunteer activities for a not-for-profit organization or public agency for which no money is received other than payment of expenses. **Business** does not include incidental and infrequent personal economic activity such as a garage or yard sale or hobby. **Business** does not include any self-employed, occasional activity by a person under 18 years of age, which activity has no employees or subcontracted independent contractors and is of a type of activity normally performed by persons under 18 including, by way of example but not limited to, babysitting, lawn mowing, paper delivery.
7. **Business property** - means property related to or used for or intended for use in **business**. **Business property** includes personal property that is frequently used in or for **business** or for **business** purposes.
8. **Contamination** - means the actual, perceived or suspected introduction, existence, presence, proliferation or spread of any, **noxious substance, nuclear substance, pathogen, fungus** or pollutant on, to, or in land, **water**, air, buildings, structures or personal property, either on or off the **residence premises** which may harm or injure the property or its usefulness or characteristics, or any person.
9. **Dwelling** - means the building used as the primary private residence structure located on the **residence premises**. **Dwelling** does not include **separate structures**.
10. **Earthquake** - means shaking or trembling of the earth, whether caused by volcanic activity, tectonic processes or any other cause.
11. **Earth movement** - means any movement of earth, including by way of example but not limited to any type of soil or rock, or mixture of soil and rock, or fill, regardless of magnitude. Examples of **earth movement** include but are not limited to:
- a. **earthquake**, landslide, mudslide, debris flow or mudflow, all whether combined with, caused by or resulting from **water**;
 - b. collapse, vibrating, settling, cracking, shrinking, bulging, heaving, subsiding, eroding, sinking, rising, shifting, shearing, expanding, lateral movement, displacement, compacting or contracting of or any pressure by surface or subsurface earth or fill, all whether combined with, caused by or resulting from **water** and all whether the **water** event is man-made or naturally occurring or is sudden and accidental or is constant, repeating, gradual, intermittent, steady or slow; and
 - c. volcanic activity, including eruption, explosion, lava flow and volcanic action.

12. **Fungus or fungi** - means any part or form of **fungus, fungi**, mold, mildew, spores, wet or dry rot, parasitic microorganisms, mycelial agent or fragment, scents, or mycotoxins. This includes any byproduct of any of the foregoing, whether germinated, whether forming a colony or infestation, whether aerosolized, and whether visible or not visible to the unaided human eye.

13. **Household appliance** - means:

- a. a common household device operated by gas or electric current. This includes by way of example but not limited to an air conditioning unit, heating unit, refrigerator, dishwasher, ice maker, clothes washer, water heater, disposal or dehumidifier, and any hoses directly attached thereto; and
- b. a water softener or filtration system connected to the **residence premises plumbing system**, and any hoses directly attached thereto.

Household appliance does not include furniture, waterbeds, aquariums or sump pumps. A household appliance is not part of the **plumbing system**.

14. **Insured** - means:

- a. you;
- b. permanent residents of your household who are:
 - (1) your relatives; or
 - (2) other persons under the age of 21 and in the care of any person described above in subsection a. or b. (1);
- c. a student enrolled in school full time, as defined by the school, who was a permanent 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 person described in b.(1) above; and
- d. under Section II - Liability, **insured** also means:
 - (1) any person or organization legally responsible for animals or watercraft covered under Section II - Liability which are owned by you, or anyone included in subsection b. or c. above. Any person or organization using or having custody of these animals or watercraft in the course of any **business** or without permission of the owner is not an **insured**.
 - (2) with respect to any vehicle covered as personal property under Section I of this policy:
 - i. any person while using or maintaining the vehicle while engaged in the employment of the **insured**; or
 - ii. any other person using the vehicle on an **insured location** with an **insured's** consent.

15. **Insured location** - means:

- a. the **residence premises**;
- b. that part of any other premises, structures and grounds you use as a private residence and:
 - (1) which is shown on the Declarations or renewal notice; or
 - (2) which you acquire during the policy period for your use as a private residence;
- c. any premises you use in connection with a premises described in subsections 15.a. or 15.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** and shown in the Declarations or renewal notice;
- f. land owned by or rented to you on which a one or two family **dwelling** is being built as your private residence;
- g. individual or family cemetery plots or burial vaults of an **insured**; and
- h. any part of a premises occasionally rented to an **insured** for other than **business** use, but only when it is actually rented to the **insured**.

16. **Marring** - means any disfigurement, blemish, discoloration weathering or stretching, or the like, of or to covered property, including by way of example but not limited to scratching, scorching, denting, creasing, gouging, fading, staining, tearing or thinning.

17. **Motor vehicle** - means:

- a. any self-propelled vehicle or any self-propelled machine, whether operable or not, which is designed for movement on land or on land and in **water**, including by way of example but not limited to any type of automobile, hovercraft or air cushion vehicle;
- b. parts, equipment, machinery, furnishings or accessories attached to or located in or upon such vehicle or machine described in subsection a. above; and
- c. any trailer or semi-trailer which is being carried on, towed by, or hitched for towing by a vehicle or machine described in subsection a. above.

18. **Noxious substance** - means any hazardous, toxic, or contaminating solid, liquid, vaporous, gaseous or thermal substance which may cause or result in harm, destruction, damage or injury to the environment or any living thing, or to covered property, the **residence premises** or any other property, or which may be an irritant or a nuisance.

Noxious substances include by way of example but are not limited to asbestos, silica, radon, fumes, odors, smoke from tobacco products, acids, alkalis, chemicals, carbon monoxide, oil, fuel, fuel oil, gasoline, lead, lead paint, polychlorinated biphenyls (PCBs), solvents or waste, including any residual dust or other residuals, other than commonly available chemical products found in a residential household which are normally used for cleaning or maintenance. Waste includes materials which are to be or have been recycled, reconditioned or reclaimed.

Noxious substances does not include smoke or fumes from a fire.

19. **Nuclear hazard** - means:

- a. a nuclear explosion, including shockwaves, and nuclear reaction and nuclear radiation;
- b. the dispersal or spread of **nuclear substances** or nuclear radiation by any means. These include conventional explosion, fallout, or radioactive contamination, all whether controlled or uncontrolled or whether intended or accidental, however caused; and
- c. the negligent, defective or improper design, construction, operation or maintenance of a nuclear facility or any facility which uses, handles, stores or processes **nuclear substances**.

Nuclear hazard is also intended to include any other act or omission which results in a **nuclear hazard**.

20. **Nuclear substance** - means any solid, liquid, vaporous, gaseous or thermal substance contaminated by or with nuclear radiation, or which gives off harmful levels of nuclear radiation.

21. **Occurrence** - under Section II - Liability, means an accident, including exposure to conditions, which occurs during the policy period, and which results in **bodily injury, property damage** or **personal injury** during the policy period. Repeated or continuous exposure to the same general conditions is deemed to be one **occurrence**.

22. **Pathogen** - means any biological or microbial organism or substance which may cause or result in harm, destruction, damage, injury or disease to any living thing or to property. **Pathogens** include by way of example but are not limited to bacteria, bacterium, viruses, or any part or by-product of bacteria, bacterium or viruses, including bacterial or viral toxins.

23. **Personal injury** - under Section II - Liability, means an act or activity of an **insured** which takes place during the policy period which results in injury to another, other than an **insured**, from one or more of the following offenses:

- a. false arrest, wrongful imprisonment or detention;
- b. libel, slander or defamation of character; or
- c. malicious prosecution.

Personal injury does not include false arrest, wrongful imprisonment or detention in connection with or arising out of molestation, abuse or corporal punishment.

24. **Plumbing system** - means all **water** supply and distribution pipes, plumbing fixtures and traps, drainage and vent pipes, and building drains. This includes their respective joints, connections and receptors and vents for same.

A **plumbing system** does not include any of the following:

- a. a shower pan;
- b. a roof drainage system, including by way of example but not limited to gutters, drain pipes and downspouts;
- c. a sump or sump pump, sump-pump well or related equipment, pipes or connectors;
- d. any part of a drainage ditch or channel; or
- e. that part of any system designed to remove or drain **water** away from a **building structure** or **separate structure** on the **residence premises** which part is not within a **building structure** or **separate structure** or which is not above the surface of the ground.

25. **Property damage** - under Section II - Liability means direct distinct and demonstrable, actual physical injury to or destruction of tangible property, including loss of use resulting from the distinct and demonstrable, actual physical injury to or destruction of the property.

Property damage does not mean:

- a. actual, threatened, feared, constructive or alleged diminution or loss of value or equity;
- b. functional impairment or loss of use of property unless the property has sustained distinct and demonstrable, actual physical injury or destruction, including by way of example but not limited to conditions brought about by long or repeated use, mechanical breakdown, or malfunction.

26. **Remediate** - means to:

- a. (1) decontaminate, abate, treat, contain, isolate, remove, extract, clean, mitigate, neutralize, quarantine or detoxify;
- (2) monitor, evaluate, detect, investigate, test or measure for;
- (3) haul away or dispose of; or
- (4) respond in any way to, or assess the effects of

any **nuclear substance, noxious substance, pathogen, fungus**, or pollutant, or any **contamination**, whether on or off the **residence premises**; or

- b. remove, restore or replace any land, **water**, air, building, structure or personal property which is threatened with or has been affected, damaged, infested, polluted or injured by **contamination**.

27. **Residence employee** - means an employee of an **insured** who performs duties related to the ownership, maintenance or use of the **residence premises**. This includes employees who perform similar duties elsewhere for an **insured** if the duties relate to the **residence premises**. This does not include employees while performing duties related to a **business** of an **insured**.

28. **Residence premises** - means the **dwelling, separate structures** and grounds at the address shown on the Declarations or renewal notice.

29. **Separate structure** - means:

- a. those structures, including buildings and **building structures**, on the **residence premises** set apart from the **dwelling** by clear space or structures only connected to the **dwelling** by a fence, wall, sidewalk, walkway, driveway, patio, decking or utility line or similar connection; and
- b. all fences, walls not part of a building, sidewalks, walkways, driveways, pools, pool cages, piers, wharfs, boat docks and spas on the **residence premises**, whether or not abutting or connected to the **dwelling**.

30. **Stated limit(s)** - means the dollar amounts stated as coverage limits on the Declarations or renewal notice for the different types of coverages.

31. **Vacancy or vacant** - means:

- a. no one is legally using the **dwelling** as a principal, habitual place of abode; and
- b. a predominant amount of personal property has been removed or is absent from the **dwelling**.

A **dwelling** will be considered legally used only if it is with the knowledge and approval of the owner.

A **dwelling** under active construction or being repaired because of damage otherwise covered under this policy will not be considered **vacant** even if a. and b. apply. A **dwelling** is under active construction when it is being erected as a new structure or when it is undergoing substantial improvements, renovations, remodeling or modifications and the construction results in substantial continuing activities by persons associated with the construction project at the premises during the relevant time periods. A recently purchased **dwelling** that is not under active construction will be deemed **vacant** until legally occupied as a principal, habitual place of abode.

This definition will apply whether or not a **dwelling** is in fact habitable.

32. **Vandalism or malicious mischief** - means malicious or willful intentional physical injury or damage to property.

33. **Water** - means **water** (H₂O) alone, whether in liquid, frozen, or vapor form, or any liquid, sewage or sludge which contains **water**, whether or not contaminated or combined with or containing other chemicals, particulates, microorganisms or impurities. **Water** includes but is not limited to rain, snow, sleet, slush, ice, dampness, vapor, condensation, moisture, steam and humidity.

34. **Water - reverse flow** - means the flow of **water** through any sewage, septic or drainage system, or a drain, drain line or drainage channel, or sump pump, or similar system on the premises, which is designed to drain or pump **water** away from the premises, when the flow of **water** is in the opposite or reverse direction from that which the system, drain line, channel, or pump was designed to drain or pump. A stoppage on the premises within any of the foregoing which stops the flow of **water** with a resulting backing up of the **water** is a backup and is not a **water-reverse flow**. A backup may cause an overflow.

SECTION I - PROPERTY COVERAGE

SECTION I - LOSS OR DAMAGE INSURED

Coverage A (Dwelling), Coverage B (Separate Structures) and Coverage C (Personal Property)

We insure accidental direct physical loss or damage to that property described in Section I - Types of Property Insured.

Loss or damage:

1. means distinct and demonstrable, actual physical injury to or destruction of the property;
2. does not include functional impairment or the loss of use of property unless the property has sustained distinct and demonstrable, actual physical injury or destruction;
3. does not include any decrease in the market value of the property, however measured or determined;
4. is caused by perils or causes of loss or damage; and
5. consists of certain types of loss or damage.

We do not insure covered property for the types or causes of loss or damage described in Section I - Uninsured Loss or Damage and Excluded Causes of Loss or Damage.

SECTION I - TYPES OF PROPERTY INSURED

Coverage A (Dwelling)

We insure:

1. the **dwelling**; and
2. material and supplies owned by you on or adjacent to the **residence premises** for use in construction of the **dwelling** or a **separate structure**.

Coverage B (Separate Structures)

We insure **separate structures**.

We do not insure:

1. **separate structures** which are intended for use in **business** or which are actually used in whole or in part for **business** purposes by an **insured** or any other person; or
2. **separate structures** rented or held for rental to any person not a tenant of the **dwelling**, unless used solely as a private garage.

Coverage A (Dwelling) and Coverage B (Separate Structures)

We do not insure:

1. land or the value of land, including by way of example but not limited to the cost to restore, replace, repair or rebuild land. This includes land on which the **dwelling** or a **separate structure** is located. If covered cause of loss or damage occurs to the **dwelling** or a **separate structure** and to the land on the **residence premises**, we do not cover any increased cost to repair or replace the **dwelling** or **separate structure** because of damage to the land. Land includes but is not limited to trees, shrubs, plants and lawns on land. However, we do provide limited coverage for trees, shrubs, plants and lawns under Section I - Extensions of Coverage, Trees, Shrubs, Plants, and Lawns; or
2. any type of warranty, service or maintenance contract covering property.

Coverage C (Personal Property)

We insure personal property owned or used by an **insured** anywhere in the world. At your request after a loss, we will also insure personal property:

1. owned by others while the property is on the part of the **residence premises** occupied by an **insured**. However, property of tenants, roomers, live-ins or boarders not related to that **insured** is not covered; and
2. owned by and in the control of a **residence employee** while in the service of an **insured** anywhere in the world.

Special Limits On Certain Personal Property

Special limits of insurance apply to certain types of personal property. The limits shown below do not increase the Coverage C **stated limit**. The limit for each numbered group is the total limit for any one loss event for all property in that group. The lowest applicable special limit shall apply to personal property that falls into more than one group.

1. **Property usually located at an insured's residence other than the residence premises.**

15% of the Coverage C **stated limit** on personal property which is usually located at an **insured's** residence other than the **residence premises**. This is an aggregate limit which applies to all personal property usually located at the **insured's** other residence, even if the property is also subject to one or more of the specific special limits following. This limit does not apply to personal property in a newly acquired principal residence for the first 45 days after the **insured** begins moving to the new residence.

2. **Jewelry, watches, precious and semi-precious stones, and furs.**

\$1,000 limit on any one article and \$5,000 total limit on theft of jewelry, watches, precious and semi-precious stones and furs, including articles for which fur represents the principal value. This applies even if such items are considered artwork or used as decoration.

3. **Firearms.**

\$3,000 limit on theft of firearms. This includes their scopes or mounts whether attached or not, and all other firearm related equipment and ammunition.

4. **Business property, other than electronic data processing equipment, media and data.**

Coverage for loss or damage to **business property**, other than computers, electronic data processing equipment, and accessories and recording or storage media used with the foregoing, is limited to:

- a. \$5,000 limit while on the **residence premises**; and
- b. \$500 limit while away from the **residence premises**.

5. **Electronic data processing equipment, media and data.**

- a. \$5,000 limit on computers and electronic data processing equipment and accessories and recording or storage media used with the foregoing, whether or not it is **business property**. Computers, electronic data processing equipment, and recording or storage media that cannot be replaced with other of like kind and quality on the current retail market is not covered.
- b. \$1,000 limit for the cost of replacing data stored on computers, electronic data processing equipment, personal electronic entertainment equipment, communications equipment, accessories, electronic media or recording or storage media. Data includes by way of example but is not limited to any type of software or text, image, video or audio files.

6. **Money, cashiers checks, currency, gift certificates and cards, scrip and metals.**

\$200 limit on money, cashiers checks, currency, gift certificates or cards, stored value cards, scrip, smart cards or any card used as money (other than bank issued credit or debit cards), bank notes, medals, coins, bullion, platinum, gold and silver other than gold ware and silverware. This includes collections of all such property.

7. **Securities, deeds, valuable papers and stamps.**

\$1,500 limit on securities, deeds, evidences of debt, letters of credit, notes other than bank notes, legal documents and other valuable papers, personal records including, but not limited to, photographs, videos, financial and health records, manuscripts, passports, tickets, stamps and stamp collections. This limit includes the costs to research, replace or restore the information from the lost or damaged material.

8. **Silverware, gold ware, platinumware and pewter ware.**

\$3,000 limit on theft of silverware, gold ware, platinumware and pewter ware. This includes articles for which any such metal represents the principal value.

9. **Imported rugs, carpets and tapestries.**

\$5,000 any one article and \$10,000 total limit on theft of imported rugs, carpets and tapestries. This applies even if such items are artwork or decoration. Imported means made or manufactured in whole or in part outside of the United States.

10. **Cards and comic books.**

\$200 limit per trading or collectible card or comic book and \$2,500 total limit on all cards or comic books. This includes sports cards, game cards and trading cards of any kind.

11. **Watercraft and windsurfers.**

\$3,000 limit on watercraft and windsurfers. This includes their trailers, furnishings, equipment and outboard motors, which are not being carried on, towed by or hitched for towing by a **motor vehicle**.

12. **Trailers.**

\$1,500 limit on trailers not used with watercraft or windsurfers, which are not being carried on, towed by or hitched for towing by a **motor vehicle**.

13. **Motor vehicle parts.**

\$2,000 limit on **motor vehicle** parts, equipment, machinery, furnishings or accessories not attached to or located in or upon any **motor vehicle**.

SECTION I - TYPES OF PERSONAL PROPERTY NOT INSURED

We do not insure:

1. personal property separately described and specifically insured in this or any other policy;
2. any type of warranty, service or maintenance contract covering property;
3. any animals or creatures, including by way of example but not limited to mammals, birds, fish, reptiles, insects and spiders, except as provided in Extensions of Coverage;
4. watercraft and windsurfers, including their trailers, furnishings, equipment and outboard motors while being carried on, towed by or hitched for towing by a **motor vehicle**;
5. trailers while being carried on, towed by or hitched for towing by a **motor vehicle**;
6. **motor vehicles**, however, we do cover:
 - a. a motorized golf cart not subject to **motor vehicle** registration:
 - (1) while on the golf course and used for golfing purposes; or
 - (2) while in a private residential community, including its public roads upon which a motorized golf cart can legally travel, which is subject to the authority of a property owners association and contains the **residence premises**;
 - b. lawn, garden or farm equipment which is not designed for use on public roads and which is principally used on the **residence premises**;
 - c. recreational vehicles designed principally for off road recreational use that are only used on the **residence premises**, including by way of example but not limited to, all terrain vehicles; and
 - d. a motorized assisted living device designed to assist the disabled;
7. any sound, video, mapping, tracking or communications equipment or device or system designed for reproducing, detecting, receiving, transmitting, recording or playing data, maps, location, sound, videos or pictures, and is designed only to be operated from the electrical system of any **motor vehicle**, motorized land conveyance, watercraft, camper or home trailer while such equipment, device or system is in, on, or installed in a **motor vehicle**, motorized land conveyance, watercraft, camper or home trailer. This equipment includes by way of example but not limited to: citizen band radios, radio or cellular telephones, radio transceivers, radio transmitters, two way mobile radios, scanning monitor receivers, radar or laser detectors, car radio receivers, tape or disc players or recorders, global positioning system devices and any accessories, antennas, tapes, discs, software, reels, cassettes, cartridges, carry cases or other devices used with such equipment, device or system;
8. **aircraft** or self-propelled missiles;
9. property located in that part of the **residence premises** which is regularly rented or held for rent to others;
10. property of an **insured** which is rented or is available for rent to others when it is away from the **residence premises**;
11. property of roomers, live-ins, boarders or tenants not related to an **insured**;
12. **water**, electricity or gas; or
13. any property which is illegal for an **insured** to possess under federal or state law.

COVERAGE D - LOSS OF USE

The **stated limit** for Loss of Use is the total limit for all Additional living expense, Loss of rents and Prohibited use coverages for any one loss event.

1. **Additional living expense.**

If covered actual, accidental direct, distinct and demonstrable physical loss or damage to the **dwelling** makes the **dwelling** uninhabitable by you, we will reimburse you for the reasonable and necessary increase in living expense incurred by you. This coverage is for you and **insured** members of your household to maintain the normal standard of living you had at the time of the loss event. Reimbursement for additional living expense will be for the shortest time needed to (a) repair or replace the loss or damage to the **dwelling**, or (b) permanently relocate, but in no event for more than 24 months. Additional living expense that raises your standard of living will not be reimbursed. Upon our request, you must provide receipts for expenses incurred. Additional living expense will be paid for only one household, regardless of the number of named insureds.

2. **Loss of rents.**

If covered actual, accidental direct, distinct and demonstrable physical loss or damage to covered property makes that part of the **residence premises** rented to others or held for rental by you untenable, we cover the loss of rents less any expense that does not continue during the loss period. We pay for the shortest time needed to repair or replace the damaged property but in no event for more than 12 months. Loss of rents due to cancellation of a lease or agreement is not covered. This coverage only applies if the use of the part rented is for private residential living purposes.

3. **Prohibited use.**

We provide Additional living expense or Loss of rents as described above for no more than two weeks if a civil authority prohibits you from use of the **residence premises** because of actual, accidental direct, distinct and demonstrable physical damage to a neighboring premises, which damage would have been covered under this policy if the damage had occurred to the **residence premises**. Prohibited use coverage does not apply to threatened damage.

The time periods in subsections 1, 2, and 3 above are not limited by cancellation, renewal or non-renewal of this policy.

No deductible applies to subsections 1, 2, and 3 above.

SECTION I - EXTENSIONS OF COVERAGE

We will insure you for the Extensions of Coverage as described below except as otherwise indicated in the Declarations or renewal notice. Unless otherwise expressly stated, the following Extensions of Coverage are subject to all the policy terms, exclusions, deductibles, and conditions, including without limitation the terms and limitations of any uninsured loss or damage or excluded cause of damage set forth in Section I - Uninsured Loss or Damage and Excluded Causes of Loss or Damage, and in any other Extension of Coverage.

1. **Limited Water Coverage.**

- a. We provide limited coverage for accidental direct, distinct and demonstrable physical **water** damage of covered property from direct contact with **water**, but only if the **water** results from:
 - (1) the build-up of ice on portions of the roof or roof gutters on a **building structure**.
 - (2) hail, rain, snow, or sleet entering through an opening in the roof or wall of a **building structure**, but only if the opening is first caused by damage from the direct force of the following:
 - i. fire;
 - ii. lightning;
 - iii. explosion resulting from combustion;

- iv. riot or civil commotion;
 - v. **aircraft** or vehicles;
 - vi. **vandalism** or **malicious mischief**;
 - vii. collapse of a **building structure** or structural part of the **building structure**;
 - viii. falling objects;
 - ix. windstorm;
 - x. hail; or
 - xi. theft or attempted theft.
- (3) the freezing of and a discharge, leakage or release of **water** as a result of the freezing from the **plumbing system**, heating, air-conditioning or automatic fire protection system or a **household appliance**. We only cover the **water** damage from freezing if you have used reasonable care to:
- i. maintain heat in the **dwelling** or heated **building structure**; or
 - ii. shut off the **water** supply and drain the **plumbing system**, other system or **household appliance** of **water**.

Under this subsection (3) we will cover loss or damage from the freezing to the covered **plumbing system**, heating, air-conditioning or automatic fire protection system or a **household appliance** from which the **water** discharged, erupted, released or overflowed.

- (4) a sudden and accidental discharge, eruption, overflow or release of **water**, other than a **water - reverse flow**, from within any portion of:
- i. a **plumbing system**;
 - ii. a heating or air conditioning system;
 - iii. an automatic fire protection system; or
 - iv. a **household appliance**;

and provided the discharge, eruption, overflow or release of **water** is not directly or indirectly caused by, or arises out of or results from flood, including debris flow and mud flow, from any form of surface **water**, waves, tsunami, seiche, tidal **water**, tidal waves, storm surge or overflow or escape of a body of **water**, or spray from any of these, whether or not driven by wind.

- b. The limited coverage for **water** damage described at subsection a. (4) above applies even if the sudden and accidental discharge, eruption, overflow or release of **water** is caused by the following Section I - part B. Excluded Causes of Loss or Damage:

- (1) Faulty, Inadequate, Defective or Incomplete Planning, Zoning, Maintenance, Repairs, Manufacture or Construction;
- (2) Inherent Vice or Latent Defect;
- (3) Wear and Tear or Mechanical Breakdown;
- (4) Corrosion, Deterioration, Decay or Rust;
- (5) Power Interruption;
- (6) Animals or Pests;
- (7) Pressure by Trees, Shrubs, Plants or Lawns; or
- (8) Collapse of Building Structure or Structural Part of the Building Structure Extension of Coverage.

All the foregoing must either occur on or be on the **residence premises**, unless the damage is to covered personal property which is off the **residence premises** when damaged.

- c. A sudden and accidental discharge, eruption, overflow or release of **water** does not include a constant or repeating gradual, or slow release of **water**, or the infiltration or presence of **water** over a period of time. We do not cover any **water**, or the presence of **water**, over a period of time from any constant or repeating gradual or slow seepage, leakage, trickle, collection, infiltration or overflow of **water** from any source, even if from the usage of those items described in subsection a. (4) (i), (ii), (iii) or (iv) above, whether known or unknown to any **insured**.

- d. If **water** damage to the **dwelling** or to a **building structure** covered under subsection a. (4) above occurs on the **residence premises**, we will pay the reasonable cost of tearing out and replacing that part of the **dwelling** or the **building structure** actually necessary for you to gain access and repair that portion of the system or **household appliance** from which the **water** suddenly and accidentally discharged, erupted, overflowed or was released. Any costs incurred under this subsection are subject to the applicable Coverage A or B **stated limit**.
- e. Under subsection a. (4) above, we do not cover loss or damage to any system or **household appliance** from which the **water** discharged, erupted, released or overflowed.
- f. We do not cover any loss or damage which consists or is composed of or which is the movement, settling, cracking, bulging, shrinking, heaving, erosion, washing out or expanding of a foundation, slab, concrete floor, concrete pad or sidewalk or patio, or a foundation wall, foundation fill, or pavement.
- g. This is not additional insurance and all loss, damage or expense under this coverage is subject to the applicable Coverage A, B, or C **stated limit** or any special limit of insurance on personal property.
- h. **Water** damage under subsection a. (4) will include any **contamination** damage from any **contaminant** in the **water**.

2. **Extended Replacement Cost - Coverage A.**

We will pay you up to the Extended Replacement Cost **stated limit**, if necessary, to repair, rebuild or replace covered loss or damage to the **dwelling**.

For this Extended Replacement Cost coverage to apply at the time of loss or damage to the **dwelling**, you must have complied with each of the following conditions, as applicable:

- a. you must have notified us within 60 days of any inaccuracy or change in any information you have provided us regarding the physical characteristics of your **dwelling**;
- b. you must have notified us within 60 days of any inaccuracy or change in any information we have provided to you regarding the physical characteristics of your **dwelling**;
- c. you must have notified us within 60 days of the start of any physical changes which costs or will increase the replacement cost of your **dwelling** by \$5,000 or more. This includes additions or remodeling;
- d. you must have selected or increased the Coverage A **dwelling** amount to an amount at least equal to our most current estimated replacement cost of the **dwelling**; and
- e. you must actually repair, rebuild or replace the **dwelling**.

If you do not comply with conditions a., b., c. and d. above prior to covered direct physical loss or damage to the **dwelling** and with condition e. above after the direct physical loss or damage, then this coverage will not apply. With respect to conditions a., b., c. and d. above, you must agree to any resulting increases in the Coverage A (**Dwelling**) limit and other **stated limits** as calculated.

This is additional insurance. It will only apply if the Coverage A **stated limit** is insufficient to repair, rebuild or replace covered loss or damage to the **dwelling** at the same location. If you do elect to rebuild at a different location, then any Extended Replacement Cost coverage available will only be based on the costs to repair, rebuild or replace the **dwelling** as if at the same location.

This coverage only applies to loss or damage to the **dwelling** excluding any increased costs from enforcement of any building ordinance or law. We will not consider any increased costs from enforcement of any building ordinance or law when we determine whether this coverage applies.

3. **Contents Replacement Cost - Coverage C.**

- a. If the Declarations or renewal notice indicates that Contents replacement cost coverage applies, then covered loss or damage to covered personal property, except for those types of personal property described in subsection c. below, will be settled at replacement cost without deduction for depreciation for an amount that is reasonably necessary to repair or replace the damaged property, but for no more than the smallest of the following:

- (1) any **stated limit** or other limit of insurance under this policy that applies to the property;

- (2) the replacement cost of that part of the property damaged for equivalent manufacture or construction with materials of like kind and quality, determined as of the time of loss;
 - (3) the reasonable amount actually and necessarily spent to repair or replace damage to the property;
or
 - (4) the loss to the interest of the **insured** in the property.
- b. We will pay no more than the **actual cash value** of the property at the time of loss until actual repair or replacement is completed. Except for those types of personal property described in subsection c. below, you may collect any additional amount on a replacement cost basis. To do so the property must have been repaired or replaced in accordance with and subject to Section I - Property Conditions, Replacement Cost Settlement.
- c. Covered loss or damage to the following types of personal property, whether or not attached to buildings or any structure, will be settled as shown below in subsection d.:
- (1) property which cannot be replaced;
 - (2) property not in workable condition at the time of loss or damage;
 - (3) property, the age or condition of which has rendered it either obsolete or unusable for the purpose for which it was originally intended;
 - (4) paintings, etchings, pictures, tapestries, art glass windows, or other bona fide works of art or rarity, historical value or artistic merit, including by way of example but not limited to valuable rugs, statuary, marble, rare books, manuscripts, bronzes, porcelains, rare glass or bric a brac;
 - (5) antiques, including by way of example but not limited to furniture, metalware, tools, toys, and bric a brac;
 - (6) photographs or negatives, digital or analog storage medium that contains data or articles whose age or history contribute substantially to their value, including by way of example but not limited to memorabilia, souvenirs, and collectibles and collectors items;
 - (7) a motorized golf cart not subject to **motor vehicle** registration:
 - i. while on the golf course and used for golfing purposes; or
 - ii. while in a private residential community, including its public roads upon which a motorized golf cart can legally travel, which is subject to the authority of a property owners association and contains the **residence premises**;
 - (8) farm equipment principally used on the **residence premises**;
 - (9) recreational vehicles designed principally for off road recreational use that are only used on the **residence premises**, including by way of example but not limited to, all terrain vehicles;
 - (10) **motor vehicle** parts, equipment, machinery, furnishings or accessories not attached to or located in or upon any **motor vehicle**.
- d. The covered types of personal property shown above in subsection c. will be settled for no more than the smallest of the following:
- (1) **actual cash value**;
 - (2) fair market value;
 - (3) any **stated limit** or other limit of insurance under this policy that applies to the property; or
 - (4) the reasonable amount actually and necessarily spent to repair or replace loss or damage to the property.
- e. The Coverage C **stated limit** is the most we will pay regardless of the number of items of personal property which are involved in a loss event.
- f. We may repair or replace damaged property with equivalent like kind and quality property.

4. Building Ordinance or Law.

- a. We will pay for the increased costs that you actually and necessarily incur when you repair or rebuild covered damage to the **dwelling** or a **separate structure** because of or resulting from the enforcement of any governmental ordinance, code, regulation, order or law, hereinafter "building law".

We will pay up to the percentage shown on the Declarations or renewal notice of the applicable Coverage A (**Dwelling**) or Coverage B (**Separate Structures**) **stated limit**. The building law must be adopted by the local government in which the **dwelling** is located and be in force on the date of loss or damage. The building law must directly apply to the part of the **dwelling** or **separate structure** which sustained the covered damage, and enforcement of the building law must directly result from the covered damage and must require:

- (1) upgrades to or regulation of the construction, demolition, renovation, repair, removal or rebuilding of that part of the **dwelling** or a **separate structure** which has sustained covered damage;
 - (2) the total demolition and/or regulation of the reconstruction of the undamaged part of the **dwelling** or a **separate structure** necessary to repair the damaged part of the **dwelling** or **separate structure** and to bring the undamaged part of the **dwelling** or **separate structure** into conformity with the building law;
 - (3) the renovation or rebuilding of the undamaged part of the **dwelling** or a **separate structure** necessary to complete the repair or rebuilding of that part of the **dwelling** or **separate structure** which has sustained the covered loss or damage; or
 - (4) modifications to any undamaged part of the **dwelling** or **separate structure** as a direct result of the covered loss or damage.
- b. We do not cover:
- (1) the loss in value to the **dwelling** or a **separate structure** due to the requirements of any building law;
 - (2) the cost to repair, replace, rebuild, stabilize or otherwise restore land;
 - (3) the costs to comply with any building law which requires an **insured** or others to **remediate** the **dwelling** or a **separate structure**, or a part thereof;
 - (4) the increased cost to repair or rebuild if the **dwelling** or **separate structure** is not intended for the same type of occupancy as the pre-loss event **dwelling** or **separate structure**;
 - (5) the increased cost to repair or rebuild the **dwelling** or **separate structure** until it is actually repaired or rebuilt;
 - (6) those increased costs of construction, renovation or repair that are a result of your failure to timely undertake repairs or rebuilding of loss or damage;
 - (7) the costs of demolition if you should fail to reasonably mitigate, repair or rebuild loss or damage and as a result the **dwelling** or **separate structure** then becomes subject to demolition;
 - (8) those costs of complying with any building law that you were required to comply with before the covered loss or damage and which building law you failed to comply with;
 - (9) those costs of complying with any building law that regulates the use of the **dwelling** or **separate structure**; or
 - (10) those costs of conforming, correcting or remedying any original or subsequent construction, addition, modification, renovation or repair to a building or other structure which did not conform to a building law in effect when the construction, modification, renovation or repair was performed.

- c. If you should rebuild the **dwelling** or a **separate structure** at another location, then we will only pay under this coverage the increased costs that you would have incurred to repair or rebuild the **dwelling** or **separate structure** at the same location.

This Building Ordinance or Law coverage is additional insurance.

5. **Debris Removal.**

We will reimburse you for the reasonable and necessary expenses you incur to remove debris caused by or resulting from covered loss or damage.

If the amount of loss or damage, including reimbursable debris removal expense, exceeds the applicable Coverage A, B or C **stated limit** for the type of damaged property, we will reimburse you up to an additional 5% of the applicable **stated limit** for the excess reimbursable debris removal expense you have incurred. This is additional insurance which is excess of the applicable Coverage A, B or C **stated limit**.

Debris removal does not include and we will not reimburse any expenses incurred by you or anyone acting on your behalf to:

- a. **remediate** any **contamination**; or
- b. remove, restore or replace any **contaminated** land, **water**, air, buildings, structures or personal property, either on or off the **residence premises**.

This coverage does not apply to any debris removal of any tree, shrub, plant or lawn, unless the tree, shrub, plant or lawn first damaged covered Coverage A or B property. Then the removal of the tree, shrub, plant or lawn will be included in this Debris removal coverage.

6. **Trees, Shrubs, Plants and Lawns.**

Subject to the limitations set forth in Section I - Uninsured Loss or Damage and Excluded Causes of Loss or Damage, we cover trees, shrubs, plants and lawns on the **residence premises** for accidental, direct physical loss or damage resulting from the following perils:

- a. fire or lightning;
- b. explosion resulting from combustion;
- c. riot or civil commotion;
- d. **aircraft** and vehicles, not owned or operated by any **insured**;
- e. **vandalism** and **malicious mischief**; and
- f. theft.

Property grown for **business** purposes is not covered.

The limit for this coverage, including any necessary debris removal, for any one loss event will not exceed 5% of the Coverage A **stated limit**. No more than \$750 will be paid for any one tree, shrub or plant. This coverage is additional insurance and is not subject to the Coverage A **stated limit**.

Except as provided therein, debris removal for trees, shrubs, plants and lawns is not covered under Section I - Extensions of Coverage, **Debris Removal**.

7. **Fire Department Service Charge.**

We will pay up to \$750 for fire department charges incurred when the fire department is called to save or protect covered property from covered loss or damage.

This coverage is additional insurance. It is not subject to the applicable Coverage A, B, or C **stated limits**.

No deductible applies to this coverage.

8. **Emergency Removal of Property.**

We pay for damage from any cause to covered property:

- a. while being removed from a premises actually and imminently endangered by a peril not excluded under this policy; and

b. while removed for not more than 30 days from the date of removal.

This is not additional insurance. All loss or damage under this coverage is subject to the applicable Coverage C **stated limit** or any Special Limits on Certain Personal Property.

9. **Identity Fraud**

a. We will pay up to \$1,500 for loss sustained by an **insured** caused by any of the following:

- (1) a knowing transfer or use, without authority, of the identity of or a means of identification of an **insured** to obtain goods, services or other benefits from an innocent third party. The transfer or use must be with intent to commit, or to aid or abet, unlawful activity that constitutes a violation of federal law or a felony under any applicable state or local law;
- (2) theft or unauthorized use of a credit, debit or fund transfer card issued to that **insured**;
- (3) forgery or alteration of a check or other negotiable instrument made or drawn upon an **insured's** account; or
- (4) acceptance in good faith by an **insured** of counterfeit United States or Canadian paper money.

No deductible applies to this subsection a. Any loss which may be payable under this subsection a. will be reduced by any amount we pay under any other coverage of this policy for the same loss event.

b. We will reimburse up to \$28,500 for the costs and expenses identified below. For coverage to apply:

- (1) the costs or expenses must be the direct result of an act described in subsection a. which first commences during the policy period;
- (2) the act described in subsection a. must be reported to us within 90 days after the date of discovery; and
- (3) the costs or expenses must be incurred within 12 months after the date of discovery.

Reimbursable costs and expenses are:

- (1) costs for notarizing fraud affidavits or similar documents for financial institutions or similar credit grantors, credit agencies or card issuers that have required that such affidavits be notarized;
- (2) costs for certified mail to law enforcement agencies, credit bureaus, financial institutions or similar credit grantors or card issuer;
- (3) lost wages as a result of time taken off from work to meet with, or talk to, law enforcement agencies, credit agencies, card issuers and/or legal counsel, or to complete fraud affidavits, or to attend legal proceedings, up to a maximum payment of \$250 per day for a maximum of ten days;
- (4) loan application fees for re-applying for a loan(s) when the original application is rejected solely because the lender received incorrect credit information;
- (5) reasonable attorney fees incurred for:
 - i. defense of lawsuits brought against that **insured** by merchants, card issuers or their collection agencies;
 - ii. the removal of any criminal or civil judgments wrongly entered against that **insured**; and
 - iii. challenging the accuracy or completeness of any information in a consumer credit report; and
- (6) charges incurred for long distance telephone calls to merchants, law enforcement agencies, financial institutions or similar credit grantors, or credit bureaus, or card issuers to report or discuss any of the subsection a. loss events.

For subsection b. we will reimburse all costs or expenses up to \$28,500 that exceed \$100 in the aggregate.

c. The additional duties of the **insured** after loss are to:

- (1) cooperate in the investigation of the covered event and provide receipts, bills or other records that support the **insured's** claim for reimbursement under this extension of coverage; and

- (2) immediately notify the police. As applicable, notify the issuer of the card, credit bureau, credit reporting agency, or credit grantor. Failure to comply with the terms and conditions of the reporting requirements of the grantor of credit will void coverage for any further loss after such failure.
- d. Any act of or series of acts committed by any person(s) or in which any person(s) is involved or implicated is considered to be one loss event, even if a series of acts continues into subsequent policy periods.
- e. We do not cover loss or expense:
 - (1) arising from or in connection with any **business** engaged in by any **insured**;
 - (2) arising from any fraudulent, dishonest or criminal act by an **insured**, any person acting in concert with an **insured**, any authorized representative of an **insured**, or any **residence employee**, regardless of whether any of these act alone or in collusion with others;
 - (3) arising out of use of any card, identification or information by a resident of the **residence premises** or a relative of the **insured** which enables any of the activities in subsection a. above;
 - (4) if an **insured** has not complied with all terms and conditions under which any card is issued; or
 - (5) resulting from any use of a credit card or other credit information of an **insured** by persons or entities to whom the account information has been made available by an **insured** for the purchase of goods, services, money or property, and the **insured** is disputing the transaction for any reason whatsoever, including by way of example but not limited to disputes over the quality or amount of goods, services, money or property provided or authorized.

Regardless of the number of **insureds** or loss events, our total aggregate limit of insurance under this extension of coverage for loss, costs and expense for any policy period is \$30,000. The policy deductible does not apply to this coverage.

10. **Collapse of Building Structure or Structural Part of the Building Structure.**

We cover loss or damage to covered property caused by collapse of a **building structure** or any structural part of the **building structure**. The collapse must be a direct result of:

- a. weight of ice, snow, sleet or rain which collects on a roof;
- b. weight of persons, animals, contents or equipment; or
- c. defective methods or materials used in construction, repair, remodeling or renovation, but only if the collapse occurs in the course of such construction, repair, remodeling or renovation.

The collapse must be a sudden and accidental, actual and complete falling down or caving in of the **building structure** or of a structural part of the **building structure**. A structural part of a **building structure** means a part of the building, which if it fell down or caved in, would threaten the structural integrity of the **building structure**. Substantial impairment of a **building structure** or structural part of a **building structure** without a sudden and accidental, actual and complete falling down or caving in is not a collapse. Collapse does not mean imminent or threatened collapse. Collapse does not include movement, settling, cracking, bulging, shrinkage, heaving or expansion, whether natural or otherwise, of the **building structure** or a structural part of the **building structure** unless an actual and complete falling down or caving in has occurred. Collapse coverage does not apply to **separate structures** which are not **building structures**.

For purposes of this Extension of Coverage only, a **building structure** means a structure fully or partially enclosed with walls, but fully covered by a roof. A roof or wall does not include a temporary roof or wall structure or any kind of temporary tarp, sheeting or other covering, except a temporary roof or wall or temporary covering which has been installed for temporary purposes because of recent damage covered under this policy.

This is not additional insurance. All loss or damage under this coverage is subject to the applicable Coverage A, B or C **stated limit** or any Special Limits on Certain Personal Property.

11. Food Spoilage.

We will pay for the cost of loss or damage to contents in a refrigerator or freezer on the **residence premises** which thaws or spoils due to interruption of electrical utility service. The interruption must originate off the **residence premises**. This coverage is subject to the Coverage C **stated limit**.

12. Artificially Generated Electrical Current.

We will pay for loss or damage caused by a sudden and accidental surge or decrease in artificially generated electrical current, whether on or off the **residence premises**, to any electronic components or wiring of or in covered personal property. We will pay no more than \$1,000 for all personal property damaged per loss event.

13. Arson, Burglary or Vandalism and Malicious Mischief Reward.

We will pay up to the amount specified below for information which leads to an arson, burglary or **vandalism** and **malicious mischief** conviction in connection with loss or damage to property covered by this policy:

- a. a \$5,000 limit for arson;
- b. a \$1,000 limit for burglary; and
- c. a \$500 limit for **vandalism** and **malicious mischief**.

In no event will the amount of the reward exceed the total amount of the loss or damage. We will pay no more than the highest limit for any one loss event. No limit shall be increased, regardless of the number of persons providing information for that loss, the number of claims being made for that loss or the fact that the loss may involve loss or damage to property under Coverages A, B and C.

No deductible applies to this coverage.

14. Lock Re-keying.

We will reimburse you up to \$500 for expense you incur to re-key locks on exterior doors of the **dwelling** or a **separate structure** located on the **residence premises**, when the keys to those locks are part of a covered loss.

No deductible applies to this coverage.

15. Pet Coverage.

We will pay reasonable amounts up to \$500 for the veterinary care, burial, disposal, injury or death of household pets owned or kept by you that are injured or die resulting from any covered loss under **SECTION I** that occurs on the **residence premises**. Settlement will be based on the monetary value of the household pets up to a maximum of \$500 for all pets in any covered loss event under **SECTION I**.

For the purposes of this coverage only, a household pet is a fully domesticated animal owned by you for personal companionship, such as a dog, a cat, a reptile, a bird or a rodent. Household pet does not include any type of horse, cow, pig, sheep, goat, chicken, turkey, rooster, or captive fur-bearing animal, or any animal commonly kept for food or profit.

SECTION I - UNINSURED LOSS OR DAMAGE AND EXCLUDED CAUSES OF LOSS OR DAMAGE

A. Uninsured Types of Loss or Damage.

We do not insure property covered under this policy, provide Loss of Use coverage or extend coverage under any Extensions of Coverage, for any loss or damage consisting or composed of any of the uninsured types of loss or damage listed below, whether on or off the **residence premises**, however caused, whether the loss or damage is, or is the result of, a natural or man-made activity, condition or event, except as may be stated otherwise.

Uninsured types of loss or damage are never covered regardless of whether any acts, omissions or decisions of any persons, group, organization, association or governmental body or any other cause of loss or event contributes concurrently or in any combination or sequence to cause the uninsured type of loss or damage, except as may be stated otherwise.

Uninsured types of loss or damage can occur in combination with insured loss or damage. If any uninsured type of loss or damage does occur in combination with or in sequence to insured loss or damage, the uninsured type of loss or damage is not covered. If a loss event involves both insured types of loss or damage and uninsured types of loss or damage, the insured types of loss or damage will be covered and the uninsured types of loss or damage will not be covered. However, if the insured loss or damage and uninsured loss or damage cannot be segregated from each other for any reason, including by way of example but not limited to what perils caused the loss or damage or the extent or timing of the loss or damage caused by individual perils, then none of the loss or damage will be insured under this policy.

1. **Water Damage.**

We do not insure loss or damage consisting of, composed of or which is **water** damage, except as covered under Section I - Extensions of Coverage, **Limited Water Coverage** and unless if by fire or lightning.

2. **Nuclear Damage.**

We do not insure loss or damage consisting of or composed of nuclear radiation. Further, we do not insure any **remediation** or provide any Loss of Use or any Extensions of Coverage for expenses directly or indirectly due to, arising out of or resulting from **remediation** of nuclear damage.

3. **Construction Defect.**

We do not insure loss or damage which is a construction defect in the **dwelling** or a **separate structure**, except as covered under Section I - Extensions of Coverage, **Collapse of Building Structure or Structural Part of the Building Structure** and unless if by fire or lightning.

4. **Inherent Vice or Latent Defect.**

We do not insure loss or damage which is an inherent vice or latent defect in covered property.

5. **Contamination.**

We do not insure loss or damage consisting of, composed of or which is **contamination** except as covered under Section I - Extensions of Coverage, **Limited Water Coverage** or unless if by fire or lightning. However, even if by fire or lightning, nuclear **contamination** is not insured. Further, we do not insure any **remediation** or provide any Loss of Use or any Extensions of Coverage for expenses directly or indirectly due to, arising out of or resulting from **remediation** of any **contamination**.

6. **Breakage, Impairment, Corruption or Failure of Personal Property.**

We do not insure loss or damage which is the breakage, impairment, corruption or failure of personal property, including any electronic or mechanical part of the personal property, except as provided in item 14.

7. **Wear and tear or mechanical breakdown.**

We do not insure loss or damage which is wear and tear, deterioration or mechanical breakdown, unless if by fire or lightning.

8. **Marring.**

We do not insure loss or damage which is **marring** of covered property except as provided in item 14.

9. **Corrosion, Deterioration, Decay or Rust.**

We do not insure loss or damage consisting of, composed of or which is corrosion, deterioration, decay or rust, unless if by fire or lightning. This includes by way of example, but is not limited to any decomposition, breakdown and/or decay of manmade or natural material or matter by any agent.

10. **Fungi.**

We do not insure loss or damage consisting of, composed of or which is **fungi**. However, if **fungi** is located upon covered property, which property must be repaired or replaced because of direct physical damage as the result of a covered loss, we will remove and dispose of any **fungi** on that covered property. Further, we do not insure any **remediation** or provide any Loss of Use or any Extensions of Coverage for expenses directly or indirectly due to, arising out of or resulting from **remediation** of **fungi**.

11. **Pathogen.**

We do not insure loss or damage consisting of, composed of or which is a **pathogen**, unless if by fire or lightning. Further, we do not insure any **remediation** or provide any Loss of Use or any Extensions of Coverage for expenses directly or indirectly due to, arising out of or resulting from **remediation** of a **pathogen**.

12. **Movement, Settling, Cracking, Bulging, Shrinking, Heaving or Expanding.**

We do not insure loss or damage consisting of, composed of or which is the movement, settling, cracking, bulging, shrinking, heaving or expanding of any part of covered property, except as provided in item 14.

Movement, settling, cracking, bulging, shrinking, heaving or expanding of any part of covered property includes by way of example but not limited to foundations, foundation fill material, foundation piers, foundation beams, slabs, pads, patios, walls, floors, ceilings, roofs, roof structures, walks, driveways, pavements, curbs, fences, retaining walls, bulkheads, spas or swimming pools.

13. **Building Ordinance or Law.**

We do not insure the increased costs of enforcement of any ordinance, code, regulation, order or law except as provided in Section I - Extensions of Coverage, **Building Ordinance or Law**.

However, we do insure sudden and accidental direct physical loss or damage which results from order of governmental or public authorities to prevent the spread of a fire if the fire results from a cause of loss which would have been covered under this policy.

14. **Exceptions to Uninsured types of damage.**

However, we do insure:

6. Breakage, Impairment, Corruption or Failure of Covered Personal Property;

8. **Marring**; and

12. Movement, Settling, Cracking, Bulging, Shrinking, Heaving or Expanding;

which is directly caused by the following causes of loss, subject to the terms, conditions and limitations set forth in subsection B. Excluded Causes of Loss or Damage for any such cause of loss:

a. fire or lightning;

b. windstorm or hail;

c. smog, smudging or smoke (all only if sudden and accidental);

d. explosion resulting from combustion (other than nuclear explosion);

e. riot or civil commotion;

f. **aircraft** or vehicles;

g. theft;

h. falling objects;

- i. fall of trees or limbs, including felling, topping or trimming of trees;
- j. weight of ice, snow or sleet which causes damage to personal property contained in a building; or
- k. artificially generated electric current;

and we do insure:

6. Breakage, Impairment, Corruption or Failure of Covered Personal Property; and

8. **Marring**

which is directly caused by the following subsection B. Excluded Cause of Loss or Damage or by the following Extensions of Coverage, subject to the terms, conditions and limitations set forth for the cause of loss or the Extensions of Coverage: **vandalism or malicious mischief**, Limited Water Coverage and Collapse of a Building Structure or Structural Part of the Building Structure.

B. Excluded Causes of Loss or Damage.

Except as expressly provided elsewhere in this policy, we do not insure property covered under this policy, provide Loss of Use coverage or extend coverage under any Extensions of Coverage for loss or damage directly or indirectly caused by, arising out of, or resulting from any of the Excluded Causes of Loss or Damage listed below, whether occurring on or away from the **residence premises**. Acts or omissions of persons or other causes or other events can cause, contribute to, combine with or aggravate any of the Excluded Causes of Loss or Damage to cause loss or damage. Loss or damage is not covered regardless of any acts, omissions or decisions of any persons, group, organization, association or governmental body or any other causes or other events which aggravate or contribute concurrently or in any combination or sequence with the excluded cause of loss or damage.

Excluded Causes of Loss or Damage are excluded whether they are, or are the result of, natural or man-made activities, conditions or events.

Excluded Causes of Loss or Damage apply to exclude the loss or damage arising from or as a result of the excluded activity, condition or event, whether the loss or damage is direct or indirect or immediate or consequential.

However, we do insure direct physical loss or damage by fire, when the fire results from an excluded cause of loss or damage, except when the fire results from Governmental action, Failure to Protect Covered Property, Destructive Acts, **Nuclear Hazard**, Meteorites or **Vandalism or Malicious Mischief** or **Arson** if the **dwelling is vacant**. We do insure loss or damage consisting of or composed of **water** from a covered fire.

1. **Earth Movement.**

2. **Water.**

By way of example, this exclusion includes but is not limited to:

- a. a **water - reverse flow**;
- b. flood, including debris flow and mud flow, any form of surface **water**, waves, tsunami, seiche, tidal **water**, tidal waves, storm surge or overflow or escape of a body of **water**, or spray from any of these, whether or not driven by wind; or
- c. **water** from any source whatsoever above, on or below the surface of the ground, whether natural or otherwise.

This **water** exclusion applies even if **water** combines or contributes in any way with any other excluded cause of loss or damage hereunder to cause loss or damage, including by way of example but not limited to **fungi** or any **noxious substance**.

However, see Extensions of Coverage, **Limited Water Coverage** for limited coverage for **water** damage.

3. **Nuclear Hazard.**

4. **Neglect or Lack of Maintenance or Failure to Make Repairs.**

5. **Faulty, Inadequate, Defective or Incomplete Planning, Zoning, Maintenance, Repairs, Renovation, Manufacture or Construction.**

We do not insure loss, damage or costs directly or indirectly caused by, arising out of or resulting from faulty, inadequate, defective or incomplete planning, zoning, development, surveying, siting, engineering, design, specifications, workmanship, maintenance, servicing, repairs, renovation, manufacture, construction, grading, compaction, or materials that is for, is used in or is part of a method or process involving any type of personal property owned or used by an **insured** or any type of real property (including land or any improvements) whether or not the real property is owned or used by an **insured**.

This exclusion applies:

- a. whether the activity is by an **insured** or by any person, group, organization, association or governmental body;
- b. whether or not an **insured** knew of or approved the activity;
- c. whether the property is on or off the **residence premises**;
- d. whether the property is **insured** under this policy;
- e. whether the activity involves a flawed quality inherent in the property itself or involves a flawed process, method or procedure in producing property or which affects property;
- f. whether the activity being performed on one item of property which damages another item of the same or different property in the process; or
- g. whether the activity damages one aspect or part of property and another aspect or part of the same or different property becomes flawed as a result.

However, see Extensions of Coverage, **Limited Water Coverage** for limited coverage for **water** damage.

6. **Inherent Vice or Latent Defect.**

We do not insure loss or damage directly or indirectly caused by, arising out of or resulting from any inherent vice or latent defect in property or a quality in or of the property that causes it to damage or destroy itself, whether or not such defect or quality could have been discovered upon reasonable inspection.

However, see Extensions of Coverage, **Limited Water Coverage** for limited coverage for **water** damage.

7. **Contamination.**

We also do not insure any **remediation** or provide any coverage under Loss of Use or any Extensions of Coverage, directly or indirectly due to, arising out of, or resulting from **contamination**.

8. **Wear and Tear, Deterioration or Mechanical Breakdown.**

However, see Extensions of Coverage, **Limited Water Coverage** for limited coverage for **water** damage.

9. **Corrosion, Deterioration, Decay or Rust.**

However, see Extensions of Coverage, **Limited Water Coverage** for limited coverage for **water** damage.

10. **Fungi.**

This exclusion includes but is not limited to the discharge, dispersal, migration, release or escape of any **fungi**, whether combined with, caused by, or resulting from **water**. Further, we do not insure any **remediation** or provide any coverage under Loss of Use or any Extensions of Coverage directly or indirectly due to, arising out of, or resulting from **remediation** of **fungi**.

11. Noxious Substance.

This exclusion includes but is not limited to the discharge, dispersal, seepage, migration, release or escape of any **noxious substance**. This exclusion applies whether the **noxious substance** was used legally, normally or intentionally for a purpose for which it was intended and whether its use was confined within the general area of its intended use, or whether the **noxious substance** was the result of some legal and normal use of any process or product. Further, we do not insure any **remediation** or provide any coverage under Loss of Use or any Extensions of Coverage directly or indirectly due to, arising out of, or resulting from **remediation** of any **noxious substance**.

12. Pathogen.

This exclusion includes but is not limited to the discharge, dispersal, migration, release or escape of any **pathogen**. Further, we do not insure any **remediation** or provide any coverage under Loss of Use or any Extensions of Coverage directly or indirectly due to, arising out of, or resulting from **remediation** of a **pathogen**.

13. Building Ordinance or Law.

Except as otherwise provided in Section I - Extensions of Coverage, **Building Ordinance or Law**, we do not insure loss or damage directly or indirectly caused by, arising out of or resulting from the enforcement of any ordinance, code, regulation, order or law.

14. Governmental Action.

- a. This exclusion includes but is not limited to the, confiscation, seizure, quarantine or destruction of or injury to any property covered by this policy by any governmental authority or order of governmental authority. This exclusion applies even if:
 - i. the governmental authority mistakenly believes it has the right to engage in the conduct;
 - ii. the confiscation, seizure, quarantine, damage, condemnation or destruction is sustained by property not intended or expected by the governmental authority;
 - iii. the damage is different, or greater or of a different quality than that intended or expected by the governmental authority;
 - iv. the governmental authority did not understand that confiscation, seizure, quarantine, damage, condemnation or destruction may result; or
 - v. the confiscation, seizure, quarantine, damage, condemnation or destruction is incidental to policing activity of the governmental authority.
- b. However, we do insure actual direct, distinct and demonstrable physical loss or damage caused by acts of confiscation, seizure, damage or destruction of your property by any governmental authority or order of governmental authority:
 - i. taken at the time of a fire to prevent its spread, if the fire would be otherwise covered under this policy; or
 - ii. if, subject to the Destructive Acts Exclusion, the confiscation, seizure, damage or destruction is incidental to policing activity of a governmental authority and is directly caused by or results from the activities of a person who is not an **insured**, or who is not a tenant, roomer, live-in or boarder.

15. Power Interruption.

We do not insure loss or damage directly or indirectly caused by, arising out of or resulting from the interruption of power or other utility service which originates off the **residence premises**, except as provided in Section I - Extensions of Coverage, **Food Spoilage Coverage**.

16. Artificially Generated Electrical Current.

We do not insure loss or damage directly or indirectly caused by, arising out of or resulting from a sudden and accidental surge from or increase or decrease in artificially generated electrical current to any electronic components or wiring of or in personal property, except as provided in Section I - Extensions of Coverage, **Artificially Generated Electrical Current**.

17. Failure to Protect Covered Property.

We do not insure loss or damage directly or indirectly caused by, arising out of or resulting from the failure or neglect of an **insured** to use all reasonable means to mitigate or abate covered loss or damage or to protect covered property at and after the time of loss or damage, or when property is endangered by a covered cause of loss or damage.

18. Destructive Acts.

We do not insure loss or damage directly or indirectly caused by, arising out of or resulting from any destructive act directed against civilian, military or governmental personnel or property by any domestic or foreign person(s), organization(s), association(s), entity or entities, government or any quasi-governmental body. This exclusion includes by way of example but is not limited to war, undeclared war, civil war, insurrection, seizure, rebellion and revolution, all whether or not by military or paramilitary personnel, and including any direct or indirect consequence of these, including **contamination**. This exclusion applies even if the loss or damage is sustained by property not intended or expected. This exclusion does not include acts of **vandalism** or **malicious mischief**.

19. Theft.

We do not insure for theft:

- a. from a **dwelling** that is under construction, until after the construction has been completed and when the **dwelling** is occupied by an **insured**;
- b. from a **dwelling** that is undergoing remodeling or renovation unless the **dwelling** is occupied by an occupant who is legally using the **dwelling** as a principal, habitual place of abode;
- c. from the **residence premises**, if the **dwelling** has been **vacant** for a period of more than 30 days prior to the theft or no person has actually legally lived in the **dwelling** for a period of 30 days;
- d. committed by any **insured** or at the direction of an **insured**;
- e. committed by any person who is regularly residing at an **insured location**. However, theft committed by a **residence employee** is covered;
- f. from any part of a **residence premises** rented to others;
- g. of property from any other premises owned, occupied by or rented to any **insured** unless an **insured** is temporarily residing there at the time of the theft. Property of an **insured** in a secured rental storage facility is covered. Property of a student **insured** is covered at a residence away from the **residence premises** if the student has been at the residence any time 45 days before the theft;
- h. of watercraft, campers or trailers and their equipment, furnishings and outboard motors when off the **residence premises**;
- i. of property while off the **residence premises** and unattended in any **motor vehicle** or trailer, other than a public conveyance, unless all its doors, windows and other openings are closed and locked and there are visible marks of forcible entry. Property is not unattended when an **insured** has entrusted the keys of the vehicle to a custodian;
- j. of building materials and supplies while off the **residence premises**;

- k. directly or indirectly caused by, arising out of or resulting from any type of sale or transfer of real or personal property, or any investment or any investing activity, including by way of example but not limited to internet transactions, conversion, fraud or other deceptive practices; or
- l. committed by or at the direction of any person to whom an **insured** has given or allowed a power of attorney, or any other similar power, or any type of authorization in or over the property of the **insured**.

Theft includes attempted theft. Theft does not include mysterious disappearance of property, a shortage of property or property taken by someone who claims a right to such property under a written or oral agreement with any **insured** unless a court of law rules that a theft did occur. To be covered under this policy, any theft must be immediately reported to the local police.

20. **Mysterious Disappearance.**

Mysterious disappearance is an unexplained loss of property, including by way of example but not limited to losing or misplacing property.

21. **Vandalism or Malicious Mischief or Arson if the Dwelling is Vacant.**

We do not insure loss or damage directly or indirectly caused by, arising out of or resulting from:

- a. **vandalism** or **malicious mischief** if:
 - i. the **dwelling** has been **vacant** beyond a period of 30 days or no person has actually legally lived in the **dwelling** for a period of 30 days; or
 - ii. committed by any person who is regularly residing on the **residence premises**; or
- b. arson, whether a result of **vandalism** or **malicious mischief**, if the **dwelling** has been **vacant** beyond a period of 60 consecutive days.

Vandalism or **malicious mischief** does not include theft of property.

22. **Animals or Pests.**

This exclusion only applies to animals or creatures owned or kept by an **insured**, or pests including by way of example but not limited to bats, rats, mice and other rodents, bees, termites and moths, vermin, birds, fish, reptiles, insects and spiders.

However, see Extensions of Coverage, **Limited Water Coverage** for limited coverage for **water** damage.

23. **Smog, Smudging or Smoke.**

We do not insure loss or damage directly or indirectly caused by, arising out of or resulting from smog, smudging or smoke:

- a. from the manufacturing of controlled substances, or from legal or illegal commercial, manufacturing, industrial or agricultural operations, whether on or off the **residence premises**; or
- b. which originates on the **residence premises**, unless the smog, smudging or smoke is sudden and accidental.

24. **Pressure by Trees, Shrubs, Plants or Lawns.**

We do not insure loss or damage directly or indirectly caused by, arising out of or resulting from pressure by, push from or presence of (1) any trees, shrubs, plants or lawn, or (2) any root system from any trees, shrubs, plants or lawn.

However, see Extensions of Coverage, **Limited Water Coverage** for limited coverage for **water** damage.

25. **Soil Conditions.**

Soil conditions include by way of example but are not limited to corrosion, erosion, chemicals, compounds, elements, formation of crystals, suspensions or gels of or in the soil, or saturation of the soil.

26. Windstorm or hail.

We do not insure loss or damage directly or indirectly caused by, arising out of or resulting from windstorm or hail:

- a. to personal property covered under this policy contained in a **building structure** caused by sand or dust unless the direct force of wind or hail first damaged the **building structure** causing an opening in a roof or outside wall and then sand or dust enters through this opening and causes the loss or damage to the personal property;
- b. to watercraft and windsurfers, including their trailers, furnishings, equipment and outboard motors, unless inside a fully enclosed **building structure** at the time of loss or damage; or
- c. to cloth awnings, greenhouses and their contents, radio and television towers, masts and antennas, including lead-in wiring, and wind chargers and windmills.

27. Aircraft or vehicles.

However, we do insure loss or damage from accidental direct, distinct and demonstrable physical contact by an **aircraft**, or any refuse from an **aircraft**, or a vehicle with covered property or with a structure containing the covered property. Coverage will not apply unless the **aircraft** or vehicle is moving. Extensions of Coverage **Artificially Generated Electrical Current** and **Food Spoilage** are not subject to this exclusion.

28. Falling Objects.

- a. We do not insure loss or damage to covered property caused by or resulting from objects which fall as a result of any cause of loss or damage excluded in this policy.
- b. We do not insure loss or damage to personal property contained in a **building structure** caused by:
 - i. a falling object, unless the direct force of the falling object first damages the roof or an outside wall of the **building structure**; or
 - ii. sand or dust, unless the direct force of a falling object first damages the roof or an outside wall of the **building structure** and then sand or dust enters through this opening and causes the loss or damage to personal property.
- c. We do not insure loss or damage to covered property caused by or resulting from meteorites.

A falling object is a material inanimate thing which can be touched. Loss of or loss or damage to the falling object itself is not covered.

29. Collapse.

However, we do provide limited coverage for collapse of a **building structure** or any structural part of a **building structure** in Section I - Extensions of Coverage, **Collapse of Building Structure or Structural Part of the Building Structure**.

30. Sales or Transfers of Property.

We do not insure loss or damage directly or indirectly caused by, arising out of or resulting from any type of sale or transfer of real or personal property by or to an **insured**, including by way of example but not limited to internet transactions, and whether by conversion, fraud, trickery, false pretenses or other deceptive practices.

31. Pollution.

In addition, we do not insure any **remediation** or provide any coverage under Loss of Use or any Extensions of Coverage directly or indirectly due to, arising out of, or resulting from **remediation** of pollution. This exclusion does not apply to loss or damage caused by sudden and accidental smoke or fumes from a fire.

32. Refinishing, Renovating, Repairing, Servicing, Restoring, Reconditioning, Retrofitting or Retouching of Personal Property.

33. Weather Conditions.

We do not insure a weather condition if the weather condition contributes to or combines with any cause of loss or damage excluded under this policy to cause loss or damage, except if with Falling Objects or Power Interruption. This exclusion applies whether or not the weather condition affects property covered by this policy and whether the property is on or off the **residence premises**.

34. Movement, Settling, Cracking, Bulging, Shrinking, Heaving or Expanding of any Structure.

35. Malfunction or Failure of Software or a Computer System.

This exclusion applies whether or not a result of error or malicious activities.

36. Extremes of Temperature.

This exclusion includes freezing, except as provided in Extensions of Coverage, **Limited Water Coverage**.

SECTION I - PROPERTY CONDITIONS

1. Limits of Insurance.

- a. The **stated limits** or any other applicable limits of insurance in this policy are the maximum amounts we will pay for covered loss or damage. You are responsible for selecting the **stated limits**.
- b. Subject to **stated limits**, with each covered loss or damage to the **dwelling** or any **separate structure**, the amount of insurance coverage applicable to that structure will be reduced by the estimated amount of the loss or damage until reconstruction or repairs are actually made. Except as otherwise provided in this policy, any endorsement attached hereto, or any renewal hereof, as reconstruction or repairs are made, the amount of insurance coverage for that structure will be reinstated up to the applicable **stated limit**.

2. Insurable Interest.

If more than one person or entity has an insurable interest in the covered property, the most we will pay is an amount equal to the **insured's** interest, unless specifically stated otherwise herein.

3. Duties After Loss.

In case of covered loss or damage to property, it is your responsibility to:

- a. give prompt written notice to us or our agent without unnecessary delay. In case of theft, you must also immediately notify the police. In case of loss under Section I - Extensions of Coverage, **Identity Fraud**, involving an unauthorized use of a credit card, debit card, fund transfer card, forgery, or acceptance of counterfeit money, you must also immediately notify the police, and as appropriate, the issuer of the card, credit bureau, credit reporting agency, and the credit grantor;
- b. protect the property from further damage. You should make any reasonable and necessary emergency repairs or perform loss mitigation needed to protect the property from further damage. See Section I - Property Conditions, Emergency Services following. Failure to perform emergency repairs or loss mitigation may result in continuing or secondary damages which may not be covered under this policy. Keep records and receipts of your costs;
- c. make a list of all damaged or destroyed personal property showing in detail the quantity, description, **actual cash value**, replacement cost, age and amount of loss. Attach all bills, receipts and related records that support your figures;
- d. cooperate with our investigation of the loss or damage and our verification of any repairs or replacement of the damaged property;

- e. as often as we reasonably require:
- (1) exhibit the damaged property or provide us and our representatives access to the damaged property in order to, among other things, determine the types of loss or damage and the extent and cause thereof, and costs of repair or replacement;
 - (2) provide us with records, documents and other information we may request, and permit us to make copies. This includes by way of example but not limited to banking records, asset, debt and income information, records and documents, credit history and other financial records, prior insurance losses with us or other insurers, or receipts for property damaged, if obtainable;
 - (3) allow us to take samples of damaged property for inspection, testing and analysis;
 - (4) submit to examinations under oath by us at such times and places as we reasonably designate. We may require the examinations to be conducted separately and apart from any other person defined as you or **insured**. Each examinee must sign a transcript of his or her examination. Submission to a requested examination(s) under oath is a condition precedent to recovery under this policy. Our denial of your claim shall not act as a waiver of our right to examinations under oath; and
 - (5) produce representatives, employees, members of your household or others for interviews or examinations under oath to the extent it is within your power to do so; and
- f. send us within 60 days after our request, your signed, sworn statement showing:
- (1) date, time, location and cause of loss or damage;
 - (2) interest of all **insureds** and all others in the property involved;
 - (3) all legal claims against the property involved including lienholders;
 - (4) all other insurance and any warranty, service or maintenance contract which may cover the loss or damage (see Other Insurance condition following);
 - (5) all information we request to investigate the claim;
 - (6) changes in title or occupancy of the property;
 - (7) specifications and detailed repair estimates of any damaged structure;
 - (8) a list of stolen, damaged or destroyed personal property described in subsection 3.c. above;
 - (9) receipts and records that support additional living expenses and loss of rents; and
 - (10) evidence which states the amount and cause of loss to support a claim under Extensions of Coverage, **Identity Fraud** coverage.

To the extent an **insured**, other than you, is a direct beneficiary of coverage under this policy, that **insured** shall also be responsible for complying with the duties and responsibilities set forth in this policy respecting loss or damage, including examinations under oath and production of information requested by us.

4. **Emergency Services.**

In the event your covered property sustains covered loss or damage, you should protect the property from further damage. You should make any reasonable and necessary emergency repairs or perform loss mitigation needed to protect the property from further damage (hereinafter emergency services). We will reimburse the necessary, reasonable costs you incur on an emergency basis to mitigate further damage. from the covered event.

If you undertake emergency repairs or services, you must give prompt notice to us or our agent without unnecessary delay and exhibit the damaged property or provide us and any of our representatives access to the damaged property so that we may, among other things, determine the types of loss or damage and the extent and causes thereof, and estimate the reasonable costs of repair or replacement, if covered. This is not additional insurance. Expenses incurred for emergency services are subject to the applicable Coverage A, B or C **stated limit** and any Special Limits on Certain Personal Property that apply to the property.

Emergency services do not include mitigation or abatement of uninsured types of loss or damage, including by way of example but not limited to **remediation** of any **nuclear substance, noxious substance, pathogen, fungus**, or pollutant, or any **contamination**.

If you report loss or damage to covered property and if you have not already performed reasonable, necessary emergency services, we may at our sole discretion assist you in obtaining such emergency services prior to our determination as to whether the loss or damage is covered under this policy. Although we are not obligated to do so, we may advise you of or we may dispatch an independent contractor to perform such emergency services. However, you are responsible for contracting for such emergency services with the independent contractor. You have the right to reject the independent contractor providing such emergency services at any time. The provision of such emergency services will not prejudice our right to later deny coverage for any loss or damage.

It is solely your responsibility to direct or manage the activities of any independent contractor providing emergency services. We do not assume liability arising from any repair, attempted repair or from any loss mitigation.

5. How We Settle Covered Loss.

a. Coverage A (**Dwelling**) and Coverage B (**Separate Structures**). We will only settle covered loss or damage on the basis of use as a private residence.

(1) Settlement for covered loss or damage to the **dwelling** or **separate structures** will be settled at replacement cost, without deduction for depreciation, for an amount that is reasonably necessary to repair or replace damaged property, but for no more than the smallest of the following:

- i. the applicable **stated limit** or other limit of insurance under this policy that applies to the damaged or destroyed **dwelling** or **separate structure(s)**;
- ii. the replacement cost of that part of the **dwelling** or **separate structure(s)** damaged for equivalent construction with materials of like kind and quality on the **residence premises**, determined as of the time of loss or damage;
- iii. the reasonable amount actually and necessarily spent to repair or replace the damage to the **dwelling** or **separate structure(s)**; or
- iv. the loss to the interest of the **insured** in the property.

When the cost to repair or replace damaged property is more than \$2,500, we will pay no more than the **actual cash value** of the loss until actual repair or replacement is completed. If the **dwelling** or **separate structure** is rebuilt or replaced at a different location, the costs described in subsection ii. above are limited to the costs which would have been incurred if the **dwelling** or **separate structure** had been rebuilt or replaced at its location on the **residence premises**.

b. Coverage C (Personal Property).

Unless Section I - Extensions of Coverage, **Contents Replacement Cost** Coverage applies, covered loss or damage to personal property will be settled for no more than the smallest of the following:

- (1) **actual cash value**;
- (2) fair market value;
- (3) any **stated limit** or other limit of insurance under this policy that applies to the property;
- (4) the reasonable amount actually and necessarily spent to repair or replace damage to the property; or
- (5) the loss to the interest of the **insured** in the property.

The Coverage C **stated limit** is the most we will pay regardless of the number of items of personal property which are involved in a loss event.

6. **Replacement Cost Settlement - Time Limitation.**

For any loss to property which may be settled on a replacement cost basis, you have 365 days from the date of our first payment toward **actual cash value** to collect any amounts due for replacement cost settlement. The property must be actually repaired or replaced by you to collect replacement cost. If you do not actually repair or replace the property within 365 days from the date of our first payment toward **actual cash value**, then the loss or damage will only be settled at **actual cash value**.

7. **Other Insurance and Assignment.**

Except as provided below, this insurance is excess of any other insurance covering the property. If covered property sustains loss or damage covered by any other insurance, we will be liable only for that portion of the loss covered under this policy that is in excess of the limit of insurance that applies under the other insurance. For purposes of this provision, other insurance includes any type of warranty or service or maintenance contract.

If insurance is issued by us or any other member company of the Farmers Insurance Group of Companies covering the loss or damage, the loss or damage will only be payable under the single policy providing the highest limit of insurance.

8. **Deductible clause.**

We pay for loss or damage when a covered loss exceeds the deductible(s) amount applicable to the property. The deductible(s) applies separately to each loss or damage event. All limits of insurance, including special limits, will be applied after application of the appropriate deductible(s) to the loss or damage.

9. **Loss or Damage to a Pair or Set.**

We may elect to:

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

Loss or damage to a part does not mean a total loss or damage of the pair or set.

10. **Appraisal.**

If you and we fail to agree on the **actual cash value**, amount of loss or damage or the cost of repair or replacement of the loss or damage, either one may make a written demand for appraisal. Each will then select a competent and disinterested, independent appraiser and notify the other of the appraiser's name within 20 days after the written demand is received. The appraisers will choose a competent, independent and disinterested umpire. If the appraisers cannot agree upon an umpire within 15 days, you or we can ask a judge of a court of record in the judicial district where the **residence premises** is located to choose an umpire. Any person or entity which has performed services for either party at any time as respects the particular loss or damage or loss event at issue in the claim may not serve as an appraiser or the umpire.

The appraisers will then set the amount of loss or damage, stating separately the **actual cash value**, the repair or replacement cost and a description of the damage and extent of damage for each item of property. If the appraisers submit a written agreement to us, the agreed amount will be the amount of loss or damage and **actual cash value**. If the appraisers cannot agree, they will submit their differences to the umpire. A written agreement signed by any two will set the amount of loss or damage and **actual cash value**. Each party will pay the appraiser it chooses. The umpire and all other expenses of the appraisal will be paid equally by you and us.

Interpretation of this policy and whether any particular loss or damage to covered property is in fact insured under this policy may not be determined under this provision.

11. **Vacancy.**

Vacancy of the **residence premises** will affect coverage as provided in this policy.

12. **Intentional Acts, Criminal Acts, and Fraud.**

We do not provide coverage for loss or damage if any **insured** has before or after the loss or in relation to any insurance provided in this policy:

- a. concealed or misrepresented any material fact or circumstance;
- b. intentionally caused or arranged for the loss or damage;
- c. directly or indirectly caused the loss or damage while engaged in committing or concealing a felony;
- d. engaged in fraudulent conduct; or
- e. made material, false statements.

We do not provide coverage for loss or damage from a criminal act committed by or at the direction of any **insured** if the loss that occurs may be reasonably expected to result from such an act, or is the intended result of such an act.

13. **Suit Against Us.**

No suit or other action can be brought against us, our agents or our representatives unless there has been full compliance with all the terms of this policy, including submission to requested examinations under oath. Suit on or arising out of the Section I - Property Coverage of this policy must be brought within the time allowed by law.

14. **Loss Adjustment and Payment.**

At our option, we may adjust all losses with you. We may pay you unless another payee is named in the policy, in which case we will pay as interests appear. We will pay within 30 days after:

- a. we reach agreement with you;
- b. a final judgment; or
- c. an appraisal award.

15. **Abandoned Property - Our Option.**

We need not accept property abandoned by an **insured**. At our sole option and discretion, we may take all or part of the damaged property at an agreed or the appraised value. We will give you written notice of our intention within 30 days after receipt of your signed sworn statement of loss or the written agreement from the appraisal.

16. **Mortgagee Clause.**

- a. Mortgagee includes trustee or loss payee. If a mortgagee is named in this policy, a covered loss will be paid to the mortgagee and you, as interests appear. If more than one mortgagee is named, the order of payment will be the same as the order of precedence of the mortgages.

If we deny your claim, based on your act, omission or neglect, such denial will not apply to a mortgagee's valid claim if the mortgagee:

- (1) knows and promptly notifies us of any change of ownership, occupancy, **vacancy** or substantial change in risk;
- (2) pays on demand any premium due if you have failed to do so; and
- (3) submits a signed, sworn statement of loss within 60 days after we notify the mortgagee of your failure to do so.

- b. All policy conditions and terms will apply to the mortgagee, except Misrepresentation, Concealment or Fraud, unless committed by the mortgagee or its representatives. A mortgagee will only have a valid claim if it promptly notifies us of any change in ownership, occupancy, vacancy or of a substantial change in risk known to the mortgagee.

- c. We will give the mortgagee 10 days notice before we cancel this policy for non-payment of premium. We will give the mortgagee 20 days notice before we cancel for any other reason. If we pay the mortgagee for any loss and deny payment to you:

- (1) we have right of recovery against any party responsible for the loss; and

(2) at our option, we may pay off the entire mortgage debt to the mortgagee. In this event, we receive full assignment and transfer of the mortgage, including all security held as collateral to the mortgage debt, and we are subrogated to all the rights of the mortgagee under the mortgage.

A mortgagee's claim will not be impaired by transfer of a right of recovery.

- d. If the **dwelling** is foreclosed upon under the deed of trust or through any other legal means, the mortgagee may cancel this policy of insurance. The mortgagee will then be entitled to any unearned premiums from this policy.

The mortgagee must credit any unearned premium against any deficiency owed. The mortgagee must return any unearned premium not so credited to the borrower. The unearned premium will be figured using the customary pro rata procedures.

17. No Benefit to Bailee.

This insurance will not benefit any person, association or organization who may be storing, holding or caring for or handling or moving property for a fee. We will not recognize any assignment or grant any coverage hereunder to any such person or organization.

18. Salvage.

We have salvage rights to damaged property for which we pay loss benefits. We have the right to obtain all or part of the property which may be recovered, including property substituted by others to conceal the loss.

19. Changed Information.

You agree that if any information we use to rate or underwrite your policy, including but not limited to whether you qualify for discounts, changes or is determined by you or us to be incorrect or incomplete, we may, during the policy period, re-underwrite this insurance, including adjusting coverage and/or premium.

SECTION II - LIABILITY

SECTION II - LIABILITY COVERAGE

We will insure you for the coverages as described below except as otherwise indicated in the Declarations or renewal notice.

Coverage E (Personal Liability)

We will pay those damages which an **insured** becomes legally obligated to pay because of:

1. **bodily injury** resulting from an **occurrence**; or
2. **property damage** resulting from an **occurrence**.

At our expense and with attorneys of our choice, we will defend an **insured** against any suit seeking damages covered under Coverage E (Personal Liability). Our obligation to defend a suit seeking damages ends once we have paid our applicable **stated limit**. We may investigate and settle any claim or suit seeking damages that we consider appropriate.

We do not have any duty to defend or settle any suit involving actual, alleged, threatened or declared **bodily injury** or **property damage** not covered under this liability insurance. This applies whether or not the suit is groundless, false or fraudulent.

Coverage F (Medical Payments To Others)

We will pay reasonable medical expenses for necessary medical services furnished to a person to whom this coverage applies for treatment of **bodily injury**. This will apply for services within three years from the date of the **occurrence** causing **bodily injury**.

Necessary medical services are limited to necessary medical, surgical, dental, x-ray, ambulance, hospital, professional nursing and funeral services. These include the costs of pharmaceuticals, orthopedic and prosthetic devices, eyeglasses, and hearing aids.

Necessary medical services do not include:

1. treatment, services, products or procedures that are:
 - a. experimental in nature, for research, or not primarily designed to serve a medical purpose; or
 - b. not commonly and customarily recognized throughout the medical profession and within the United States as appropriate for the treatment of the **bodily injury**;
2. the use of:
 - a. thermography or other related procedures of a similar nature; or
 - b. acupuncture or other related procedures of a similar nature; or
3. purchase, rental cost, or use of:
 - a. hot tubs, spas, water beds;
 - b. exercise equipment;
 - c. heating or vibrating devices;
 - d. furniture or equipment not primarily designed to serve a medical purpose;
 - e. memberships in health clubs; or
 - f. medical reports, unless requested by us.

A reasonable medical expense means the usual and customary expense for the necessary medical services.

This coverage applies to:

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

This coverage does not apply to:

1. persons injured as a result of their intentional acts;
2. any **insured** or any regular resident of an **insured location**, except a **residence employee** who is in the course and scope of employment by an **insured** as a **residence employee**; or
3. any person eligible to receive benefits provided or mandated under any workers' compensation, occupational disease or non-occupational disability law.

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

SECTION II - LIABILITY EXTENSIONS OF COVERAGE

We will insure you for the Extensions of Coverage as described below except as otherwise indicated in the Declarations or renewal notice.

1. **Claim Expenses.**

We pay:

- a. all costs we incur in our settlement of a claim or defense of a suit with attorneys of our choice;
- b. premiums on bonds required in a suit we defend, but not for a bond amount greater than the Coverage E **stated limit**. We are not obligated to apply for or furnish a bond;
- c. reasonable expenses incurred by an **insured** at our specific request to help us investigate or defend a suit. When we ask an **insured** to attend hearings or trials we will pay actual loss of earnings (but not other income) up to \$250 per day; and
- d. interest after entry of judgment. This will only apply to that portion of damages covered by this policy and which do not exceed the applicable Coverage E or F **stated limits**. We will only be responsible for interest accruing on such damages until we pay, have given written offer to pay or have deposited the damages with a court.

2. **First Aid Expenses.**

We will reimburse reasonable and necessary first aid expenses for **bodily injury** to others incurred by an **insured** at the time of an **occurrence** to which this liability coverage applies. We do not pay for first aid to you or any other **insured**.

3. **Damage to Property of Others.**

At your request, we pay replacement cost up to \$1,500 per **occurrence** for **property damage** to property of others caused by an **insured**. We will not pay for **property damage**:

- a. to property covered under Section I - Property Coverage;
- b. intentionally caused by an **insured** who is 13 years of age or older;
- c. to property owned by or leased or rented to an **insured**, a tenant of an **insured**, any resident of an **insured's** household or anyone who cohabits with an **insured**;
- d. to **business property**;
- e. arising out of any **business** engaged in by an **insured**;
- f. arising out of premises owned, rented or controlled by an **insured**, other than an **insured location**; or
- g. arising out of the ownership, maintenance, operation, use, moving, occupancy, loading or unloading or entry or exit of **aircraft**, watercraft, or **motor vehicles** or any other motorized land conveyance or trailers.

4. **Association Loss Assessment Coverage.**

If the Declarations or renewal notice shows loss assessment coverage amount and the **residence premises** is subject to and governed by a homeowners or property owners association of which you are a member, then subject to the rules of the association we will pay up to the Loss Assessment **stated limit** for your share of any assessment levied against you and other unit owners by the association, but only if the assessment is for the following:

- a. If the assessment is for accidental, direct, distinct and demonstrable, physical loss or damage to tangible property owned in common by all association members, the loss or damage must be loss or damage that manifests during this policy period or the twelve months immediately following the end of this policy period and be loss or damage we would cover under Section I - Property Coverage as it would apply to your **dwelling** or other property you own.
- b. If the assessment is for **bodily injury, property damage** or **personal injury**, if **personal injury** coverage is provided hereunder, for which the association becomes liable, then the **bodily injury, property damage** or **personal injury** must result from an **occurrence** to which Section II of this policy would apply to an **insured**.

The **stated limit** is the most we will pay with respect to any one loss event, regardless of the number of assessments which may be levied by the association for loss or damage or liability arising from that event. This coverage is excess over any collectible insurance covering the association for the loss or damage or liability, whether the association files a claim for the loss or damage or liability with its insurer. You must make a claim for this coverage with us within 365 days of notice to you of the assessment. Claims made after that time are void. Our sole responsibility under this coverage is to pay for a covered assessment.

5. **Personal Injury**

If the Declarations or renewal notice indicates **personal injury** coverage applies, we will pay those damages which an **insured** becomes legally obligated to pay because of **personal injury** resulting from an **occurrence** to which this coverage applies.

At our expense and with attorneys of our choice, we will defend an **insured** against any suit seeking damages covered as **personal injury**. Our obligation to defend a suit seeking these damages ends once we have paid the applicable limit of insurance. We may investigate and settle any claim or suit seeking damages that we consider appropriate.

We do not have any duty to defend or settle any suit involving actual, alleged, threatened or declared **personal injury** not covered under this liability insurance. This applies whether or not the suit is groundless, false or fraudulent.

SECTION II - LIABILITY EXCLUSIONS

Coverage E (Personal Liability), Coverage F (Medical Payments to Others) and **personal injury** coverage, if covered under this policy, do not apply to:

1. **Any Insured or Other Residents of the Residence Premises.**

We do not cover **bodily injury** or **personal injury** to:

- a. any **insured**; or
- b. any resident of the **residence premises**. However, we do cover **bodily injury** to a **residence employee** unless the **bodily injury** is the result of the conduct of an **insured** or representative of an **insured** which would be serious and willful misconduct under the workers compensation laws.

2. **Business.**

We do not cover **bodily injury, property damage** or **personal injury** arising from, during the course of or in connection with any past or present **business** engaged in by any **insured** or conducted from any **insured location**. By way of example, this includes but is not limited to any warranty, any act, or any duty rendered, promised, owed or implied to be provided because of the nature of the **business**.

3. **Business or Professional Services.**

We do not cover **bodily injury, property damage** or **personal injury** arising from, during the course of or in connection with the rendering or failure to render **business** or professional services.

4. **Contract or Agreement - Performance.**

We do not cover **bodily injury, property damage** or **personal injury** arising from, during the course of or in connection with the performance or failure to perform under a contract or agreement, whether **business** or non-**business**.

5. **Contract or Agreement - Liability Assumed or Imposed.**

We do not cover **bodily injury, property damage** or **personal injury** arising from, during the course of or in connection with liability assumed by or imposed upon any **insured** under any contract or agreement, whether **business** or non-**business** and whether that of a third party. By way of example, this includes but is not limited to breaches of duty or express or implied warranties.

6. **Agreement With Homeowners Association.**

We do not cover **bodily injury, property damage** or **personal injury** arising from, during the course of or in connection with any agreement between any **insured** and a corporation or association of homeowners or property owners, except as provided under Section II - Association Loss Assessment Coverage.

7. **Rental Property.**

We do not cover **bodily injury, property damage** or **personal injury** arising from, during the course of or in connection with the rental or holding for rental of any property or any part of any premises by any **insured** to any party. However, this exclusion does not apply to the rental or holding for rental of that part of an **insured location** which is rented or available for rent:

- a. on an occasional basis for sole use as a residence;
- b. to no more than two roomers or boarders at the same time for sole use as a residence; or
- c. as an office, studio or private garage.

8. **Sale or Transfer of Property.**

We do not cover **bodily injury, property damage** or **personal injury** resulting from, arising from, or in connection with property you or any **insured** has sold or transferred. By way of example, this includes but is not limited to:

- a. known, unknown or hidden property conditions, problems or defects, including by way of example but not limited to manufacturing, structural, or plumbing, heating, air conditioning or electrical system conditions, problems or defects;
- b. known, unknown or hidden soil or drainage conditions, problems or defects;
- c. concealment or misrepresentation of or the failure to disclose any known condition, problem or defect in or of the property; or
- d. **contamination.**

9. **Owned Property.**

We do not cover **property damage** to property owned by an **insured** or any other resident of the **residence premises**. This includes expenses and costs incurred by any **insured** or others to repair, replace, 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**. This exclusion applies even where there has already been some injury or damage.

10. **Non-owned Property - Used or in the Care, Custody or Control.**

We do not cover **property damage** to non-owned property occupied by or used by, or in the care, custody or control of any **insured** or any other resident of the **residence premises** by any agreement or otherwise, except as provided under Section II - Damage to Property of Others. We do cover an **insured's** liability for **property damage** to such non-owned property caused by fire or lightning.

11. **Other Locations.**

We do not cover **bodily injury** or **personal injury** arising from or in connection with a location other than an **insured location** which is:

- a. owned by an **insured**;
- b. rented to an **insured**; or
- c. rented to others by an **insured**.

This exclusion does not apply to **bodily injury** to a **residence employee** arising out of and in the course and scope of the **residence employees** employment by an **insured**.

12. **Intentional Acts.**

We do not cover **bodily injury, property damage** or **personal injury** which is caused by, arises out of or is the result of an intentional act by or at the direction of any **insured**. By way of example this includes but is not limited to any intentional act or intentional failure to act by any **insured**, whether a criminal act or otherwise, where resulting injury or damage would be objectively expected to a high degree of likelihood, even if not subjectively intended or expected. This exclusion applies even if:

- a. any **insured** mistakenly believes he or she has the right to engage in certain conduct;
- b. the injury or damage is sustained by persons or property not intended or expected by any **insured**;
- c. the injury or damage is different or greater or of a different quality than that intended or expected;
- d. any **insured** did not understand that injury or damage may result; or
- e. any **insured** knew the intentional act or failure to act was a violation of any penal law, whether or not an **insured** is actually charged with or convicted of a crime.

For purposes of application of this exclusion, a plea of guilty, no contest, or true in a criminal proceeding, which involves the same acts or activities which are the basis of a claim for damages against any **insured**, shall conclusively bar any **bodily injury, property damage** or **personal injury** arising or resulting from or caused by such acts or activities from coverage under this policy. This applies whether the **insured** actually admits or admitted guilt by plea.

13. Home Care Services.

a. We do not cover **bodily injury, property damage** or **personal injury** arising from, during the course of or in connection with home care services, including by way of example but not limited to child care, day care or foster care services, whether licensed or not or otherwise approved by a governmental agency or body, provided to any person on a regular basis by or at the direction of:

- (1) any **insured**;
- (2) any employee of any **insured**; or
- (3) any other person actually or apparently acting on behalf of any **insured**.

Regular basis means more than a cumulative 20 hours per week provided to any one person or group of persons whether that person is the injured party or not.

b. This exclusion does not apply to:

- (1) home care services provided to an **insured's** relative, who is not a resident of your household;
- (2) occasional or part time home care services provided by any **insured** under 21 years of age; or
- (3) the providing of home care services or babysitting services for which compensation is not received, other than the mutual exchange of such services.

14. Transmitting a Communicable Sickness or Disease.

We do not cover **bodily injury, property damage** or **personal injury** which is caused by or arises out of any **insured** transmitting a communicable sickness or disease, including by way of example but not limited to sexually transmitted sickness or disease. This exclusion applies whether the act of transmitting the sickness or disease was consensual or non-consensual or voluntary or involuntary, or whether the **insured** knew he or she was infected with or bore the sickness or disease or the communicability thereof.

15. Aircraft, Motor Vehicles, or Watercraft.

We do not cover **bodily injury, property damage** or **personal injury** arising from, during the course of or in connection with the ownership, maintenance, operation, use, occupancy, loading or unloading, moving or movement, or entry or exit of any:

- a. **aircraft**;
- b. **motor vehicle**;

However, this exclusion does not apply to:

- (1) a motorized golf cart not subject to **motor vehicle** registration:
 - i. while on the golf course and used for golfing purposes; or
 - ii. while in a private residential community, including its public roads upon which a motorized golf cart can legally travel, which is subject to the authority of a property owners association and contains the **residence premises**;
- (2) lawn, garden or farm equipment principally used on the **residence premises**;
- (3) recreational vehicles not subject to **motor vehicle** registration that are only used on the **residence premises**, including by way of example, all terrain vehicles;
- (4) any watercraft, camper, home or utility trailer not being towed or carried on a **motor vehicle**; or
- (5) a motorized assisted living device designed to assist the disabled; or

c. watercraft which:

- (1) has more than a 50 horsepower inboard or outdrive motor power;
- (2) is powered by one or more outboard motors with more than 25 total horsepower;
- (3) is a sailing vessel, with or without auxiliary power, 26 feet or more in length;
- (4) uses a powered **water** jet pump as the primary source of propulsion; or
- (5) uses an air cushion to hover over **water** surfaces.

This subsection c. does not apply to any watercraft while stored on the **residence premises**.

This exclusion does not apply to **bodily injury** to a **residence employee** in the course and scope of employment by an **insured** as a **residence employee**.

16. **Entrustment and Negligent Supervision - Aircraft, Motor Vehicles, or Watercraft.**

We do not cover **bodily injury, property damage** or **personal injury** arising from, during the course of or in connection with:

- a. the entrustment of any **aircraft, motor vehicle** or watercraft to any person; or
- b. the negligent supervision of any person regarding the maintenance, operation, use, occupancy, loading or unloading, moving or movement, or entry or exit of any **aircraft, motor vehicle** or watercraft.

Respecting **motor vehicles** and watercraft, this exclusion only applies to the same types of **motor vehicles** and watercraft excluded under Section II - Liability Exclusions, Aircraft, **Motor Vehicles** or Watercraft.

This exclusion does not apply to **bodily injury** to a **residence employee** in the course and scope of employment by an **insured** as a **residence employee**.

17. **Vandalism or Malicious Mischief.**

We do not cover **bodily injury, property damage** or **personal injury** caused directly or indirectly by or arising from, during the course of or in connection with any **vandalism** or **malicious mischief**. This exclusion applies even if the loss or damage is sustained by persons or property not intended or expected.

18. **Destructive Acts.**

We do not cover **bodily injury, property damage** or **personal injury** caused directly or indirectly by or arising from, during the course of or in connection with any destructive act. This includes acts directed against civilians, or military or governmental personnel or property by any domestic or foreign person(s), organization(s), entity or entities, government or any quasi-governmental body. This exclusion includes by way of example but is not limited to war, undeclared war, civil war, insurrection, rebellion and revolution, all whether or not by military or paramilitary personnel, and includes any direct or indirect consequence of these, including **contamination**. This exclusion applies even if the loss or damage is sustained by persons or property not intended or expected.

19. **Fungus, Noxious Substance, Nuclear Substance, Pathogen or Pollutant.**

We do not cover **bodily injury, property damage** or **personal injury** caused by, resulting from, or in connection with or arising from any **fungus, noxious substance, nuclear substance, pathogen** or pollutant, all whether combined with, caused by or resulting from **water**.

This exclusion includes by way of example but is not limited to:

- a. the actual, alleged or threatened discharge, dispersal, seepage, release, migration, trespass or escape of any **fungus, noxious substance, nuclear substance, pathogen** or pollutant:
 - (1) from any premises, site or location; or
 - (2) during transportation, handling, storage, treatment, disposal or processing;
- b. **contamination** or **remediation**;
- c. any supervision, instruction, disclosure, failure to disclose, recommendation, warning;
- d. advice given or which allegedly should have been given, in connection with any **fungus, noxious substance, nuclear substance, pathogen** or pollutant, or **remediation** activities;

- e. any claim of nuisance concerning or related to any **fungus, noxious substance, nuclear substance, pathogen**, or pollutant;
- f. all costs, expenses or damages arising out of any order, claim, suit or threat of liability by or on behalf of a governmental authority or any other person or entity for injury, damages or injunctive relief because of or arising out of **contamination** or for **remediation**;
- g. anguish, distress, or fear of any person of **bodily injury** or **property damage** which may be caused by, arise out of or result from alleged, actual or threatened infection with, exposure to, absorption of or **contamination** by or with any **fungus, noxious substance, nuclear substance, pathogen**, or pollutant;
- h. actual, alleged, constructive or threatened diminution or loss of value of any property from the actual or alleged presence of any **fungus, noxious substance, nuclear substance, pathogen** or pollutant, including by way of example but not limited to loss of equity, loss of rents, loss of use or feared or actual economic loss; or
- i. sums an **insured** is required to expend in equity for or relief from **bodily injury, property damage** or **personal injury**.

This exclusion applies whether a **noxious substance, nuclear substance, pathogen** or pollutant was used legally, normally or intentionally for the purpose for which it was intended, whether it has any function with respect to your property, whether it was a localized event and whether its use was confined within the general area of its intended use.

20. **Illegal or Controlled Substance.**

We do not cover **bodily injury, property damage** or **personal injury** arising from, during the course of or in connection with the use, sale, manufacture, distribution, delivery, transfer or possession of any substance which is illegal or is a controlled substance under either federal or state law. Such substances include, by way of example but are not limited to: cocaine, LSD, methamphetamines, marijuana and all narcotic drugs.

This exclusion does not apply to the legal use, under both state and federal law, of legally prescribed drugs by a person following orders of a licensed physician.

21. **Punitive or Exemplary Damages, Fines or Penalties.**

We do not cover punitive or exemplary damages or any amount in the nature of a civil fine or penalty assessed or imposed under any code, statute or regulation, or by any court. We also do not cover the cost of defense, including attorney fees, related to any such damages, fine or penalty. Punitive or exemplary damages are those damages imposed to punish a wrongdoer and to deter others from similar conduct.

22. **Workers' Compensation.**

We do not cover **bodily injury** to any person eligible to receive benefits required to be provided or which may voluntarily be provided by an **insured** under any workers' compensation, occupational disease or non-occupational disability law.

23. **Nuclear Energy Liability Insurance.**

We do not cover **bodily injury** or **property damage** when any **insured** is covered under any nuclear energy liability policy. This exclusion applies even if the limits of that policy have been exhausted.

24. **Obligation to Reimburse, Share or Indemnify Damages.**

We do not cover any claim to reimburse, share with or indemnify any person or entity for damages, costs or expenses incurred by that person or entity which arises out of or results from any type of event or activity specified in these liability insurance exclusions.

25. **Statutory Liability.**

We do not cover any liability statutorily imposed on any **insured** which arises out of, is connected with or results from any type of event or activity specified in these liability insurance exclusions.

26. Violation of Ordinance, Penal Law or Criminal Acts.

We do not cover **personal injury** arising from, during the course of or in connection with a violation of any ordinance, order or penal law committed by, or with the knowledge or consent of any **insured**, or any criminal act by an **insured**.

For purposes of application of this exclusion, a plea of guilty, no contest, or true in a criminal proceeding, which involves the same acts or activities which are the basis of a claim for damages against the **insured**, shall conclusively bar any **personal injury** arising or resulting from or caused by such acts or activities from coverage under this policy. This applies whether the **insured** actually admits or admitted guilt by plea.

27. Employment - Personal Injury.

We do not cover **personal injury** arising from, during the course of or in connection with any offense directly or indirectly related to the employment of any person by any **insured**. This applies whether the offensive activity is an employment related practice, policy, act or omission and whether the substance or context of the offense is employment related.

28. Civic or Public Activities.

We do not cover **bodily injury, property damage or personal injury** arising from, during the course of or in connection with civic or public activities performed for pay by any **insured**.

29. Molestation, Abuse or Corporal Punishment.

We do not cover **bodily injury, property damage or personal injury** arising from, during the course of or in connection with the actual, alleged, or threatened molestation, abuse or corporal punishment of any person by anyone, including by way of example, but not limited to:

- a. any **insured**;
- b. any employee of any **insured**;
- c. any volunteer, person for hire, or any other person who is acting or who appears to be acting on behalf of any **insured**; or
- d. any **insured** or employee of an **insured** where there are allegations of negligent supervision, negligent hiring, training, or negligent entrustment or any allegation that an **insured** or employee of an **insured** failed, or allegedly failed, to train, supervise, detect, report or otherwise prevent any person from allegedly molesting, abusing or punishing, or continuing to allegedly molest, abuse or punish any person.

We have no duty to defend or settle any molestation, abuse or corporal punishment claim or any claim of negligent supervision, negligent hiring, failure to report, failure to prevent or negligent entrustment suit against any **insured** or any other person.

This exclusion applies even if:

- a. any **insured** or any other person mistakenly believes he or she has the right to engage in certain conduct;
- b. the injury is sustained by persons not intended or expected;
- c. the injury is different or greater or of a different quality than that intended or expected;
- d. any **insured** or any other person did not understand that injury may result; or
- e. any **insured** or any other person knew the acts or failure to act was a violation of any penal law, whether or not an **insured** is actually charged with or convicted of a crime.

For purposes of application of this exclusion, a plea of guilty, no contest, or true in a criminal proceeding, which involves the same acts or activities which are the basis of a claim for damages against any **insured** or any other person, shall conclusively bar any **bodily injury, property damage or personal injury** arising or resulting from or caused by such acts or activities from coverage under this policy. This applies whether the **insured** or any other person actually admits or admitted guilt by plea.

SECTION II - LIABILITY CONDITIONS

1. Limits of Insurance.

- a. The **stated limit** for Coverage E (Personal Liability) is both the per **occurrence** and the **annual aggregate limit**. All claims resulting from or arising out of any one person's **bodily injury**, including death, shall collectively be considered one **occurrence** and will be subject to the per **occurrence** limit.
- b. The **stated limit** for Coverage F (Medical Payments to Others) is the most we will pay under Coverage F for all necessary medical services for **bodily injury** to any one person for any one **occurrence**. Payments under Coverage F are part of and subject to the Coverage E **annual aggregate limit**.
- c. If **personal injury** coverage is indicated, then payments for **personal injury** damage are part of and subject to the Coverage E **annual aggregate limit**.

2. Separate Insurance.

This liability coverage applies separately to each **insured**. This condition will not increase our **annual aggregate limit** or our per **occurrence** limit of insurance. However, exclusions under this liability coverage as applied to any one **insured** may limit or exclude coverage as to all **insureds**.

3. Duties After Loss.

In case of an **occurrence**, an **insured** will perform the following duties:

- a. give written notice to us or our agent as soon as possible stating:
 - (1) the policy number, your name and the name of the **insured** against whom the claim is made;
 - (2) the time, place and circumstances of the **occurrence** or claimed **personal injury**; and
 - (3) names and addresses of claimants and witnesses;
 - b. immediately send us any notice or demand or legal papers received relating to a claim or suit;
 - c. cooperate with and assist us in any matter relating to a claim or suit;
 - d. provide all information we request to investigate the claim or suit;
 - e. under Damage to Property of Others, send us a sworn statement of loss within 60 days of the loss. Also exhibit any damaged property which is within the **insured's** control;
 - f. an **insured** will not, except at the **insured's** own cost, voluntarily make any payment, assume any obligation or incur any expense except First Aid Expenses;
 - g. submit to examinations under oath, separately and apart from any other person defined as you or **insured** and sign a transcript of the examination;
 - h. produce representatives, employees, members of the **insured's** household or others for interviews or examinations under oath to the extent it is within the **insured's** power to do so;
 - i. cooperate and assist us and not do anything to inhibit or release any right of contribution, recovery or indemnity against any person or organization who may be liable to an **insured** for activities related to a claim or suit; and
 - j. as reasonably requested, attend hearings and trials concerning the suit.
- ### 4. Duties of an Injured Person - Coverage F (Medical Payments to Others).

The injured person or someone acting on behalf of the injured person will:

- a. give us written proof of claim as soon as possible, under oath if required; and
- b. authorize us to obtain medical reports and records.

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

5. **Suit Against Us.**

No action can be brought against us unless there has been full compliance with the terms and conditions of this policy. No one has any right to make us a party to a suit to determine the liability of a person we insure or to make us a party to any action against an **insured**. We may not be sued under Coverage E (Personal Liability) until the obligation of the **insured** has been determined by final judgment after actual trial or by agreement signed by us. Under Coverage F (Medical Payments to Others), no action can be brought until 30 days after the required proofs of claim have been filed with us.

6. **Bankruptcy of an Insured.**

Bankruptcy or insolvency of an **insured** or of an **insured's** estate will not relieve us of our duties under this policy.

7. **Other Insurance - Coverage E (Personal Liability).**

This insurance is excess over any other valid and collectible insurance. If any applicable insurance other than this policy is issued to you by us or any other member company of the Farmers Insurance Group of Companies, the total amount payable among all such policies shall not exceed the **stated limit** or other limit of insurance of the single policy providing the highest limit of insurance.

GENERAL CONDITIONS - APPLYING TO THE ENTIRE POLICY

1. **Entire contract - waiver or change of policy provisions.**

This policy, the Declarations, the renewal notice and any endorsements include all the agreements between you and us and any of our agents relating to this insurance and the coverages hereunder. The terms, conditions, and exclusions of this policy may not be changed or waived by any oral agreement and may only be changed or waived by endorsement issued by us.

We may change this policy or replace it to conform to the policy form and coverage we then currently use. The change or new policy will be delivered to you or mailed to you at your mailing address shown on the Declarations or renewal notice at least 30 days before its effective date. Our request for an appraisal or examination will not waive any of our rights.

2. **Policy Period.**

This policy applies only to covered loss or damage under Section I and to **bodily injury, property damage or personal injury** which **occurs** during the policy period stated on the Declarations or renewal notice.

3. **Joint Obligations.**

The terms of this policy are joint obligations of all persons defined as an **insured**. This means that the responsibilities, acts, and failures to act of any **insured** will be binding upon any other **insured**. To the extent an **insured**, other than you, is a direct beneficiary of coverage under this policy, that **insured** is also responsible for complying with the duties and responsibilities set forth in this policy.

4. **Misrepresentation, Concealment or Fraud.**

We reserve the right to deny coverage for any loss or damage or claim for injury or damage if you or any **insured**, at any time either before or after a claim or loss, has negligently or fraudulently concealed or misrepresented any material fact or circumstance in the application for, change to or renewal of this insurance, or in the presentation of a claim or loss, or engaged in fraudulent conduct respecting a claim or loss.

As permitted by law, we reserve the right to void this policy if you or any **insured**, at any time either before or after a claim or loss, has intentionally concealed or misrepresented any material fact or circumstance in the application for, change to or renewal of this insurance, or in the presentation of a claim or loss or during our investigation of a claim or loss, or engaged in fraudulent conduct respecting a claim or loss.

We do not provide coverage for any loss or damage or claim for injury or damage if you or any **insured** has in connection with or related to any insurance provided in this policy intentionally caused or arranged for the loss or damage or claim or has caused the loss or damage while engaged in committing or concealing a felony, or for any loss or damage or claim for injury or damages when any **insured** had knowledge of the loss or damage or claim prior to the inception of this insurance.

5. Liberalization Clause.

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

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

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

6. Initial Premium Payment

If any initial policy premium is remitted by check, draft, money order or credit card, payment by such check, draft, money order or credit card is a conditional payment and is only accepted subject to collection. It is agreed that if the premium remittance is not honored, no coverage will exist from inception and this policy will be forfeited and void.

7. Cancellation

a. You may cancel this policy by:

- (1) returning it to us, or
- (2) notifying us when cancellation is to take effect.

b. The mortgagee may cancel this policy by notifying us in writing pursuant to the mortgagee clause.

c. We may cancel this policy by mailing or delivering written notice to you. Such notice will be delivered to you, or mailed to your last known mailing address. The mailing of it will be sufficient proof of notice.

We may cancel this policy only for the following reasons:

- (1) non-payment of premium, whether payable to us or our agent. We may cancel at any time by notifying you at least 10 days before the date cancellation takes effect;
- (2) any other reason, when this policy has been in effect for less than 60 days and is not a renewal with us. We shall notify you at least 10 days before the date cancellation takes effect; or
- (3) if 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 for non-payment of premium in accordance with subsection c.(1) above. We also may cancel for one or more of the following additional reasons, in which case we shall notify you in writing at least 20 days before the date cancellation takes effect:
 - i. fraud or material misrepresentation made by or with your knowledge in obtaining the policy, continuing the policy or in presenting a claim under the policy;
 - ii. the occurrence of a material change in the risk that substantially increases any hazard insured against after policy issuance;
 - iii. violation of any local fire, health, safety, building or construction regulation or ordinances with respect to any **insured location** or the occupancy of the property that substantially increases any hazard insured against under the policy;

- iv. a material violation of a material provision of the policy; or
- v. any other reason permitted by law.

d. Return of premium

Cancellation of or changes in this policy may result in a premium refund. If so, we will send it to you within 30 days after the cancellation or change takes effect. If you cancel this policy we will return the short rate unused share of the premium. If we cancel this policy, we will return the pro-rated unused share of the premium.

If the mortgagee cancels this policy pursuant to the mortgagee clause, we will return the pro rated unused share of the premium to the mortgagee.

8. **Renewal and Refusal to renew.**

We may elect:

- a. to nonrenew this policy; or
- b. to condition its renewal on an increase or reduction of **stated limits** or other limits of insurance or an increase, reduction or elimination of coverages.

We may elect to nonrenew by delivering to you, or mailing to you at your last known mailing address, written notice at least 30 days before the expiration date of this policy. The mailing of it will be sufficient proof of notice.

If we offer to renew, including offering to renew but conditioning the renewal as indicated above, we will deliver or mail to you a written offer in accordance with applicable state law. The mailing of it will be sufficient proof of notice.

This policy will automatically terminate at the end of the policy period if you do not accept our offer to renew it. Failure to pay the required renewal premium as we require means that you have declined our offer.

If this policy is written for a period of less than one year we agree not to refuse to renew except at the end of an annual period beginning with the original or renewal effective date.

9. **Assignment and Death.**

Your interest in this policy may not be transferred to another person without our written consent. If you should die, we will cover for the remainder of the policy period:

- a. your spouse, if a resident of the same household with you at the time of your death or any other member of your household on the **residence premises** who is an **insured** at the time of your death, but only while a resident of the **residence premises**;
- b. your legal representative while acting as such, but only with respect to the **residence premises** and property covered under this policy at the time of your death; or
- c. any person having proper temporary custody of your insured property until your legal representative is appointed and qualified.

10. **Subrogation.**

When we pay for any loss or damage, an **insureds** right to recover from anyone else for that loss or damage becomes our right up to the amount we have paid. **Insureds** must protect any of these rights and help us enforce them. However, an **insured** may waive in writing before a loss, all rights of recovery against any person. An **insured** may not waive after a loss any rights of recovery against any person. If not waived, we may require an assignment of rights of recovery for a loss to the extent that payment is made by us. If an assignment is sought, an **insured** must sign and deliver all related papers and cooperate with us. Subrogation does not apply under Section II - Liability. We are entitled to payment, reimbursement and subrogation regardless of whether the total amount of the recovery by an **insured** on account of the loss or damage is less than the actual loss suffered by the **insured**. Our right to recover will apply only after you have been fully compensated for a loss covered under this policy.

11. **What Law Will Apply.**

This policy is issued in accordance with the laws of the state in which the **residence premises** is located and covers property or risks principally located in that state. The laws of the state where the **residence premises** is located shall govern any and all claims or disputes in any way related to this policy.

12. **Arbitration.**

Any claim or dispute related to this policy, by an **insured** against us or us against an **insured**, may be resolved by arbitration only upon mutual consent of us and the other party subject to:

- a. no arbitrator has the authority to award punitive damages, exemplary damages or attorneys fees;
- b. neither of the parties are entitled to arbitrate any claims or disputes in a representative capacity or as a member of a class; and
- c. no arbitrator has the authority, without the mutual consent of the parties, to consolidate claims or disputes in arbitration.

13. **Conflict of Terms.**

If there are terms of this policy which conflict with statutes of the state where issued, the terms are amended to conform to such statutes.

14. **Where Suits May be Brought.**

Any and all suits related to this policy will be brought, heard and decided only in a state or federal court located in the state in which the **residence premises** is located. Any and all suits against persons not party to this policy but involved in the sale, administration, performance or alleged breach of this policy, shall be brought, heard and decided only in a state or federal court located in the state in which the **residence premises** is located, provided that such persons are subject to or consent to suit in the courts specified in this paragraph.

Nothing in this section shall limit or impair any party's right to remove a state court suit to a federal court.

15. **Reciprocal provisions.**

This policy is made and issued in consideration of your premium payment to us. It is also issued in consideration of the information you gave to us during the application process, some of which is set out in the policy Declarations, and in consideration of the Subscription Agreement, which is provided to you and is incorporated herein by reference. You acknowledge that you have read, understood and agree to all the terms and conditions of the Subscription Agreement. Among other things, the Subscription Agreement appoints your Attorney-in-Fact, authorizes your Attorney-in-Fact to execute interinsurance policies between you and other subscribers and to perform various functions, and addresses compensation of the Attorney-in-Fact.

Nothing in this policy is intended, or shall be construed, to create either:

- a. A partnership or mutual insurance association; or
- b. Any joint liability.

We may sue or be sued in our own name, as though we were an individual, if necessary to enforce any claims which arise under this policy. In any suit against us, service of process shall be upon the Attorney-in-Fact as shown in your Subscription Agreement.

Membership fees which you pay are not part of the premium. They are fully earned when you are granted membership and coverage is effective. They are not returnable. However, they may be applied as a credit to membership required of you for other insurance which we agree to write.

We hold the Annual Meeting of the members of the Farmers Insurance Exchange at our Home Office at Los Angeles, California, on the first Monday following the 15th day of March of each year at 2:00 p.m.

The Board of Governors may elect to change the time and place of the meeting. If they do so, you will be mailed a written or printed notice at your last known address at least ten (10) days before such a time. Otherwise, no notice will be sent to you.

The Board of Governors shall be chosen by subscribers from among yourselves. This will take place at the Annual Meeting or at any special meeting which is held for that purpose. The Board of Governors shall have full power and authority to establish such rules and regulations for our management as are not inconsistent with the subscribers agreements.

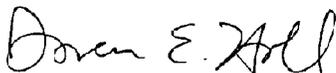
Your premium for this policy and all payment made for its continuance shall be payable to us at our Home Office or such location named by us in your premium notice.

The funds which you pay shall be placed to your credit on our records. They will be applied to the payment of your proportion of losses and expenses and to the establishment of reserves and general surplus. The Board of Governors or its Executive Committee has the authority to deposit, withdraw, invest and reinvest such funds. You agree that any amount which the Board of Governors allocates to our surplus fund may be retained by us. Also, after provision is made for all of our liabilities, it may be applied to any purpose deemed proper and advantageous to you and other policyholders. This policy is non-assessable.

This policy shall not be effective unless countersigned on the Declarations by a duly authorized representative of the company named on the Declarations. The company named on the Declarations has caused this policy to be signed by the officers shown below.

FARMERS INSURANCE EXCHANGE

By Farmers Underwriters Association
Attorney-in-Fact


Secretary


Vice President



FARMERS

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Los Angeles, CA 90010
Bus: (323) 930-4214
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November 20, 2008

Honorable Julie Benafield Bowman
Commissioner of Insurance
Arkansas Insurance Department
1200 West Third Street
Little Rock, AR 72201

Attn.: Ms. Becky Harrington
Property & Casualty

SUBJECT: Response to Objection Letter dated 10/22/2008
NEXT GENERATION HOMEOWNERS – COVERAGE CHANGES

Company Name	Reference #	NAIC #	Group #
Farmers Insurance Exchange	FAR0840-107280	21652	0212

Dear Ms. Harrington,

We have received your objection letter dated 10/22/2008 and provide our response to your question.

1. Farmers Next Generation Homeowners Policy Index, 56-5549, 2nd edition, 7-08, Other (Form) Comment: The new language of the third paragraph, under Section 1, Uninsured loss or damage and excluded causes of loss or damage, A. Uninsured Types of Loss or Damage is unacceptable and must be removed. (Page 23)

Response: Please provide the context as to why the language is unacceptable. We do not know how to respond to a general statement of unacceptability.

2. Farmers Next Generation Homeowners Policy Index, 56-5549, 2nd edition, 7-08, Other (Form) Comment: The definition of Vacancy or vacant regarding the word "legally" is ambiguous. Please revise.

Response: We respectfully disagree with the term “legally” being ambiguous as used in the definition of Vacancy or vacant. On page 10 of the policy, Vacancy or vacant states that a dwelling will be considered legally used only if it is with the knowledge and approval of the owner. This statement provides the necessary clarification of the term “legally” as used within the context of the definition.

3. Farmers Next Generation Homeowners Policy Index, 56-5549, 2nd edition, 7-08, Other (Form) Comment: Section 1- Extensions of Coverage - The language added to the end of the lead paragraph appears excessive and ambiguous, especially...including without limitation the terms and limitations of any.

Response: We do not agree that the language is excessive or ambiguous. Courts constantly tell insurers when interpreting policy language that if the insurer wanted the policy provisions to apply in a certain manner, then the insurer should have said so. All of the policy terms, exclusions, deductibles and conditions, including the very important terms and limitations of any uninsured loss or damage or excluded cause of damage set forth in Section I - Uninsured Loss or Damage and Excluded Causes of Loss or Damage, will be applied to the Extensions of Coverage, and we are expressly stating such.

Therefore, we requests that the language remain unchanged, and be approved.

4. *Farmers Next Generation Homeowners Policy Index, 56-5549, 2nd edition, 7-08, Other (Form) Comment: Additional coverage 10. Collapse of Building Structure or Structural Part of the Building Structure contain duplicate language.*

Response: Agree the language referenced above is duplicate language. Please find the attached revised copy with the duplicate language removed.

5. *Comment: Have the changes to 56-5549 been approved in other prior approval states? If so, provide the state.*

Response: The following States have approved the filing: Alabama, Arizona, California, Iowa, Idaho, Kansas, Minnesota, Missouri, Montana, North Dakota, New Mexico, Ohio, Oregon, South Dakota, Tennessee, Washington, Wisconsin, Wyoming,

6. *Farmers Next Generation Homeowners Policy Index, 56-5549, 2nd edition, 7-08, Other (Form) Comment: Provide the flesch score.*

Response: The flesch score is 41.4.

7. *Farmers Next Generation Homeowners Amendatory Endorsement, AR008, 1st edition, 9-08, Endorsement/Amendment/Conditions (Form) Comment: To which policy form will this endorsement be attached?*

Response: Next Generation Homeowners Amendatory Endorsement AR008 will only be attached to 56-5549 1st edition to update the language to the second edition.

Please let us know if you have any further questions. Otherwise we request approval for this filing.

Respectfully,
FARMERS INSURANCE EXCHANGE

By: Gordon Pennington
Contracts Manager
Office: (323) 930-4214
Cell (805) 258-3277



FARMERS

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December 11, 2008

Honorable Julie Benafield Bowman
Commissioner of Insurance
Arkansas Insurance Department
1200 West Third Street
Little Rock, AR 72201

Attn.: Ms. Becky Harrington
Property & Casualty

SUBJECT: Response to Objection Letter dated 11/24/2008
NEXT GENERATION HOMEOWNERS – COVERAGE CHANGES

Company Name	Reference #	NAIC #	Group #
Farmers Insurance Exchange	FAR0840-107280	21652	0212

Dear Ms. Harrington,

We have received your objection letter dated 11-24-08 and provide our response to your questions.

1. **Question** – *Farmers Next Generation Homeowners Amendatory Endorsement, AR008, 1st edition, 9-08, Endorsement/Amendment/Conditions (Form). Comment: Per your statement, AR008 amends the 1st version of policy form 56-5549 to be identical to the 2nd version. The Accuracy of Information and Changed Circumstances of the amendatory endorsement adds language to the 1st edition that is not included in the 2nd edition. The language "You agree that if any information we use to rate or underwrite your policy, including but not limited to whether you qualify for discounts, changes or is determined by you or us to be incorrect or incomplete, we may, during the policy period, re-underwrite this insurance, including adjusting coverage and/or premium." must be removed. It is our opinion that it would allow possible violations of the trade practices.*

Response – While we disagree this language may cause possible violations of trade practices, we have removed it from the AR008 Amendatory Endorsement under Accuracy of Information and Changed Circumstances. This therefore removes it from the 1ed policy. This language is also found in the 2ed policy as Section I – Property Conditions, 19. Changed Information. We have also removed it from the policy that is pending before the department. We include our revised AR008 Amendatory Endorsement 1ed. and Next Generation Homeowners Policy 56-5549 2ed.

2. **Question** – *Farmers Next Generation Homeowners Policy Index, 56-5549, 2nd edition, 7-08, Other (Form). Comment: The new language of the third paragraph, under Section 1, Uninsured loss or damage and excluded causes of loss or damage, A. Uninsured Types of Loss or Damage is unacceptable and must be removed. (Page 23)*

This language is vague and ambiguous given the affirmative coverages. "Any reason" could conceivably give the company ample 'excuses' to deny viable claims.

Response – We will remove the new language as requested.

3. **Question** – *Farmers Next Generation Homeowners Policy Index, 56-5549, 2nd edition, 7-08, Other (Form). Comment: Regarding the definition of vacant or vacancy - We consider your clarification of the term legally woefully inadequate. There are uses that may not be known by the owner, but would have been approved. We do not consider the language precise or definitive enough for approval.*

Response – We will amend the definition as follows:

Vacancy or vacant – means:

- a. no one is using the **dwelling** as a principal, habitual place of abode with the knowledge and approval of the owner; and
- b. a predominant amount of personal property has been removed or is absent from the dwelling.

A **dwelling** under active construction or actively being repaired because of damage otherwise covered under this policy will not be not considered **vacant** even if a. and b. apply. A **dwelling** is under active construction when it is being erected as a new structure or when it is undergoing substantial improvements, renovations, remodeling or modifications and the construction results in substantial continuing activities by persons associated with the construction project at the premises during the relevant time periods. A recently purchased dwelling that is not under active construction will be deemed **vacant** until occupied as a principle, habitual place of abode with the knowledge and approval of the owner.

This definition will apply whether or not a dwelling is in fact habitable.

4. **Question** – *Farmers Next Generation Homeowners Amendatory Endorsement, AR008, 1st edition, 9-08, Endorsement/Amendment/Conditions (Form). Comment: Please verify that all the language in the amendatory endorsement to assure each amendment is included in the 2nd addition and therefore required for the 1st edition.*

Response – If we understand the department’s question correctly, you are asking if the changes reflected in the amendatory endorsement are also found in the 2ed policy. From our review, we found one section where the language was different. We note that in Section I – Extensions of Coverage, 5. Debris Removal, the sentence “No deductible applies to this coverage” is not in the second paragraph as reflected in the Amendatory Endorsement. We have added this sentence to the paragraph in the policy. With these changes, the changes set forth in the Amendatory Endorsement are found in the 2ed NGHO policy.

Please let us know if you have any further questions. We request approval for our filing.

Respectfully,
FARMERS INSURANCE EXCHANGE

Mark Putich
Contracts Manager
Office: (435) 477-9054
Cell (209) 834-6343

FARMERS NEXT GENERATION® HOMEOWNERS POLICY

Arkansas

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Arkansas law requires the following information be included with every policy of insurance.
Arkansas Insurance Dept., Consumer Services Division
1200 W. 3rd St., Little Rock, AR 72201-1904;
Telephone 800-852-5494 or 501-371-2640

This policy is a legal contract between you (the policyholder) and us (the Company).
IT CONTAINS CERTAIN EXCLUSIONS.

READ YOUR POLICY CAREFULLY.

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and

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INTRODUCTION

Property Coverage:

Under Section I, this policy insures different kinds of property; however, not all property is insured. This policy will not pay for all types of loss or damage or for all causes of loss or damage to covered property. Coverage is dependent upon both the (1) cause of the loss or damage and (2) type of loss or damage.

Settlements, including replacement cost settlements, and coverages under this policy, are subject to the limits of insurance stated herein.

If loss occurs, refer to Section I - Property Conditions, Duties After Loss.

Liability Coverage:

Under Section II, this policy provides coverage for certain damages you become legally obligated to pay because of **bodily injury** or **property damage** resulting from an **occurrence**. If the Declarations or renewal notice indicates **personal injury** coverage applies, this policy provides coverage for certain **personal injuries**. Further, the amount we will pay is limited and coverage under this policy is subject to certain conditions.

If a claim should be made against you, refer to Section II - Liability Conditions, Duties after loss.

AGREEMENT

You agree to pay premiums when due and comply with all applicable terms of this policy. In return, we will insure you for the coverages and limits described except as otherwise indicated in the Declarations or renewal notice.

ACCURACY OF INFORMATION AND CHANGED CIRCUMSTANCES

The Coverage A (**Dwelling**) **stated limit** is the most we will pay if your **dwelling** sustains a loss. The actual cost to replace the **dwelling** at the time of loss may be different. We do not guarantee that the **stated limit** represents the actual cost to replace the **dwelling**. You may have additional insurance as provided under Extensions of Coverage or by endorsement.

You agree by acceptance of this policy and payment of premium that all information you have provided to us is accurate. We may provide you with information about your **dwelling** or this insurance. You agree to cooperate in determining if all information is correct and complete. You agree to notify us within 60 days if any information is inaccurate, incomplete or changes.

DEFINITIONS

Throughout this policy, "you" and "your" mean the "named insured" shown in the Declarations or renewal notice and your spouse or registered domestic partner under applicable state law if a resident of the same household with you. Any domestic partner must be registered prior to the date of a loss. "We," "us" and "our" refer to the company providing this insurance. In addition, certain words and phrases are defined as follows:

1. **Actual cash value** - means the reasonable replacement cost at time of loss less deduction for physical deterioration and depreciation.
We may depreciate all replacement costs, including by way of example but without limitation costs of materials.
2. **Aircraft** - means any device used or designed for flight, including **aircraft** parts, accessories, or equipment. **Aircraft** does not include model or hobby **aircraft** not used or designed to carry people or cargo.
3. **Annual aggregate limit** - means the total we will pay for all covered **occurrences** combined which happen in each policy period. This limit applies regardless of the number of such **occurrences** or loss events, or **insureds** or claimants.

4. **Bodily injury** - under Section II - Liability means physical harm to the body, including physical sickness or disease, to a person other than an **insured**. This includes reasonable required care, loss of services and death that results.

Bodily injury does not include:

- a. psychological or mental injury or effect, including by way of example but not limited to fear, depression, humiliation, anxiety, anguish, shock or distress, unless it arises from actual physical harm to the body of a person;
 - b. any sexually transmitted disease;
 - c. Acquired Immune Deficiency Syndrome (AIDS), AIDS related Complex, Human Immunodeficiency Virus (HIV);
 - d. any auto-immune disease; or
 - e. any symptom, injury, condition, effect, illness or disease related to subsections a. through d. above, or resulting from a **noxious substance**. A symptom, injury, condition, effect, illness or disease includes by way of example but is not limited to fatigue, insomnia, stomachaches, headaches or ulcers.
5. **Building structure** - means a structure fully enclosed with walls and a roof. A roof or wall does not include a temporary roof or wall structure or any kind of temporary tarp, sheeting or other covering, except a temporary roof or wall or temporary covering which has been installed for temporary purposes because of recent damage covered under this policy.
6. **Business** - means any full or part-time employment, trade, profession, or occupation, or a commercial, mercantile or industrial undertaking of an economic nature. It does not matter whether it is continuous or regular or is a secondary or supplemental source of income or is an **insured's** principal means of livelihood. Profit and profit motive are irrelevant.
- Business** does not include volunteer activities for a not-for-profit organization or public agency for which no money is received other than payment of expenses. **Business** does not include incidental and infrequent personal economic activity such as a garage or yard sale or hobby. **Business** does not include any self-employed, occasional activity by a person under 18 years of age, which activity has no employees or subcontracted independent contractors and is of a type of activity normally performed by persons under 18 including, by way of example but not limited to, babysitting, lawn mowing, paper delivery.
7. **Business property** - means property related to or used for or intended for use in **business**. **Business property** includes personal property that is frequently used in or for **business** or for **business** purposes.
8. **Contamination** - means the actual, perceived or suspected introduction, existence, presence, proliferation or spread of any, **noxious substance, nuclear substance, pathogen, fungus** or pollutant on, to, or in land, **water**, air, buildings, structures or personal property, either on or off the **residence premises** which may harm or injure the property or its usefulness or characteristics, or any person.
9. **Dwelling** - means the building used as the primary private residence structure located on the **residence premises**. **Dwelling** does not include **separate structures**.
10. **Earthquake** - means shaking or trembling of the earth, whether caused by volcanic activity, tectonic processes or any other cause.
11. **Earth movement** - means any movement of earth, including by way of example but not limited to any type of soil or rock, or mixture of soil and rock, or fill, regardless of magnitude. Examples of **earth movement** include but are not limited to:
- a. **earthquake**, landslide, mudslide, debris flow or mudflow, all whether combined with, caused by or resulting from **water**;
 - b. collapse, vibrating, settling, cracking, shrinking, bulging, heaving, subsiding, eroding, sinking, rising, shifting, shearing, expanding, lateral movement, displacement, compacting or contracting of or any pressure by surface or subsurface earth or fill, all whether combined with, caused by or resulting from **water** and all whether the **water** event is man-made or naturally occurring or is sudden and accidental or is constant, repeating, gradual, intermittent, steady or slow; and
 - c. volcanic activity, including eruption, explosion, lava flow and volcanic action.

12. **Fungus or fungi** - means any part or form of **fungus, fungi**, mold, mildew, spores, wet or dry rot, parasitic microorganisms, mycelial agent or fragment, scents, or mycotoxins. This includes any byproduct of any of the foregoing, whether germinated, whether forming a colony or infestation, whether aerosolized, and whether visible or not visible to the unaided human eye.

13. **Household appliance** - means:

- a. a common household device operated by gas or electric current. This includes by way of example but not limited to an air conditioning unit, heating unit, refrigerator, dishwasher, ice maker, clothes washer, water heater, disposal or dehumidifier, and any hoses directly attached thereto; and
- b. a water softener or filtration system connected to the **residence premises plumbing system**, and any hoses directly attached thereto.

Household appliance does not include furniture, waterbeds, aquariums or sump pumps. A household appliance is not part of the **plumbing system**.

14. **Insured** - means:

- a. you;
- b. permanent residents of your household who are:
 - (1) your relatives; or
 - (2) other persons under the age of 21 and in the care of any person described above in subsection a. or b. (1);
- c. a student enrolled in school full time, as defined by the school, who was a permanent 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 person described in b.(1) above; and
- d. under Section II - Liability, **insured** also means:
 - (1) any person or organization legally responsible for animals or watercraft covered under Section II - Liability which are owned by you, or anyone included in subsection b. or c. above. Any person or organization using or having custody of these animals or watercraft in the course of any **business** or without permission of the owner is not an **insured**.
 - (2) with respect to any vehicle covered as personal property under Section I of this policy:
 - i. any person while using or maintaining the vehicle while engaged in the employment of the **insured**; or
 - ii. any other person using the vehicle on an **insured location** with an **insured's** consent.

15. **Insured location** - means:

- a. the **residence premises**;
- b. that part of any other premises, structures and grounds you use as a private residence and:
 - (1) which is shown on the Declarations or renewal notice; or
 - (2) which you acquire during the policy period for your use as a private residence;
- c. any premises you use in connection with a premises described in subsections 15.a. or 15.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** and shown in the Declarations or renewal notice;
- f. land owned by or rented to you on which a one or two family **dwelling** is being built as your private residence;
- g. individual or family cemetery plots or burial vaults of an **insured**; and
- h. any part of a premises occasionally rented to an **insured** for other than **business** use, but only when it is actually rented to the **insured**.

16. **Marring** - means any disfigurement, blemish, discoloration weathering or stretching, or the like, of or to covered property, including by way of example but not limited to scratching, scorching, denting, creasing, gouging, fading, staining, tearing or thinning.

17. **Motor vehicle** - means:

- a. any self-propelled vehicle or any self-propelled machine, whether operable or not, which is designed for movement on land or on land and in **water**, including by way of example but not limited to any type of automobile, hovercraft or air cushion vehicle;
- b. parts, equipment, machinery, furnishings or accessories attached to or located in or upon such vehicle or machine described in subsection a. above; and
- c. any trailer or semi-trailer which is being carried on, towed by, or hitched for towing by a vehicle or machine described in subsection a. above.

18. **Noxious substance** - means any hazardous, toxic, or contaminating solid, liquid, vaporous, gaseous or thermal substance which may cause or result in harm, destruction, damage or injury to the environment or any living thing, or to covered property, the **residence premises** or any other property, or which may be an irritant or a nuisance.

Noxious substances include by way of example but are not limited to asbestos, silica, radon, fumes, odors, smoke from tobacco products, acids, alkalis, chemicals, carbon monoxide, oil, fuel, fuel oil, gasoline, lead, lead paint, polychlorinated biphenyls (PCBs), solvents or waste, including any residual dust or other residuals, other than commonly available chemical products found in a residential household which are normally used for cleaning or maintenance. Waste includes materials which are to be or have been recycled, reconditioned or reclaimed.

Noxious substances does not include smoke or fumes from a fire.

19. **Nuclear hazard** - means:

- a. a nuclear explosion, including shockwaves, and nuclear reaction and nuclear radiation;
- b. the dispersal or spread of **nuclear substances** or nuclear radiation by any means. These include conventional explosion, fallout, or radioactive contamination, all whether controlled or uncontrolled or whether intended or accidental, however caused; and
- c. the negligent, defective or improper design, construction, operation or maintenance of a nuclear facility or any facility which uses, handles, stores or processes **nuclear substances**.

Nuclear hazard is also intended to include any other act or omission which results in a **nuclear hazard**.

20. **Nuclear substance** - means any solid, liquid, vaporous, gaseous or thermal substance contaminated by or with nuclear radiation, or which gives off harmful levels of nuclear radiation.

21. **Occurrence** - under Section II - Liability, means an accident, including exposure to conditions, which occurs during the policy period, and which results in **bodily injury, property damage** or **personal injury** during the policy period. Repeated or continuous exposure to the same general conditions is deemed to be one **occurrence**.

22. **Pathogen** - means any biological or microbial organism or substance which may cause or result in harm, destruction, damage, injury or disease to any living thing or to property. **Pathogens** include by way of example but are not limited to bacteria, bacterium, viruses, or any part or by-product of bacteria, bacterium or viruses, including bacterial or viral toxins.

23. **Personal injury** - under Section II - Liability, means an act or activity of an **insured** which takes place during the policy period which results in injury to another, other than an **insured**, from one or more of the following offenses:

- a. false arrest, wrongful imprisonment or detention;
- b. libel, slander or defamation of character; or
- c. malicious prosecution.

Personal injury does not include false arrest, wrongful imprisonment or detention in connection with or arising out of molestation, abuse or corporal punishment.

24. **Plumbing system** - means all **water** supply and distribution pipes, plumbing fixtures and traps, drainage and vent pipes, and building drains. This includes their respective joints, connections and receptors and vents for same.

A **plumbing system** does not include any of the following:

- a. a shower pan;
- b. a roof drainage system, including by way of example but not limited to gutters, drain pipes and downspouts;
- c. a sump or sump pump, sump-pump well or related equipment, pipes or connectors;
- d. any part of a drainage ditch or channel; or
- e. that part of any system designed to remove or drain **water** away from a **building structure** or **separate structure** on the **residence premises** which part is not within a **building structure** or **separate structure** or which is not above the surface of the ground.

25. **Property damage** - under Section II - Liability means direct distinct and demonstrable, actual physical injury to or destruction of tangible property, including loss of use resulting from the distinct and demonstrable, actual physical injury to or destruction of the property.

Property damage does not mean:

- a. actual, threatened, feared, constructive or alleged diminution or loss of value or equity;
- b. functional impairment or loss of use of property unless the property has sustained distinct and demonstrable, actual physical injury or destruction, including by way of example but not limited to conditions brought about by long or repeated use, mechanical breakdown, or malfunction.

26. **Remediate** - means to:

- a. (1) decontaminate, abate, treat, contain, isolate, remove, extract, clean, mitigate, neutralize, quarantine or detoxify;
- (2) monitor, evaluate, detect, investigate, test or measure for;
- (3) haul away or dispose of; or
- (4) respond in any way to, or assess the effects of

any **nuclear substance, noxious substance, pathogen, fungus**, or pollutant, or any **contamination**, whether on or off the **residence premises**; or

- b. remove, restore or replace any land, **water**, air, building, structure or personal property which is threatened with or has been affected, damaged, infested, polluted or injured by **contamination**.

27. **Residence employee** - means an employee of an **insured** who performs duties related to the ownership, maintenance or use of the **residence premises**. This includes employees who perform similar duties elsewhere for an **insured** if the duties relate to the **residence premises**. This does not include employees while performing duties related to a **business** of an **insured**.

28. **Residence premises** - means the **dwelling, separate structures** and grounds at the address shown on the Declarations or renewal notice.

29. **Separate structure** - means:

- a. those structures, including buildings and **building structures**, on the **residence premises** set apart from the **dwelling** by clear space or structures only connected to the **dwelling** by a fence, wall, sidewalk, walkway, driveway, patio, decking or utility line or similar connection; and
- b. all fences, walls not part of a building, sidewalks, walkways, driveways, pools, pool cages, piers, wharfs, boat docks and spas on the **residence premises**, whether or not abutting or connected to the **dwelling**.

30. **Stated limit(s)** - means the dollar amounts stated as coverage limits on the Declarations or renewal notice for the different types of coverages.

31. Vacancy or vacant - means:

- a. no one is using the dwelling as a principal, habitual place of abode with the knowledge and approval of the owner; and
- b. a predominant amount of personal property has been removed or is absent from the dwelling.

A dwelling under active construction or actively being repaired because of damage otherwise covered under this policy will not be considered vacant even if a. and b. apply. A dwelling is under active construction when it is being erected as a new structure or when it is undergoing substantial improvements, renovations, remodeling or modifications and the construction results in substantial continuing activities by persons associated with the construction project at the premises during the relevant time periods. A recently purchased dwelling that is not under active construction will be deemed vacant until occupied as a principal, habitual place of abode with the knowledge and approval of the owner.

This definition will apply whether or not a dwelling is in fact habitable.

32. Vandalism or malicious mischief - means malicious or willful intentional physical injury or damage to property.

33. Water - means water (H₂O) alone, whether in liquid, frozen, or vapor form, or any liquid, sewage or sludge which contains water, whether or not contaminated or combined with or containing other chemicals, particulates, microorganisms or impurities. Water includes but is not limited to rain, snow, sleet, slush, ice, dampness, vapor, condensation, moisture, steam and humidity.

34. Water - reverse flow - means the flow of water through any sewage, septic or drainage system, or a drain, drain line or drainage channel, or sump pump, or similar system on the premises, which is designed to drain or pump water away from the premises, when the flow of water is in the opposite or reverse direction from that which the system, drain line, channel, or pump was designed to drain or pump. A stoppage on the premises within any of the foregoing which stops the flow of water with a resulting backing up of the water is a backup and is not a water-reverse flow. A backup may cause an overflow.

SECTION I - PROPERTY COVERAGE

SECTION I - LOSS OR DAMAGE INSURED

Coverage A (Dwelling), Coverage B (Separate Structures) and Coverage C (Personal Property)

We insure accidental direct physical loss or damage to that property described in Section I - Types of Property Insured.

Loss or damage:

1. means distinct and demonstrable, actual physical injury to or destruction of the property;
2. does not include functional impairment or the loss of use of property unless the property has sustained distinct and demonstrable, actual physical injury or destruction;
3. does not include any decrease in the market value of the property, however measured or determined;
4. is caused by perils or causes of loss or damage; and
5. consists of certain types of loss or damage.

We do not insure covered property for the types or causes of loss or damage described in Section I - Uninsured Loss or Damage and Excluded Causes of Loss or Damage.

SECTION I - TYPES OF PROPERTY INSURED

Coverage A (Dwelling)

We insure:

1. the **dwelling**; and
2. material and supplies owned by you on or adjacent to the **residence premises** for use in construction of the **dwelling** or a **separate structure**.

Coverage B (Separate Structures)

We insure **separate structures**.

We do not insure:

1. **separate structures** which are intended for use in **business** or which are actually used in whole or in part for **business** purposes by an **insured** or any other person; or
2. **separate structures** rented or held for rental to any person not a tenant of the **dwelling**, unless used solely as a private garage.

Coverage A (Dwelling) and Coverage B (Separate Structures)

We do not insure:

1. land or the value of land, including by way of example but not limited to the cost to restore, replace, repair or rebuild land. This includes land on which the **dwelling** or a **separate structure** is located. If covered cause of loss or damage occurs to the **dwelling** or a **separate structure** and to the land on the **residence premises**, we do not cover any increased cost to repair or replace the **dwelling** or **separate structure** because of damage to the land. Land includes but is not limited to trees, shrubs, plants and lawns on land. However, we do provide limited coverage for trees, shrubs, plants and lawns under Section I - Extensions of Coverage, Trees, Shrubs, Plants, and Lawns; or
2. any type of warranty, service or maintenance contract covering property.

Coverage C (Personal Property)

We insure personal property owned or used by an **insured** anywhere in the world. At your request after a loss, we will also insure personal property:

1. owned by others while the property is on the part of the **residence premises** occupied by an **insured**. However, property of tenants, roomers, live-ins or boarders not related to that **insured** is not covered; and
2. owned by and in the control of a **residence employee** while in the service of an **insured** anywhere in the world.

Special Limits On Certain Personal Property

Special limits of insurance apply to certain types of personal property. The limits shown below do not increase the Coverage C **stated limit**. The limit for each numbered group is the total limit for any one loss event for all property in that group. The lowest applicable special limit shall apply to personal property that falls into more than one group.

1. **Property usually located at an insured's residence other than the residence premises.**

15% of the Coverage C **stated limit** on personal property which is usually located at an **insured's** residence other than the **residence premises**. This is an aggregate limit which applies to all personal property usually located at the **insured's** other residence, even if the property is also subject to one or more of the specific special limits following. This limit does not apply to personal property in a newly acquired principal residence for the first 45 days after the **insured** begins moving to the new residence.

2. **Jewelry, watches, precious and semi-precious stones, and furs.**

\$1,000 limit on any one article and \$5,000 total limit on theft of jewelry, watches, precious and semi-precious stones and furs, including articles for which fur represents the principal value. This applies even if such items are considered artwork or used as decoration.

3. **Firearms.**

\$3,000 limit on theft of firearms. This includes their scopes or mounts whether attached or not, and all other firearm related equipment and ammunition.

4. **Business property, other than electronic data processing equipment, media and data.**

Coverage for loss or damage to **business property**, other than computers, electronic data processing equipment, and accessories and recording or storage media used with the foregoing, is limited to:

- a. \$5,000 limit while on the **residence premises**; and
- b. \$500 limit while away from the **residence premises**.

5. **Electronic data processing equipment, media and data.**

- a. \$5,000 limit on computers and electronic data processing equipment and accessories and recording or storage media used with the foregoing, whether or not it is **business property**. Computers, electronic data processing equipment, and recording or storage media that cannot be replaced with other of like kind and quality on the current retail market is not covered.
- b. \$1,000 limit for the cost of replacing data stored on computers, electronic data processing equipment, personal electronic entertainment equipment, communications equipment, accessories, electronic media or recording or storage media. Data includes by way of example but is not limited to any type of software or text, image, video or audio files.

6. **Money, cashiers checks, currency, gift certificates and cards, scrip and metals.**

\$200 limit on money, cashiers checks, currency, gift certificates or cards, stored value cards, scrip, smart cards or any card used as money (other than bank issued credit or debit cards), bank notes, medals, coins, bullion, platinum, gold and silver other than gold ware and silverware. This includes collections of all such property.

7. **Securities, deeds, valuable papers and stamps.**

\$1,500 limit on securities, deeds, evidences of debt, letters of credit, notes other than bank notes, legal documents and other valuable papers, personal records including, but not limited to, photographs, videos, financial and health records, manuscripts, passports, tickets, stamps and stamp collections. This limit includes the costs to research, replace or restore the information from the lost or damaged material.

8. **Silverware, gold ware, platinumware and pewter ware.**

\$3,000 limit on theft of silverware, gold ware, platinumware and pewter ware. This includes articles for which any such metal represents the principal value.

9. **Imported rugs, carpets and tapestries.**

\$5,000 any one article and \$10,000 total limit on theft of imported rugs, carpets and tapestries. This applies even if such items are artwork or decoration. Imported means made or manufactured in whole or in part outside of the United States.

10. **Cards and comic books.**

\$200 limit per trading or collectible card or comic book and \$2,500 total limit on all cards or comic books. This includes sports cards, game cards and trading cards of any kind.

11. **Watercraft and windsurfers.**

\$3,000 limit on watercraft and windsurfers. This includes their trailers, furnishings, equipment and outboard motors, which are not being carried on, towed by or hitched for towing by a **motor vehicle**.

12. **Trailers.**

\$1,500 limit on trailers not used with watercraft or windsurfers, which are not being carried on, towed by or hitched for towing by a **motor vehicle**.

13. **Motor vehicle parts.**

\$2,000 limit on **motor vehicle** parts, equipment, machinery, furnishings or accessories not attached to or located in or upon any **motor vehicle**.

SECTION I - TYPES OF PERSONAL PROPERTY NOT INSURED

We do not insure:

1. personal property separately described and specifically insured in this or any other policy;
2. any type of warranty, service or maintenance contract covering property;
3. any animals or creatures, including by way of example but not limited to mammals, birds, fish, reptiles, insects and spiders, except as provided in Extensions of Coverage;
4. watercraft and windsurfers, including their trailers, furnishings, equipment and outboard motors while being carried on, towed by or hitched for towing by a **motor vehicle**;
5. trailers while being carried on, towed by or hitched for towing by a **motor vehicle**;
6. **motor vehicles**, however, we do cover:
 - a. a motorized golf cart not subject to **motor vehicle** registration:
 - (1) while on the golf course and used for golfing purposes; or
 - (2) while in a private residential community, including its public roads upon which a motorized golf cart can legally travel, which is subject to the authority of a property owners association and contains the **residence premises**;
 - b. lawn, garden or farm equipment which is not designed for use on public roads and which is principally used on the **residence premises**;
 - c. recreational vehicles designed principally for off road recreational use that are only used on the **residence premises**, including by way of example but not limited to, all terrain vehicles; and
 - d. a motorized assisted living device designed to assist the disabled;
7. any sound, video, mapping, tracking or communications equipment or device or system designed for reproducing, detecting, receiving, transmitting, recording or playing data, maps, location, sound, videos or pictures, and is designed only to be operated from the electrical system of any **motor vehicle**, motorized land conveyance, watercraft, camper or home trailer while such equipment, device or system is in, on, or installed in a **motor vehicle**, motorized land conveyance, watercraft, camper or home trailer. This equipment includes by way of example but not limited to: citizen band radios, radio or cellular telephones, radio transceivers, radio transmitters, two way mobile radios, scanning monitor receivers, radar or laser detectors, car radio receivers, tape or disc players or recorders, global positioning system devices and any accessories, antennas, tapes, discs, software, reels, cassettes, cartridges, carry cases or other devices used with such equipment, device or system;
8. **aircraft** or self-propelled missiles;
9. property located in that part of the **residence premises** which is regularly rented or held for rent to others;
10. property of an **insured** which is rented or is available for rent to others when it is away from the **residence premises**;
11. property of roomers, live-ins, boarders or tenants not related to an **insured**;
12. **water**, electricity or gas; or
13. any property which is illegal for an **insured** to possess under federal or state law.

COVERAGE D - LOSS OF USE

The **stated limit** for Loss of Use is the total limit for all Additional living expense, Loss of rents and Prohibited use coverages for any one loss event.

1. **Additional living expense.**

If covered actual, accidental direct, distinct and demonstrable physical loss or damage to the **dwelling** makes the **dwelling** uninhabitable by you, we will reimburse you for the reasonable and necessary increase in living expense incurred by you. This coverage is for you and **insured** members of your household to maintain the normal standard of living you had at the time of the loss event. Reimbursement for additional living expense will be for the shortest time needed to (a) repair or replace the loss or damage to the **dwelling**, or (b) permanently relocate, but in no event for more than 24 months. Additional living expense that raises your standard of living will not be reimbursed. Upon our request, you must provide receipts for expenses incurred. Additional living expense will be paid for only one household, regardless of the number of named insureds.

2. **Loss of rents.**

If covered actual, accidental direct, distinct and demonstrable physical loss or damage to covered property makes that part of the **residence premises** rented to others or held for rental by you untenable, we cover the loss of rents less any expense that does not continue during the loss period. We pay for the shortest time needed to repair or replace the damaged property but in no event for more than 12 months. Loss of rents due to cancellation of a lease or agreement is not covered. This coverage only applies if the use of the part rented is for private residential living purposes.

3. **Prohibited use.**

We provide Additional living expense or Loss of rents as described above for no more than two weeks if a civil authority prohibits you from use of the **residence premises** because of actual, accidental direct, distinct and demonstrable physical damage to a neighboring premises, which damage would have been covered under this policy if the damage had occurred to the **residence premises**. Prohibited use coverage does not apply to threatened damage.

The time periods in subsections 1, 2, and 3 above are not limited by cancellation, renewal or non-renewal of this policy.

No deductible applies to subsections 1, 2, and 3 above.

SECTION I - EXTENSIONS OF COVERAGE

We will insure you for the Extensions of Coverage as described below except as otherwise indicated in the Declarations or renewal notice. Unless otherwise expressly stated, the following Extensions of Coverage are subject to all the policy terms, exclusions, deductibles, and conditions, including without limitation the terms and limitations of any uninsured loss or damage or excluded cause of damage set forth in Section I - Uninsured Loss or Damage and Excluded Causes of Loss or Damage, and in any other Extension of Coverage.

1. **Limited Water Coverage.**

- a. We provide limited coverage for accidental direct, distinct and demonstrable physical **water** damage of covered property from direct contact with **water**, but only if the **water** results from:
 - (1) the build-up of ice on portions of the roof or roof gutters on a **building structure**.
 - (2) hail, rain, snow, or sleet entering through an opening in the roof or wall of a **building structure**, but only if the opening is first caused by damage from the direct force of the following:
 - i. fire;
 - ii. lightning;
 - iii. explosion resulting from combustion;

- iv. riot or civil commotion;
 - v. **aircraft** or vehicles;
 - vi. **vandalism** or **malicious mischief**;
 - vii. collapse of a **building structure** or structural part of the **building structure**;
 - viii. falling objects;
 - ix. windstorm;
 - x. hail; or
 - xi. theft or attempted theft.
- (3) the freezing of and a discharge, leakage or release of **water** as a result of the freezing from the **plumbing system**, heating, air-conditioning or automatic fire protection system or a **household appliance**. We only cover the **water** damage from freezing if you have used reasonable care to:
- i. maintain heat in the **dwelling** or heated **building structure**; or
 - ii. shut off the **water** supply and drain the **plumbing system**, other system or **household appliance** of **water**.

Under this subsection (3) we will cover loss or damage from the freezing to the covered **plumbing system**, heating, air-conditioning or automatic fire protection system or a **household appliance** from which the **water** discharged, erupted, released or overflowed.

- (4) a sudden and accidental discharge, eruption, overflow or release of **water**, other than a **water - reverse flow**, from within any portion of:
- i. a **plumbing system**;
 - ii. a heating or air conditioning system;
 - iii. an automatic fire protection system; or
 - iv. a **household appliance**;

and provided the discharge, eruption, overflow or release of **water** is not directly or indirectly caused by, or arises out of or results from flood, including debris flow and mud flow, from any form of surface **water**, waves, tsunami, seiche, tidal **water**, tidal waves, storm surge or overflow or escape of a body of **water**, or spray from any of these, whether or not driven by wind.

- b. The limited coverage for **water** damage described at subsection a. (4) above applies even if the sudden and accidental discharge, eruption, overflow or release of **water** is caused by the following Section I - part B. Excluded Causes of Loss or Damage:

- (1) Faulty, Inadequate, Defective or Incomplete Planning, Zoning, Maintenance, Repairs, Manufacture or Construction;
- (2) Inherent Vice or Latent Defect;
- (3) Wear and Tear or Mechanical Breakdown;
- (4) Corrosion, Deterioration, Decay or Rust;
- (5) Power Interruption;
- (6) Animals or Pests;
- (7) Pressure by Trees, Shrubs, Plants or Lawns; or
- (8) Collapse of Building Structure or Structural Part of the Building Structure Extension of Coverage.

All the foregoing must either occur on or be on the **residence premises**, unless the damage is to covered personal property which is off the **residence premises** when damaged.

- c. A sudden and accidental discharge, eruption, overflow or release of **water** does not include a constant or repeating gradual, or slow release of **water**, or the infiltration or presence of **water** over a period of time. We do not cover any **water**, or the presence of **water**, over a period of time from any constant or repeating gradual or slow seepage, leakage, trickle, collection, infiltration or overflow of **water** from any source, even if from the usage of those items described in subsection a. (4) (i), (ii), (iii) or (iv) above, whether known or unknown to any **insured**.

- d. If **water** damage to the **dwelling** or to a **building structure** covered under subsection a. (4) above occurs on the **residence premises**, we will pay the reasonable cost of tearing out and replacing that part of the **dwelling** or the **building structure** actually necessary for you to gain access and repair that portion of the system or **household appliance** from which the **water** suddenly and accidentally discharged, erupted, overflowed or was released. Any costs incurred under this subsection are subject to the applicable Coverage A or B **stated limit**.
- e. Under subsection a. (4) above, we do not cover loss or damage to any system or **household appliance** from which the **water** discharged, erupted, released or overflowed.
- f. We do not cover any loss or damage which consists or is composed of or which is the movement, settling, cracking, bulging, shrinking, heaving, erosion, washing out or expanding of a foundation, slab, concrete floor, concrete pad or sidewalk or patio, or a foundation wall, foundation fill, or pavement.
- g. This is not additional insurance and all loss, damage or expense under this coverage is subject to the applicable Coverage A, B, or C **stated limit** or any special limit of insurance on personal property.
- h. **Water** damage under subsection a. (4) will include any **contamination** damage from any **contaminant** in the **water**.

2. **Extended Replacement Cost - Coverage A.**

We will pay you up to the Extended Replacement Cost **stated limit**, if necessary, to repair, rebuild or replace covered loss or damage to the **dwelling**.

For this Extended Replacement Cost coverage to apply at the time of loss or damage to the **dwelling**, you must have complied with each of the following conditions, as applicable:

- a. you must have notified us within 60 days of any inaccuracy or change in any information you have provided us regarding the physical characteristics of your **dwelling**;
- b. you must have notified us within 60 days of any inaccuracy or change in any information we have provided to you regarding the physical characteristics of your **dwelling**;
- c. you must have notified us within 60 days of the start of any physical changes which costs or will increase the replacement cost of your **dwelling** by \$5,000 or more. This includes additions or remodeling;
- d. you must have selected or increased the Coverage A **dwelling** amount to an amount at least equal to our most current estimated replacement cost of the **dwelling**; and
- e. you must actually repair, rebuild or replace the **dwelling**.

If you do not comply with conditions a., b., c. and d. above prior to covered direct physical loss or damage to the **dwelling** and with condition e. above after the direct physical loss or damage, then this coverage will not apply. With respect to conditions a., b., c. and d. above, you must agree to any resulting increases in the Coverage A (**Dwelling**) limit and other **stated limits** as calculated.

This is additional insurance. It will only apply if the Coverage A **stated limit** is insufficient to repair, rebuild or replace covered loss or damage to the **dwelling** at the same location. If you do elect to rebuild at a different location, then any Extended Replacement Cost coverage available will only be based on the costs to repair, rebuild or replace the **dwelling** as if at the same location.

This coverage only applies to loss or damage to the **dwelling** excluding any increased costs from enforcement of any building ordinance or law. We will not consider any increased costs from enforcement of any building ordinance or law when we determine whether this coverage applies.

3. **Contents Replacement Cost - Coverage C.**

- a. If the Declarations or renewal notice indicates that Contents replacement cost coverage applies, then covered loss or damage to covered personal property, except for those types of personal property described in subsection c. below, will be settled at replacement cost without deduction for depreciation for an amount that is reasonably necessary to repair or replace the damaged property, but for no more than the smallest of the following:
 - (1) any **stated limit** or other limit of insurance under this policy that applies to the property;

- (2) the replacement cost of that part of the property damaged for equivalent manufacture or construction with materials of like kind and quality, determined as of the time of loss;
 - (3) the reasonable amount actually and necessarily spent to repair or replace damage to the property;
or
 - (4) the loss to the interest of the **insured** in the property.
- b. We will pay no more than the **actual cash value** of the property at the time of loss until actual repair or replacement is completed. Except for those types of personal property described in subsection c. below, you may collect any additional amount on a replacement cost basis. To do so the property must have been repaired or replaced in accordance with and subject to Section I - Property Conditions, Replacement Cost Settlement.
- c. Covered loss or damage to the following types of personal property, whether or not attached to buildings or any structure, will be settled as shown below in subsection d.:
- (1) property which cannot be replaced;
 - (2) property not in workable condition at the time of loss or damage;
 - (3) property, the age or condition of which has rendered it either obsolete or unusable for the purpose for which it was originally intended;
 - (4) paintings, etchings, pictures, tapestries, art glass windows, or other bona fide works of art or rarity, historical value or artistic merit, including by way of example but not limited to valuable rugs, statuary, marble, rare books, manuscripts, bronzes, porcelains, rare glass or bric a brac;
 - (5) antiques, including by way of example but not limited to furniture, metalware, tools, toys, and bric a brac;
 - (6) photographs or negatives, digital or analog storage medium that contains data or articles whose age or history contribute substantially to their value, including by way of example but not limited to memorabilia, souvenirs, and collectibles and collectors items;
 - (7) a motorized golf cart not subject to **motor vehicle** registration:
 - i. while on the golf course and used for golfing purposes; or
 - ii. while in a private residential community, including its public roads upon which a motorized golf cart can legally travel, which is subject to the authority of a property owners association and contains the **residence premises**;
 - (8) farm equipment principally used on the **residence premises**;
 - (9) recreational vehicles designed principally for off road recreational use that are only used on the **residence premises**, including by way of example but not limited to, all terrain vehicles;
 - (10) **motor vehicle** parts, equipment, machinery, furnishings or accessories not attached to or located in or upon any **motor vehicle**.
- d. The covered types of personal property shown above in subsection c. will be settled for no more than the smallest of the following:
- (1) **actual cash value**;
 - (2) fair market value;
 - (3) any **stated limit** or other limit of insurance under this policy that applies to the property; or
 - (4) the reasonable amount actually and necessarily spent to repair or replace loss or damage to the property.
- e. The Coverage C **stated limit** is the most we will pay regardless of the number of items of personal property which are involved in a loss event.
- f. We may repair or replace damaged property with equivalent like kind and quality property.

4. Building Ordinance or Law.

- a. We will pay for the increased costs that you actually and necessarily incur when you repair or rebuild covered damage to the **dwelling** or a **separate structure** because of or resulting from the enforcement of any governmental ordinance, code, regulation, order or law, hereinafter "building law".

We will pay up to the percentage shown on the Declarations or renewal notice of the applicable Coverage A (**Dwelling**) or Coverage B (**Separate Structures**) **stated limit**. The building law must be adopted by the local government in which the **dwelling** is located and be in force on the date of loss or damage. The building law must directly apply to the part of the **dwelling** or **separate structure** which sustained the covered damage, and enforcement of the building law must directly result from the covered damage and must require:

- (1) upgrades to or regulation of the construction, demolition, renovation, repair, removal or rebuilding of that part of the **dwelling** or a **separate structure** which has sustained covered damage;
 - (2) the total demolition and/or regulation of the reconstruction of the undamaged part of the **dwelling** or a **separate structure** necessary to repair the damaged part of the **dwelling** or **separate structure** and to bring the undamaged part of the **dwelling** or **separate structure** into conformity with the building law;
 - (3) the renovation or rebuilding of the undamaged part of the **dwelling** or a **separate structure** necessary to complete the repair or rebuilding of that part of the **dwelling** or **separate structure** which has sustained the covered loss or damage; or
 - (4) modifications to any undamaged part of the **dwelling** or **separate structure** as a direct result of the covered loss or damage.
- b. We do not cover:
- (1) the loss in value to the **dwelling** or a **separate structure** due to the requirements of any building law;
 - (2) the cost to repair, replace, rebuild, stabilize or otherwise restore land;
 - (3) the costs to comply with any building law which requires an **insured** or others to **remediate** the **dwelling** or a **separate structure**, or a part thereof;
 - (4) the increased cost to repair or rebuild if the **dwelling** or **separate structure** is not intended for the same type of occupancy as the pre-loss event **dwelling** or **separate structure**;
 - (5) the increased cost to repair or rebuild the **dwelling** or **separate structure** until it is actually repaired or rebuilt;
 - (6) those increased costs of construction, renovation or repair that are a result of your failure to timely undertake repairs or rebuilding of loss or damage;
 - (7) the costs of demolition if you should fail to reasonably mitigate, repair or rebuild loss or damage and as a result the **dwelling** or **separate structure** then becomes subject to demolition;
 - (8) those costs of complying with any building law that you were required to comply with before the covered loss or damage and which building law you failed to comply with;
 - (9) those costs of complying with any building law that regulates the use of the **dwelling** or **separate structure**; or
 - (10) those costs of conforming, correcting or remedying any original or subsequent construction, addition, modification, renovation or repair to a building or other structure which did not conform to a building law in effect when the construction, modification, renovation or repair was performed.

- c. If you should rebuild the dwelling or a separate structure at another location, then we will only pay under this coverage the increased costs that you would have incurred to repair or rebuild the dwelling or separate structure at the same location.

This Building Ordinance or Law coverage is additional insurance.

5. Debris Removal.

We will reimburse you for the reasonable and necessary expenses you incur to remove debris caused by or resulting from covered loss or damage.

If the amount of loss or damage, including reimbursable debris removal expense, exceeds the applicable Coverage A, B or C stated limit for the type of damaged property, we will reimburse you up to an additional 5% of the applicable stated limit for the excess reimbursable debris removal expense you have incurred. This is additional insurance which is excess of the applicable Coverage A, B or C stated limit. No deductible applies to this coverage.

Debris removal does not include and we will not reimburse any expenses incurred by you or anyone acting on your behalf to:

- a. remediate any contamination; or
- b. remove, restore or replace any contaminated land, water, air, buildings, structures or personal property, either on or off the residence premises.

This coverage does not apply to any debris removal of any tree, shrub, plant or lawn, unless the tree, shrub, plant or lawn first damaged covered Coverage A or B property. Then the removal of the tree, shrub, plant or lawn will be included in this Debris removal coverage.

6. Trees, Shrubs, Plants and Lawns.

Subject to the limitations set forth in Section I - Uninsured Loss or Damage and Excluded Causes of Loss or Damage, we cover trees, shrubs, plants and lawns on the residence premises for accidental, direct physical loss or damage resulting from the following perils:

- a. fire or lightning;
- b. explosion resulting from combustion;
- c. riot or civil commotion;
- d. aircraft and vehicles, not owned or operated by any insured;
- e. vandalism and malicious mischief; and
- f. theft.

Property grown for business purposes is not covered.

The limit for this coverage, including any necessary debris removal, for any one loss event will not exceed 5% of the Coverage A stated limit. No more than \$750 will be paid for any one tree, shrub or plant. This coverage is additional insurance and is not subject to the Coverage A stated limit.

Except as provided therein, debris removal for trees, shrubs, plants and lawns is not covered under Section I - Extensions of Coverage, Debris Removal.

7. Fire Department Service Charge.

We will pay up to \$750 for fire department charges incurred when the fire department is called to save or protect covered property from covered loss or damage.

This coverage is additional insurance. It is not subject to the applicable Coverage A, B, or C stated limits.

No deductible applies to this coverage.

8. Emergency Removal of Property.

We pay for damage from any cause to covered property:

- a. while being removed from a premises actually and imminently endangered by a peril not excluded under this policy; and

b. while removed for not more than 30 days from the date of removal.

This is not additional insurance. All loss or damage under this coverage is subject to the applicable Coverage C **stated limit** or any Special Limits on Certain Personal Property.

9. **Identity Fraud**

a. We will pay up to \$1,500 for loss sustained by an **insured** caused by any of the following:

- (1) a knowing transfer or use, without authority, of the identity of or a means of identification of an **insured** to obtain goods, services or other benefits from an innocent third party. The transfer or use must be with intent to commit, or to aid or abet, unlawful activity that constitutes a violation of federal law or a felony under any applicable state or local law;
- (2) theft or unauthorized use of a credit, debit or fund transfer card issued to that **insured**;
- (3) forgery or alteration of a check or other negotiable instrument made or drawn upon an **insured's** account; or
- (4) acceptance in good faith by an **insured** of counterfeit United States or Canadian paper money.

No deductible applies to this subsection a. Any loss which may be payable under this subsection a. will be reduced by any amount we pay under any other coverage of this policy for the same loss event.

b. We will reimburse up to \$28,500 for the costs and expenses identified below. For coverage to apply:

- (1) the costs or expenses must be the direct result of an act described in subsection a. which first commences during the policy period;
- (2) the act described in subsection a. must be reported to us within 90 days after the date of discovery; and
- (3) the costs or expenses must be incurred within 12 months after the date of discovery.

Reimbursable costs and expenses are:

- (1) costs for notarizing fraud affidavits or similar documents for financial institutions or similar credit grantors, credit agencies or card issuers that have required that such affidavits be notarized;
- (2) costs for certified mail to law enforcement agencies, credit bureaus, financial institutions or similar credit grantors or card issuer;
- (3) lost wages as a result of time taken off from work to meet with, or talk to, law enforcement agencies, credit agencies, card issuers and/or legal counsel, or to complete fraud affidavits, or to attend legal proceedings, up to a maximum payment of \$250 per day for a maximum of ten days;
- (4) loan application fees for re-applying for a loan(s) when the original application is rejected solely because the lender received incorrect credit information;
- (5) reasonable attorney fees incurred for:
 - i. defense of lawsuits brought against that **insured** by merchants, card issuers or their collection agencies;
 - ii. the removal of any criminal or civil judgments wrongly entered against that **insured**; and
 - iii. challenging the accuracy or completeness of any information in a consumer credit report; and
- (6) charges incurred for long distance telephone calls to merchants, law enforcement agencies, financial institutions or similar credit grantors, or credit bureaus, or card issuers to report or discuss any of the subsection a. loss events.

For subsection b. we will reimburse all costs or expenses up to \$28,500 that exceed \$100 in the aggregate.

c. The additional duties of the **insured** after loss are to:

- (1) cooperate in the investigation of the covered event and provide receipts, bills or other records that support the **insured's** claim for reimbursement under this extension of coverage; and

- (2) immediately notify the police. As applicable, notify the issuer of the card, credit bureau, credit reporting agency, or credit grantor. Failure to comply with the terms and conditions of the reporting requirements of the grantor of credit will void coverage for any further loss after such failure.
- d. Any act of or series of acts committed by any person(s) or in which any person(s) is involved or implicated is considered to be one loss event, even if a series of acts continues into subsequent policy periods.
- e. We do not cover loss or expense:
 - (1) arising from or in connection with any **business** engaged in by any **insured**;
 - (2) arising from any fraudulent, dishonest or criminal act by an **insured**, any person acting in concert with an **insured**, any authorized representative of an **insured**, or any **residence employee**, regardless of whether any of these act alone or in collusion with others;
 - (3) arising out of use of any card, identification or information by a resident of the **residence premises** or a relative of the **insured** which enables any of the activities in subsection a. above;
 - (4) if an **insured** has not complied with all terms and conditions under which any card is issued; or
 - (5) resulting from any use of a credit card or other credit information of an **insured** by persons or entities to whom the account information has been made available by an **insured** for the purchase of goods, services, money or property, and the **insured** is disputing the transaction for any reason whatsoever, including by way of example but not limited to disputes over the quality or amount of goods, services, money or property provided or authorized.

Regardless of the number of **insureds** or loss events, our total aggregate limit of insurance under this extension of coverage for loss, costs and expense for any policy period is \$30,000. The policy deductible does not apply to this coverage.

10. **Collapse of Building Structure or Structural Part of the Building Structure.**

We cover loss or damage to covered property caused by collapse of a **building structure** or any structural part of the **building structure**. The collapse must be a direct result of:

- a. weight of ice, snow, sleet or rain which collects on a roof;
- b. weight of persons, animals, contents or equipment; or
- c. defective methods or materials used in construction, repair, remodeling or renovation, but only if the collapse occurs in the course of such construction, repair, remodeling or renovation.

The collapse must be a sudden and accidental, actual and complete falling down or caving in of the **building structure** or of a structural part of the **building structure**. A structural part of a **building structure** means a part of the building, which if it fell down or caved in, would threaten the structural integrity of the **building structure**. Substantial impairment of a **building structure** or structural part of a **building structure** without a sudden and accidental, actual and complete falling down or caving in is not a collapse. Collapse does not mean imminent or threatened collapse. Collapse does not include movement, settling, cracking, bulging, shrinkage, heaving or expansion, whether natural or otherwise, of the **building structure** or a structural part of the **building structure** unless an actual and complete falling down or caving in has occurred. Collapse coverage does not apply to **separate structures** which are not **building structures**.

For purposes of this Extension of Coverage only, a **building structure** means a structure fully or partially enclosed with walls, but fully covered by a roof. A roof or wall does not include a temporary roof or wall structure or any kind of temporary tarp, sheeting or other covering, except a temporary roof or wall or temporary covering which has been installed for temporary purposes because of recent damage covered under this policy.

This is not additional insurance. All loss or damage under this coverage is subject to the applicable Coverage A, B or C **stated limit** or any Special Limits on Certain Personal Property.

11. Food Spoilage.

We will pay for the cost of loss or damage to contents in a refrigerator or freezer on the **residence premises** which thaws or spoils due to interruption of electrical utility service. The interruption must originate off the **residence premises**. This coverage is subject to the Coverage C **stated limit**.

12. Artificially Generated Electrical Current.

We will pay for loss or damage caused by a sudden and accidental surge or decrease in artificially generated electrical current, whether on or off the **residence premises**, to any electronic components or wiring of or in covered personal property. We will pay no more than \$1,000 for all personal property damaged per loss event.

13. Arson, Burglary or Vandalism and Malicious Mischief Reward.

We will pay up to the amount specified below for information which leads to an arson, burglary or **vandalism** and **malicious mischief** conviction in connection with loss or damage to property covered by this policy:

- a. a \$5,000 limit for arson;
- b. a \$1,000 limit for burglary; and
- c. a \$500 limit for **vandalism** and **malicious mischief**.

In no event will the amount of the reward exceed the total amount of the loss or damage. We will pay no more than the highest limit for any one loss event. No limit shall be increased, regardless of the number of persons providing information for that loss, the number of claims being made for that loss or the fact that the loss may involve loss or damage to property under Coverages A, B and C.

No deductible applies to this coverage.

14. Lock Re-keying.

We will reimburse you up to \$500 for expense you incur to re-key locks on exterior doors of the **dwelling** or a **separate structure** located on the **residence premises**, when the keys to those locks are part of a covered loss.

No deductible applies to this coverage.

15. Pet Coverage.

We will pay reasonable amounts up to \$500 for the veterinary care, burial, disposal, injury or death of household pets owned or kept by you that are injured or die resulting from any covered loss under **SECTION I** that occurs on the **residence premises**. Settlement will be based on the monetary value of the household pets up to a maximum of \$500 for all pets in any covered loss event under **SECTION I**.

For the purposes of this coverage only, a household pet is a fully domesticated animal owned by you for personal companionship, such as a dog, a cat, a reptile, a bird or a rodent. Household pet does not include any type of horse, cow, pig, sheep, goat, chicken, turkey, rooster, or captive fur-bearing animal, or any animal commonly kept for food or profit.

SECTION I - UNINSURED LOSS OR DAMAGE AND EXCLUDED CAUSES OF LOSS OR DAMAGE

A. Uninsured Types of Loss or Damage.

We do not insure property covered under this policy, provide Loss of Use coverage or extend coverage under any Extensions of Coverage, for any loss or damage consisting or composed of any of the uninsured types of loss or damage listed below, whether on or off the residence premises, however caused, whether the loss or damage is, or is the result of, a natural or man-made activity, condition or event, except as may be stated otherwise.

Uninsured types of loss or damage are never covered regardless of whether any acts, omissions or decisions of any persons, group, organization, association or governmental body or any other cause of loss or event contributes concurrently or in any combination or sequence to cause the uninsured type of loss or damage, except as may be stated otherwise.

Uninsured types of loss or damage can occur in combination with insured loss or damage. If any uninsured type of loss or damage does occur in combination with or in sequence to insured loss or damage, the uninsured type of loss or damage is not covered. If a loss event involves both insured types of loss or damage and uninsured types of loss or damage, the insured types of loss or damage will be covered and the uninsured types of loss or damage will not be covered.

1. Water Damage.

We do not insure loss or damage consisting of, composed of or which is water damage, except as covered under Section I - Extensions of Coverage, Limited Water Coverage and unless if by fire or lightning.

2. Nuclear Damage.

We do not insure loss or damage consisting of or composed of nuclear radiation. Further, we do not insure any remediation of or provide any Loss of Use or any Extensions of Coverage for expenses directly or indirectly due to, arising out of or resulting from remediation of nuclear damage.

3. Construction Defect.

We do not insure loss or damage which is a construction defect in the dwelling or a separate structure, except as covered under Section I - Extensions of Coverage, Collapse of Building Structure or Structural Part of the Building Structure and unless if by fire or lightning.

4. Inherent Vice or Latent Defect.

We do not insure loss or damage which is an inherent vice or latent defect in covered property.

5. Contamination.

We do not insure loss or damage consisting of, composed of or which is contamination except as covered under Section I - Extensions of Coverage, Limited Water Coverage or unless if by fire or lightning. However, even if by fire or lightning, nuclear contamination is not insured. Further, we do not insure any remediation or provide any Loss of Use or any Extensions of Coverage for expenses directly or indirectly due to, arising out of or resulting from remediation of any contamination.

6. Breakage, Impairment, Corruption or Failure of Personal Property.

We do not insure loss or damage which is the breakage, impairment, corruption or failure of personal property, including any electronic or mechanical part of the personal property, except as provided in item 14.

7. Wear and tear or mechanical breakdown.

We do not insure loss or damage which is wear and tear, deterioration or mechanical breakdown, unless if by fire or lightning.

8. **Marring.**

We do not insure loss or damage which is **marring** of covered property except as provided in item 14.

9. **Corrosion, Deterioration, Decay or Rust.**

We do not insure loss or damage consisting of, composed of or which is corrosion, deterioration, decay or rust, unless if by fire or lightning. This includes by way of example, but is not limited to any decomposition, breakdown and/or decay of manmade or natural material or matter by any agent.

10. **Fungi.**

We do not insure loss or damage consisting of, composed of or which is **fungi**. However, if **fungi** is located upon covered property, which property must be repaired or replaced because of direct physical damage as the result of a covered loss, we will remove and dispose of any **fungi** on that covered property. Further, we do not insure any **remediation** or provide any Loss of Use or any Extensions of Coverage for expenses directly or indirectly due to, arising out of or resulting from **remediation** of **fungi**.

11. **Pathogen.**

We do not insure loss or damage consisting of, composed of or which is a **pathogen**, unless if by fire or lightning. Further, we do not insure any **remediation** or provide any Loss of Use or any Extensions of Coverage for expenses directly or indirectly due to, arising out of or resulting from **remediation** of a **pathogen**.

12. **Movement, Settling, Cracking, Bulging, Shrinking, Heaving or Expanding.**

We do not insure loss or damage consisting of, composed of or which is the movement, settling, cracking, bulging, shrinking, heaving or expanding of any part of covered property, except as provided in item 14.

Movement, settling, cracking, bulging, shrinking, heaving or expanding of any part of covered property includes by way of example but not limited to foundations, foundation fill material, foundation piers, foundation beams, slabs, pads, patios, walls, floors, ceilings, roofs, roof structures, walks, driveways, pavements, curbs, fences, retaining walls, bulkheads, spas or swimming pools.

13. **Building Ordinance or Law.**

We do not insure the increased costs of enforcement of any ordinance, code, regulation, order or law except as provided in Section I - Extensions of Coverage, **Building Ordinance or Law**.

However, we do insure sudden and accidental direct physical loss or damage which results from order of governmental or public authorities to prevent the spread of a fire if the fire results from a cause of loss which would have been covered under this policy.

14. **Exceptions to Uninsured types of damage.**

However, we do insure:

6. Breakage, Impairment, Corruption or Failure of Covered Personal Property;

8. **Marring**; and

12. Movement, Settling, Cracking, Bulging, Shrinking, Heaving or Expanding;

which is directly caused by the following causes of loss, subject to the terms, conditions and limitations set forth in subsection B. Excluded Causes of Loss or Damage for any such cause of loss:

a. fire or lightning;

b. windstorm or hail;

c. smog, smudging or smoke (all only if sudden and accidental);

d. explosion resulting from combustion (other than nuclear explosion);

e. riot or civil commotion;

f. **aircraft** or vehicles;

g. theft;

h. falling objects;

- i. fall of trees or limbs, including felling, topping or trimming of trees;
- j. weight of ice, snow or sleet which causes damage to personal property contained in a building; or
- k. artificially generated electric current;

and we do insure:

6. Breakage, Impairment, Corruption or Failure of Covered Personal Property; and

8. **Marring**

which is directly caused by the following subsection B. Excluded Cause of Loss or Damage or by the following Extensions of Coverage, subject to the terms, conditions and limitations set forth for the cause of loss or the Extensions of Coverage: **vandalism or malicious mischief**, Limited Water Coverage and Collapse of a Building Structure or Structural Part of the Building Structure.

B. Excluded Causes of Loss or Damage.

Except as expressly provided elsewhere in this policy, we do not insure property covered under this policy, provide Loss of Use coverage or extend coverage under any Extensions of Coverage for loss or damage directly or indirectly caused by, arising out of, or resulting from any of the Excluded Causes of Loss or Damage listed below, whether occurring on or away from the **residence premises**. Acts or omissions of persons or other causes or other events can cause, contribute to, combine with or aggravate any of the Excluded Causes of Loss or Damage to cause loss or damage. Loss or damage is not covered regardless of any acts, omissions or decisions of any persons, group, organization, association or governmental body or any other causes or other events which aggravate or contribute concurrently or in any combination or sequence with the excluded cause of loss or damage.

Excluded Causes of Loss or Damage are excluded whether they are, or are the result of, natural or man-made activities, conditions or events.

Excluded Causes of Loss or Damage apply to exclude the loss or damage arising from or as a result of the excluded activity, condition or event, whether the loss or damage is direct or indirect or immediate or consequential.

However, we do insure direct physical loss or damage by fire, when the fire results from an excluded cause of loss or damage, except when the fire results from Governmental action, Failure to Protect Covered Property, Destructive Acts, **Nuclear Hazard**, Meteorites or **Vandalism or Malicious Mischief** or **Arson** if the **dwelling is vacant**. We do insure loss or damage consisting of or composed of **water** from a covered fire.

1. **Earth Movement.**

2. **Water.**

By way of example, this exclusion includes but is not limited to:

- a. a **water - reverse flow**;
- b. flood, including debris flow and mud flow, any form of surface **water**, waves, tsunami, seiche, tidal **water**, tidal waves, storm surge or overflow or escape of a body of **water**, or spray from any of these, whether or not driven by wind; or
- c. **water** from any source whatsoever above, on or below the surface of the ground, whether natural or otherwise.

This **water** exclusion applies even if **water** combines or contributes in any way with any other excluded cause of loss or damage hereunder to cause loss or damage, including by way of example but not limited to **fungi** or any **noxious substance**.

However, see Extensions of Coverage, **Limited Water Coverage** for limited coverage for **water** damage.

3. **Nuclear Hazard.**

4. **Neglect or Lack of Maintenance or Failure to Make Repairs.**

5. **Faulty, Inadequate, Defective or Incomplete Planning, Zoning, Maintenance, Repairs, Renovation, Manufacture or Construction.**

We do not insure loss, damage or costs directly or indirectly caused by, arising out of or resulting from faulty, inadequate, defective or incomplete planning, zoning, development, surveying, siting, engineering, design, specifications, workmanship, maintenance, servicing, repairs, renovation, manufacture, construction, grading, compaction, or materials that is for, is used in or is part of a method or process involving any type of personal property owned or used by an **insured** or any type of real property (including land or any improvements) whether or not the real property is owned or used by an **insured**.

This exclusion applies:

- a. whether the activity is by an **insured** or by any person, group, organization, association or governmental body;
- b. whether or not an **insured** knew of or approved the activity;
- c. whether the property is on or off the **residence premises**;
- d. whether the property is **insured** under this policy;
- e. whether the activity involves a flawed quality inherent in the property itself or involves a flawed process, method or procedure in producing property or which affects property;
- f. whether the activity being performed on one item of property which damages another item of the same or different property in the process; or
- g. whether the activity damages one aspect or part of property and another aspect or part of the same or different property becomes flawed as a result.

However, see Extensions of Coverage, **Limited Water Coverage** for limited coverage for **water** damage.

6. **Inherent Vice or Latent Defect.**

We do not insure loss or damage directly or indirectly caused by, arising out of or resulting from any inherent vice or latent defect in property or a quality in or of the property that causes it to damage or destroy itself, whether or not such defect or quality could have been discovered upon reasonable inspection.

However, see Extensions of Coverage, **Limited Water Coverage** for limited coverage for **water** damage.

7. **Contamination.**

We also do not insure any **remediation** or provide any coverage under Loss of Use or any Extensions of Coverage, directly or indirectly due to, arising out of, or resulting from **contamination**.

8. **Wear and Tear, Deterioration or Mechanical Breakdown.**

However, see Extensions of Coverage, **Limited Water Coverage** for limited coverage for **water** damage.

9. **Corrosion, Deterioration, Decay or Rust.**

However, see Extensions of Coverage, **Limited Water Coverage** for limited coverage for **water** damage.

10. **Fungi.**

This exclusion includes but is not limited to the discharge, dispersal, migration, release or escape of any **fungi**, whether combined with, caused by, or resulting from **water**. Further, we do not insure any **remediation** or provide any coverage under Loss of Use or any Extensions of Coverage directly or indirectly due to, arising out of, or resulting from **remediation** of **fungi**.

11. Noxious Substance.

This exclusion includes but is not limited to the discharge, dispersal, seepage, migration, release or escape of any **noxious substance**. This exclusion applies whether the **noxious substance** was used legally, normally or intentionally for a purpose for which it was intended and whether its use was confined within the general area of its intended use, or whether the **noxious substance** was the result of some legal and normal use of any process or product. Further, we do not insure any **remediation** or provide any coverage under Loss of Use or any Extensions of Coverage directly or indirectly due to, arising out of, or resulting from **remediation** of any **noxious substance**.

12. Pathogen.

This exclusion includes but is not limited to the discharge, dispersal, migration, release or escape of any **pathogen**. Further, we do not insure any **remediation** or provide any coverage under Loss of Use or any Extensions of Coverage directly or indirectly due to, arising out of, or resulting from **remediation** of a **pathogen**.

13. Building Ordinance or Law.

Except as otherwise provided in Section I - Extensions of Coverage, **Building Ordinance or Law**, we do not insure loss or damage directly or indirectly caused by, arising out of or resulting from the enforcement of any ordinance, code, regulation, order or law.

14. Governmental Action.

- a. This exclusion includes but is not limited to the, confiscation, seizure, quarantine or destruction of or injury to any property covered by this policy by any governmental authority or order of governmental authority. This exclusion applies even if:
 - i. the governmental authority mistakenly believes it has the right to engage in the conduct;
 - ii. the confiscation, seizure, quarantine, damage, condemnation or destruction is sustained by property not intended or expected by the governmental authority;
 - iii. the damage is different, or greater or of a different quality than that intended or expected by the governmental authority;
 - iv. the governmental authority did not understand that confiscation, seizure, quarantine, damage, condemnation or destruction may result; or
 - v. the confiscation, seizure, quarantine, damage, condemnation or destruction is incidental to policing activity of the governmental authority.
- b. However, we do insure actual direct, distinct and demonstrable physical loss or damage caused by acts of confiscation, seizure, damage or destruction of your property by any governmental authority or order of governmental authority:
 - i. taken at the time of a fire to prevent its spread, if the fire would be otherwise covered under this policy; or
 - ii. if, subject to the Destructive Acts Exclusion, the confiscation, seizure, damage or destruction is incidental to policing activity of a governmental authority and is directly caused by or results from the activities of a person who is not an **insured**, or who is not a tenant, roomer, live-in or boarder.

15. Power Interruption.

We do not insure loss or damage directly or indirectly caused by, arising out of or resulting from the interruption of power or other utility service which originates off the **residence premises**, except as provided in Section I - Extensions of Coverage, **Food Spoilage Coverage**.

16. Artificially Generated Electrical Current.

We do not insure loss or damage directly or indirectly caused by, arising out of or resulting from a sudden and accidental surge from or increase or decrease in artificially generated electrical current to any electronic components or wiring of or in personal property, except as provided in Section I - Extensions of Coverage, **Artificially Generated Electrical Current**.

17. Failure to Protect Covered Property.

We do not insure loss or damage directly or indirectly caused by, arising out of or resulting from the failure or neglect of an **insured** to use all reasonable means to mitigate or abate covered loss or damage or to protect covered property at and after the time of loss or damage, or when property is endangered by a covered cause of loss or damage.

18. Destructive Acts.

We do not insure loss or damage directly or indirectly caused by, arising out of or resulting from any destructive act directed against civilian, military or governmental personnel or property by any domestic or foreign person(s), organization(s), association(s), entity or entities, government or any quasi-governmental body. This exclusion includes by way of example but is not limited to war, undeclared war, civil war, insurrection, seizure, rebellion and revolution, all whether or not by military or paramilitary personnel, and including any direct or indirect consequence of these, including **contamination**. This exclusion applies even if the loss or damage is sustained by property not intended or expected. This exclusion does not include acts of **vandalism** or **malicious mischief**.

19. Theft.

We do not insure for theft:

- a. from a **dwelling** that is under construction, until after the construction has been completed and when the **dwelling** is occupied by an **insured**;
- b. from a **dwelling** that is undergoing remodeling or renovation unless the **dwelling** is occupied by an occupant who is legally using the **dwelling** as a principal, habitual place of abode;
- c. from the **residence premises**, if the **dwelling** has been **vacant** for a period of more than 30 days prior to the theft or no person has actually legally lived in the **dwelling** for a period of 30 days;
- d. committed by any **insured** or at the direction of an **insured**;
- e. committed by any person who is regularly residing at an **insured location**. However, theft committed by a **residence employee** is covered;
- f. from any part of a **residence premises** rented to others;
- g. of property from any other premises owned, occupied by or rented to any **insured** unless an **insured** is temporarily residing there at the time of the theft. Property of an **insured** in a secured rental storage facility is covered. Property of a student **insured** is covered at a residence away from the **residence premises** if the student has been at the residence any time 45 days before the theft;
- h. of watercraft, campers or trailers and their equipment, furnishings and outboard motors when off the **residence premises**;
- i. of property while off the **residence premises** and unattended in any **motor vehicle** or trailer, other than a public conveyance, unless all its doors, windows and other openings are closed and locked and there are visible marks of forcible entry. Property is not unattended when an **insured** has entrusted the keys of the vehicle to a custodian;
- j. of building materials and supplies while off the **residence premises**;

- k. directly or indirectly caused by, arising out of or resulting from any type of sale or transfer of real or personal property, or any investment or any investing activity, including by way of example but not limited to internet transactions, conversion, fraud or other deceptive practices; or
- l. committed by or at the direction of any person to whom an **insured** has given or allowed a power of attorney, or any other similar power, or any type of authorization in or over the property of the **insured**.

Theft includes attempted theft. Theft does not include mysterious disappearance of property, a shortage of property or property taken by someone who claims a right to such property under a written or oral agreement with any **insured** unless a court of law rules that a theft did occur. To be covered under this policy, any theft must be immediately reported to the local police.

20. **Mysterious Disappearance.**

Mysterious disappearance is an unexplained loss of property, including by way of example but not limited to losing or misplacing property.

21. **Vandalism or Malicious Mischief or Arson if the Dwelling is Vacant.**

We do not insure loss or damage directly or indirectly caused by, arising out of or resulting from:

- a. **vandalism** or **malicious mischief** if:
 - i. the **dwelling** has been **vacant** beyond a period of 30 days or no person has actually legally lived in the **dwelling** for a period of 30 days; or
 - ii. committed by any person who is regularly residing on the **residence premises**; or
- b. arson, whether a result of **vandalism** or **malicious mischief**, if the **dwelling** has been **vacant** beyond a period of 60 consecutive days.

Vandalism or **malicious mischief** does not include theft of property.

22. **Animals or Pests.**

This exclusion only applies to animals or creatures owned or kept by an **insured**, or pests including by way of example but not limited to bats, rats, mice and other rodents, bees, termites and moths, vermin, birds, fish, reptiles, insects and spiders.

However, see Extensions of Coverage, **Limited Water Coverage** for limited coverage for **water** damage.

23. **Smog, Smudging or Smoke.**

We do not insure loss or damage directly or indirectly caused by, arising out of or resulting from smog, smudging or smoke:

- a. from the manufacturing of controlled substances, or from legal or illegal commercial, manufacturing, industrial or agricultural operations, whether on or off the **residence premises**; or
- b. which originates on the **residence premises**, unless the smog, smudging or smoke is sudden and accidental.

24. **Pressure by Trees, Shrubs, Plants or Lawns.**

We do not insure loss or damage directly or indirectly caused by, arising out of or resulting from pressure by, push from or presence of (1) any trees, shrubs, plants or lawn, or (2) any root system from any trees, shrubs, plants or lawn.

However, see Extensions of Coverage, **Limited Water Coverage** for limited coverage for **water** damage.

25. **Soil Conditions.**

Soil conditions include by way of example but are not limited to corrosion, erosion, chemicals, compounds, elements, formation of crystals, suspensions or gels of or in the soil, or saturation of the soil.

26. Windstorm or hail.

We do not insure loss or damage directly or indirectly caused by, arising out of or resulting from windstorm or hail:

- a. to personal property covered under this policy contained in a **building structure** caused by sand or dust unless the direct force of wind or hail first damaged the **building structure** causing an opening in a roof or outside wall and then sand or dust enters through this opening and causes the loss or damage to the personal property;
- b. to watercraft and windsurfers, including their trailers, furnishings, equipment and outboard motors, unless inside a fully enclosed **building structure** at the time of loss or damage; or
- c. to cloth awnings, greenhouses and their contents, radio and television towers, masts and antennas, including lead-in wiring, and wind chargers and windmills.

27. Aircraft or vehicles.

However, we do insure loss or damage from accidental direct, distinct and demonstrable physical contact by an **aircraft**, or any refuse from an **aircraft**, or a vehicle with covered property or with a structure containing the covered property. Coverage will not apply unless the **aircraft** or vehicle is moving. Extensions of Coverage **Artificially Generated Electrical Current** and **Food Spoilage** are not subject to this exclusion.

28. Falling Objects.

- a. We do not insure loss or damage to covered property caused by or resulting from objects which fall as a result of any cause of loss or damage excluded in this policy.
- b. We do not insure loss or damage to personal property contained in a **building structure** caused by:
 - i. a falling object, unless the direct force of the falling object first damages the roof or an outside wall of the **building structure**; or
 - ii. sand or dust, unless the direct force of a falling object first damages the roof or an outside wall of the **building structure** and then sand or dust enters through this opening and causes the loss or damage to personal property.
- c. We do not insure loss or damage to covered property caused by or resulting from meteorites.

A falling object is a material inanimate thing which can be touched. Loss of or loss or damage to the falling object itself is not covered.

29. Collapse.

However, we do provide limited coverage for collapse of a **building structure** or any structural part of a **building structure** in Section I - Extensions of Coverage, **Collapse of Building Structure or Structural Part of the Building Structure**.

30. Sales or Transfers of Property.

We do not insure loss or damage directly or indirectly caused by, arising out of or resulting from any type of sale or transfer of real or personal property by or to an **insured**, including by way of example but not limited to internet transactions, and whether by conversion, fraud, trickery, false pretenses or other deceptive practices.

31. Pollution.

In addition, we do not insure any **remediation** or provide any coverage under Loss of Use or any Extensions of Coverage directly or indirectly due to, arising out of, or resulting from **remediation** of pollution. This exclusion does not apply to loss or damage caused by sudden and accidental smoke or fumes from a fire.

32. Refinishing, Renovating, Repairing, Servicing, Restoring, Reconditioning, Retrofitting or Retouching of Personal Property.

33. Weather Conditions.

We do not insure a weather condition if the weather condition contributes to or combines with any cause of loss or damage excluded under this policy to cause loss or damage, except if with Falling Objects or Power Interruption. This exclusion applies whether or not the weather condition affects property covered by this policy and whether the property is on or off the **residence premises**.

34. Movement, Settling, Cracking, Bulging, Shrinking, Heaving or Expanding of any Structure.

35. Malfunction or Failure of Software or a Computer System.

This exclusion applies whether or not a result of error or malicious activities.

36. Extremes of Temperature.

This exclusion includes freezing, except as provided in Extensions of Coverage, **Limited Water Coverage**.

SECTION I - PROPERTY CONDITIONS

1. Limits of Insurance.

- a. The **stated limits** or any other applicable limits of insurance in this policy are the maximum amounts we will pay for covered loss or damage. You are responsible for selecting the **stated limits**.
- b. Subject to **stated limits**, with each covered loss or damage to the **dwelling** or any **separate structure**, the amount of insurance coverage applicable to that structure will be reduced by the estimated amount of the loss or damage until reconstruction or repairs are actually made. Except as otherwise provided in this policy, any endorsement attached hereto, or any renewal hereof, as reconstruction or repairs are made, the amount of insurance coverage for that structure will be reinstated up to the applicable **stated limit**.

2. Insurable Interest.

If more than one person or entity has an insurable interest in the covered property, the most we will pay is an amount equal to the **insured's** interest, unless specifically stated otherwise herein.

3. Duties After Loss.

In case of covered loss or damage to property, it is your responsibility to:

- a. give prompt written notice to us or our agent without unnecessary delay. In case of theft, you must also immediately notify the police. In case of loss under Section I - Extensions of Coverage, **Identity Fraud**, involving an unauthorized use of a credit card, debit card, fund transfer card, forgery, or acceptance of counterfeit money, you must also immediately notify the police, and as appropriate, the issuer of the card, credit bureau, credit reporting agency, and the credit grantor;
- b. protect the property from further damage. You should make any reasonable and necessary emergency repairs or perform loss mitigation needed to protect the property from further damage. See Section I - Property Conditions, Emergency Services following. Failure to perform emergency repairs or loss mitigation may result in continuing or secondary damages which may not be covered under this policy. Keep records and receipts of your costs;
- c. make a list of all damaged or destroyed personal property showing in detail the quantity, description, **actual cash value**, replacement cost, age and amount of loss. Attach all bills, receipts and related records that support your figures;
- d. cooperate with our investigation of the loss or damage and our verification of any repairs or replacement of the damaged property;

- e. as often as we reasonably require:
- (1) exhibit the damaged property or provide us and our representatives access to the damaged property in order to, among other things, determine the types of loss or damage and the extent and cause thereof, and costs of repair or replacement;
 - (2) provide us with records, documents and other information we may request, and permit us to make copies. This includes by way of example but not limited to banking records, asset, debt and income information, records and documents, credit history and other financial records, prior insurance losses with us or other insurers, or receipts for property damaged, if obtainable;
 - (3) allow us to take samples of damaged property for inspection, testing and analysis;
 - (4) submit to examinations under oath by us at such times and places as we reasonably designate. We may require the examinations to be conducted separately and apart from any other person defined as you or **insured**. Each examinee must sign a transcript of his or her examination. Submission to a requested examination(s) under oath is a condition precedent to recovery under this policy. Our denial of your claim shall not act as a waiver of our right to examinations under oath; and
 - (5) produce representatives, employees, members of your household or others for interviews or examinations under oath to the extent it is within your power to do so; and
- f. send us within 60 days after our request, your signed, sworn statement showing:
- (1) date, time, location and cause of loss or damage;
 - (2) interest of all **insureds** and all others in the property involved;
 - (3) all legal claims against the property involved including lienholders;
 - (4) all other insurance and any warranty, service or maintenance contract which may cover the loss or damage (see Other Insurance condition following);
 - (5) all information we request to investigate the claim;
 - (6) changes in title or occupancy of the property;
 - (7) specifications and detailed repair estimates of any damaged structure;
 - (8) a list of stolen, damaged or destroyed personal property described in subsection 3.c. above;
 - (9) receipts and records that support additional living expenses and loss of rents; and
 - (10) evidence which states the amount and cause of loss to support a claim under Extensions of Coverage, **Identity Fraud** coverage.

To the extent an **insured**, other than you, is a direct beneficiary of coverage under this policy, that **insured** shall also be responsible for complying with the duties and responsibilities set forth in this policy respecting loss or damage, including examinations under oath and production of information requested by us.

4. **Emergency Services.**

In the event your covered property sustains covered loss or damage, you should protect the property from further damage. You should make any reasonable and necessary emergency repairs or perform loss mitigation needed to protect the property from further damage (hereinafter emergency services). We will reimburse the necessary, reasonable costs you incur on an emergency basis to mitigate further damage. from the covered event.

If you undertake emergency repairs or services, you must give prompt notice to us or our agent without unnecessary delay and exhibit the damaged property or provide us and any of our representatives access to the damaged property so that we may, among other things, determine the types of loss or damage and the extent and causes thereof, and estimate the reasonable costs of repair or replacement, if covered. This is not additional insurance. Expenses incurred for emergency services are subject to the applicable Coverage A, B or C **stated limit** and any Special Limits on Certain Personal Property that apply to the property.

Emergency services do not include mitigation or abatement of uninsured types of loss or damage, including by way of example but not limited to **remediation** of any **nuclear substance, noxious substance, pathogen, fungus**, or pollutant, or any **contamination**.

If you report loss or damage to covered property and if you have not already performed reasonable, necessary emergency services, we may at our sole discretion assist you in obtaining such emergency services prior to our determination as to whether the loss or damage is covered under this policy. Although we are not obligated to do so, we may advise you of or we may dispatch an independent contractor to perform such emergency services. However, you are responsible for contracting for such emergency services with the independent contractor. You have the right to reject the independent contractor providing such emergency services at any time. The provision of such emergency services will not prejudice our right to later deny coverage for any loss or damage.

It is solely your responsibility to direct or manage the activities of any independent contractor providing emergency services. We do not assume liability arising from any repair, attempted repair or from any loss mitigation.

5. How We Settle Covered Loss.

a. Coverage A (**Dwelling**) and Coverage B (**Separate Structures**). We will only settle covered loss or damage on the basis of use as a private residence.

(1) Settlement for covered loss or damage to the **dwelling** or **separate structures** will be settled at replacement cost, without deduction for depreciation, for an amount that is reasonably necessary to repair or replace damaged property, but for no more than the smallest of the following:

- i. the applicable **stated limit** or other limit of insurance under this policy that applies to the damaged or destroyed **dwelling** or **separate structure(s)**;
- ii. the replacement cost of that part of the **dwelling** or **separate structure(s)** damaged for equivalent construction with materials of like kind and quality on the **residence premises**, determined as of the time of loss or damage;
- iii. the reasonable amount actually and necessarily spent to repair or replace the damage to the **dwelling** or **separate structure(s)**; or
- iv. the loss to the interest of the **insured** in the property.

When the cost to repair or replace damaged property is more than \$2,500, we will pay no more than the **actual cash value** of the loss until actual repair or replacement is completed. If the **dwelling** or **separate structure** is rebuilt or replaced at a different location, the costs described in subsection ii. above are limited to the costs which would have been incurred if the **dwelling** or **separate structure** had been rebuilt or replaced at its location on the **residence premises**.

b. Coverage C (Personal Property).

Unless Section I - Extensions of Coverage, **Contents Replacement Cost** Coverage applies, covered loss or damage to personal property will be settled for no more than the smallest of the following:

- (1) **actual cash value**;
- (2) fair market value;
- (3) any **stated limit** or other limit of insurance under this policy that applies to the property;
- (4) the reasonable amount actually and necessarily spent to repair or replace damage to the property; or
- (5) the loss to the interest of the **insured** in the property.

The Coverage C **stated limit** is the most we will pay regardless of the number of items of personal property which are involved in a loss event.

6. **Replacement Cost Settlement - Time Limitation.**

For any loss to property which may be settled on a replacement cost basis, you have 365 days from the date of our first payment toward **actual cash value** to collect any amounts due for replacement cost settlement. The property must be actually repaired or replaced by you to collect replacement cost. If you do not actually repair or replace the property within 365 days from the date of our first payment toward **actual cash value**, then the loss or damage will only be settled at **actual cash value**.

7. **Other Insurance and Assignment.**

Except as provided below, this insurance is excess of any other insurance covering the property. If covered property sustains loss or damage covered by any other insurance, we will be liable only for that portion of the loss covered under this policy that is in excess of the limit of insurance that applies under the other insurance. For purposes of this provision, other insurance includes any type of warranty or service or maintenance contract.

If insurance is issued by us or any other member company of the Farmers Insurance Group of Companies covering the loss or damage, the loss or damage will only be payable under the single policy providing the highest limit of insurance.

8. **Deductible clause.**

We pay for loss or damage when a covered loss exceeds the deductible(s) amount applicable to the property. The deductible(s) applies separately to each loss or damage event. All limits of insurance, including special limits, will be applied after application of the appropriate deductible(s) to the loss or damage.

9. **Loss or Damage to a Pair or Set.**

We may elect to:

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

Loss or damage to a part does not mean a total loss or damage of the pair or set.

10. **Appraisal.**

If you and we fail to agree on the **actual cash value**, amount of loss or damage or the cost of repair or replacement of the loss or damage, either one may make a written demand for appraisal. Each will then select a competent and disinterested, independent appraiser and notify the other of the appraiser's name within 20 days after the written demand is received. The appraisers will choose a competent, independent and disinterested umpire. If the appraisers cannot agree upon an umpire within 15 days, you or we can ask a judge of a court of record in the judicial district where the **residence premises** is located to choose an umpire. Any person or entity which has performed services for either party at any time as respects the particular loss or damage or loss event at issue in the claim may not serve as an appraiser or the umpire.

The appraisers will then set the amount of loss or damage, stating separately the **actual cash value**, the repair or replacement cost and a description of the damage and extent of damage for each item of property. If the appraisers submit a written agreement to us, the agreed amount will be the amount of loss or damage and **actual cash value**. If the appraisers cannot agree, they will submit their differences to the umpire. A written agreement signed by any two will set the amount of loss or damage and **actual cash value**. Each party will pay the appraiser it chooses. The umpire and all other expenses of the appraisal will be paid equally by you and us.

Interpretation of this policy and whether any particular loss or damage to covered property is in fact insured under this policy may not be determined under this provision.

11. **Vacancy.**

Vacancy of the **residence premises** will affect coverage as provided in this policy.

12. **Intentional Acts, Criminal Acts, and Fraud.**

We do not provide coverage for loss or damage if any **insured** has before or after the loss or in relation to any insurance provided in this policy:

- a. concealed or misrepresented any material fact or circumstance;
- b. intentionally caused or arranged for the loss or damage;
- c. directly or indirectly caused the loss or damage while engaged in committing or concealing a felony;
- d. engaged in fraudulent conduct; or
- e. made material, false statements.

We do not provide coverage for loss or damage from a criminal act committed by or at the direction of any **insured** if the loss that occurs may be reasonably expected to result from such an act, or is the intended result of such an act.

13. **Suit Against Us.**

No suit or other action can be brought against us, our agents or our representatives unless there has been full compliance with all the terms of this policy, including submission to requested examinations under oath. Suit on or arising out of the Section I - Property Coverage of this policy must be brought within the time allowed by law.

14. **Loss Adjustment and Payment.**

At our option, we may adjust all losses with you. We may pay you unless another payee is named in the policy, in which case we will pay as interests appear. We will pay within 30 days after:

- a. we reach agreement with you;
- b. a final judgment; or
- c. an appraisal award.

15. **Abandoned Property - Our Option.**

We need not accept property abandoned by an **insured**. At our sole option and discretion, we may take all or part of the damaged property at an agreed or the appraised value. We will give you written notice of our intention within 30 days after receipt of your signed sworn statement of loss or the written agreement from the appraisal.

16. **Mortgagee Clause.**

- a. Mortgagee includes trustee or loss payee. If a mortgagee is named in this policy, a covered loss will be paid to the mortgagee and you, as interests appear. If more than one mortgagee is named, the order of payment will be the same as the order of precedence of the mortgages.

If we deny your claim, based on your act, omission or neglect, such denial will not apply to a mortgagee's valid claim if the mortgagee:

- (1) knows and promptly notifies us of any change of ownership, occupancy, **vacancy** or substantial change in risk;
- (2) pays on demand any premium due if you have failed to do so; and
- (3) submits a signed, sworn statement of loss within 60 days after we notify the mortgagee of your failure to do so.

- b. All policy conditions and terms will apply to the mortgagee, except Misrepresentation, Concealment or Fraud, unless committed by the mortgagee or its representatives. A mortgagee will only have a valid claim if it promptly notifies us of any change in ownership, occupancy, vacancy or of a substantial change in risk known to the mortgagee.

- c. We will give the mortgagee 10 days notice before we cancel this policy for non-payment of premium. We will give the mortgagee 20 days notice before we cancel for any other reason. If we pay the mortgagee for any loss and deny payment to you:

- (1) we have right of recovery against any party responsible for the loss; and

(2) at our option, we may pay off the entire mortgage debt to the mortgagee. In this event, we receive full assignment and transfer of the mortgage, including all security held as collateral to the mortgage debt, and we are subrogated to all the rights of the mortgagee under the mortgage.

A mortgagee's claim will not be impaired by transfer of a right of recovery.

- d. If the dwelling is foreclosed upon under the deed of trust or through any other legal means, the mortgagee may cancel this policy of insurance. The mortgagee will then be entitled to any unearned premiums from this policy.

The mortgagee must credit any unearned premium against any deficiency owed. The mortgagee must return any unearned premium not so credited to the borrower. The unearned premium will be figured using the customary pro rata procedures.

17. No Benefit to Bailee.

This insurance will not benefit any person, association or organization who may be storing, holding or caring for or handling or moving property for a fee. We will not recognize any assignment or grant any coverage hereunder to any such person or organization.

18. Salvage.

We have salvage rights to damaged property for which we pay loss benefits. We have the right to obtain all or part of the property which may be recovered, including property substituted by others to conceal the loss.

SECTION II - LIABILITY

SECTION II - LIABILITY COVERAGE

We will insure you for the coverages as described below except as otherwise indicated in the Declarations or renewal notice.

Coverage E (Personal Liability)

We will pay those damages which an insured becomes legally obligated to pay because of:

1. bodily injury resulting from an occurrence; or
2. property damage resulting from an occurrence.

At our expense and with attorneys of our choice, we will defend an insured against any suit seeking damages covered under Coverage E (Personal Liability). Our obligation to defend a suit seeking damages ends once we have paid our applicable stated limit. We may investigate and settle any claim or suit seeking damages that we consider appropriate.

We do not have any duty to defend or settle any suit involving actual, alleged, threatened or declared bodily injury or property damage not covered under this liability insurance. This applies whether or not the suit is groundless, false or fraudulent.

Coverage F (Medical Payments To Others)

We will pay reasonable medical expenses for necessary medical services furnished to a person to whom this coverage applies for treatment of bodily injury. This will apply for services within three years from the date of the occurrence causing bodily injury.

Necessary medical services are limited to necessary medical, surgical, dental, x-ray, ambulance, hospital, professional nursing and funeral services. These include the costs of pharmaceuticals, orthopedic and prosthetic devices, eyeglasses, and hearing aids.

Necessary medical services do not include:

1. treatment, services, products or procedures that are:
 - a. experimental in nature, for research, or not primarily designed to serve a medical purpose; or
 - b. not commonly and customarily recognized throughout the medical profession and within the United States as appropriate for the treatment of the **bodily injury**;
2. the use of:
 - a. thermography or other related procedures of a similar nature; or
 - b. acupuncture or other related procedures of a similar nature; or
3. purchase, rental cost, or use of:
 - a. hot tubs, spas, water beds;
 - b. exercise equipment;
 - c. heating or vibrating devices;
 - d. furniture or equipment not primarily designed to serve a medical purpose;
 - e. memberships in health clubs; or
 - f. medical reports, unless requested by us.

A reasonable medical expense means the usual and customary expense for the necessary medical services.

This coverage applies to:

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

This coverage does not apply to:

1. persons injured as a result of their intentional acts;
2. any **insured** or any regular resident of an **insured location**, except a **residence employee** who is in the course and scope of employment by an **insured** as a **residence employee**; or
3. any person eligible to receive benefits provided or mandated under any workers' compensation, occupational disease or non-occupational disability law.

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

SECTION II - LIABILITY EXTENSIONS OF COVERAGE

We will insure you for the Extensions of Coverage as described below except as otherwise indicated in the Declarations or renewal notice.

1. **Claim Expenses.**

We pay:

- a. all costs we incur in our settlement of a claim or defense of a suit with attorneys of our choice;
- b. premiums on bonds required in a suit we defend, but not for a bond amount greater than the Coverage E **stated limit**. We are not obligated to apply for or furnish a bond;
- c. reasonable expenses incurred by an **insured** at our specific request to help us investigate or defend a suit. When we ask an **insured** to attend hearings or trials we will pay actual loss of earnings (but not other income) up to \$250 per day; and
- d. interest after entry of judgment. This will only apply to that portion of damages covered by this policy and which do not exceed the applicable Coverage E or F **stated limits**. We will only be responsible for interest accruing on such damages until we pay, have given written offer to pay or have deposited the damages with a court.

2. **First Aid Expenses.**

We will reimburse reasonable and necessary first aid expenses for **bodily injury** to others incurred by an **insured** at the time of an **occurrence** to which this liability coverage applies. We do not pay for first aid to you or any other **insured**.

3. **Damage to Property of Others.**

At your request, we pay replacement cost up to \$1,500 per **occurrence** for **property damage** to property of others caused by an **insured**. We will not pay for **property damage**:

- a. to property covered under Section I - Property Coverage;
- b. intentionally caused by an **insured** who is 13 years of age or older;
- c. to property owned by or leased or rented to an **insured**, a tenant of an **insured**, any resident of an **insured's** household or anyone who cohabits with an **insured**;
- d. to **business property**;
- e. arising out of any **business** engaged in by an **insured**;
- f. arising out of premises owned, rented or controlled by an **insured**, other than an **insured location**; or
- g. arising out of the ownership, maintenance, operation, use, moving, occupancy, loading or unloading or entry or exit of **aircraft**, watercraft, or **motor vehicles** or any other motorized land conveyance or trailers.

4. **Association Loss Assessment Coverage.**

If the Declarations or renewal notice shows loss assessment coverage amount and the **residence premises** is subject to and governed by a homeowners or property owners association of which you are a member, then subject to the rules of the association we will pay up to the Loss Assessment **stated limit** for your share of any assessment levied against you and other unit owners by the association, but only if the assessment is for the following:

- a. If the assessment is for accidental, direct, distinct and demonstrable, physical loss or damage to tangible property owned in common by all association members, the loss or damage must be loss or damage that manifests during this policy period or the twelve months immediately following the end of this policy period and be loss or damage we would cover under Section I - Property Coverage as it would apply to your **dwelling** or other property you own.
- b. If the assessment is for **bodily injury, property damage** or **personal injury**, if **personal injury** coverage is provided hereunder, for which the association becomes liable, then the **bodily injury, property damage** or **personal injury** must result from an **occurrence** to which Section II of this policy would apply to an **insured**.

The **stated limit** is the most we will pay with respect to any one loss event, regardless of the number of assessments which may be levied by the association for loss or damage or liability arising from that event. This coverage is excess over any collectible insurance covering the association for the loss or damage or liability, whether the association files a claim for the loss or damage or liability with its insurer. You must make a claim for this coverage with us within 365 days of notice to you of the assessment. Claims made after that time are void. Our sole responsibility under this coverage is to pay for a covered assessment.

5. **Personal Injury**

If the Declarations or renewal notice indicates **personal injury** coverage applies, we will pay those damages which an **insured** becomes legally obligated to pay because of **personal injury** resulting from an **occurrence** to which this coverage applies.

At our expense and with attorneys of our choice, we will defend an **insured** against any suit seeking damages covered as **personal injury**. Our obligation to defend a suit seeking these damages ends once we have paid the applicable limit of insurance. We may investigate and settle any claim or suit seeking damages that we consider appropriate.

We do not have any duty to defend or settle any suit involving actual, alleged, threatened or declared **personal injury** not covered under this liability insurance. This applies whether or not the suit is groundless, false or fraudulent.

SECTION II - LIABILITY EXCLUSIONS

Coverage E (Personal Liability), Coverage F (Medical Payments to Others) and **personal injury** coverage, if covered under this policy, do not apply to:

1. **Any Insured or Other Residents of the Residence Premises.**

We do not cover **bodily injury** or **personal injury** to:

- a. any **insured**; or
- b. any resident of the **residence premises**. However, we do cover **bodily injury** to a **residence employee** unless the **bodily injury** is the result of the conduct of an **insured** or representative of an **insured** which would be serious and willful misconduct under the workers compensation laws.

2. **Business.**

We do not cover **bodily injury, property damage** or **personal injury** arising from, during the course of or in connection with any past or present **business** engaged in by any **insured** or conducted from any **insured location**. By way of example, this includes but is not limited to any warranty, any act, or any duty rendered, promised, owed or implied to be provided because of the nature of the **business**.

3. **Business or Professional Services.**

We do not cover **bodily injury, property damage** or **personal injury** arising from, during the course of or in connection with the rendering or failure to render **business** or professional services.

4. **Contract or Agreement - Performance.**

We do not cover **bodily injury, property damage** or **personal injury** arising from, during the course of or in connection with the performance or failure to perform under a contract or agreement, whether **business** or non-**business**.

5. **Contract or Agreement - Liability Assumed or Imposed.**

We do not cover **bodily injury, property damage** or **personal injury** arising from, during the course of or in connection with liability assumed by or imposed upon any **insured** under any contract or agreement, whether **business** or non-**business** and whether that of a third party. By way of example, this includes but is not limited to breaches of duty or express or implied warranties.

6. **Agreement With Homeowners Association.**

We do not cover **bodily injury, property damage** or **personal injury** arising from, during the course of or in connection with any agreement between any **insured** and a corporation or association of homeowners or property owners, except as provided under Section II - Association Loss Assessment Coverage.

7. **Rental Property.**

We do not cover **bodily injury, property damage** or **personal injury** arising from, during the course of or in connection with the rental or holding for rental of any property or any part of any premises by any **insured** to any party. However, this exclusion does not apply to the rental or holding for rental of that part of an **insured location** which is rented or available for rent:

- a. on an occasional basis for sole use as a residence;
- b. to no more than two roomers or boarders at the same time for sole use as a residence; or
- c. as an office, studio or private garage.

8. **Sale or Transfer of Property.**

We do not cover **bodily injury, property damage** or **personal injury** resulting from, arising from, or in connection with property you or any **insured** has sold or transferred. By way of example, this includes but is not limited to:

- a. known, unknown or hidden property conditions, problems or defects, including by way of example but not limited to manufacturing, structural, or plumbing, heating, air conditioning or electrical system conditions, problems or defects;
- b. known, unknown or hidden soil or drainage conditions, problems or defects;
- c. concealment or misrepresentation of or the failure to disclose any known condition, problem or defect in or of the property; or
- d. **contamination.**

9. **Owned Property.**

We do not cover **property damage** to property owned by an **insured** or any other resident of the **residence premises**. This includes expenses and costs incurred by any **insured** or others to repair, replace, 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**. This exclusion applies even where there has already been some injury or damage.

10. **Non-owned Property - Used or in the Care, Custody or Control.**

We do not cover **property damage** to non-owned property occupied by or used by, or in the care, custody or control of any **insured** or any other resident of the **residence premises** by any agreement or otherwise, except as provided under Section II - Damage to Property of Others. We do cover an **insured's** liability for **property damage** to such non-owned property caused by fire or lightning.

11. **Other Locations.**

We do not cover **bodily injury** or **personal injury** arising from or in connection with a location other than an **insured location** which is:

- a. owned by an **insured**;
- b. rented to an **insured**; or
- c. rented to others by an **insured**.

This exclusion does not apply to **bodily injury** to a **residence employee** arising out of and in the course and scope of the **residence employees** employment by an **insured**.

12. **Intentional Acts.**

We do not cover **bodily injury, property damage** or **personal injury** which is caused by, arises out of or is the result of an intentional act by or at the direction of any **insured**. By way of example this includes but is not limited to any intentional act or intentional failure to act by any **insured**, whether a criminal act or otherwise, where resulting injury or damage would be objectively expected to a high degree of likelihood, even if not subjectively intended or expected. This exclusion applies even if:

- a. any **insured** mistakenly believes he or she has the right to engage in certain conduct;
- b. the injury or damage is sustained by persons or property not intended or expected by any **insured**;
- c. the injury or damage is different or greater or of a different quality than that intended or expected;
- d. any **insured** did not understand that injury or damage may result; or
- e. any **insured** knew the intentional act or failure to act was a violation of any penal law, whether or not an **insured** is actually charged with or convicted of a crime.

For purposes of application of this exclusion, a plea of guilty, no contest, or true in a criminal proceeding, which involves the same acts or activities which are the basis of a claim for damages against any **insured**, shall conclusively bar any **bodily injury, property damage** or **personal injury** arising or resulting from or caused by such acts or activities from coverage under this policy. This applies whether the **insured** actually admits or admitted guilt by plea.

13. Home Care Services.

a. We do not cover **bodily injury, property damage** or **personal injury** arising from, during the course of or in connection with home care services, including by way of example but not limited to child care, day care or foster care services, whether licensed or not or otherwise approved by a governmental agency or body, provided to any person on a regular basis by or at the direction of:

- (1) any **insured**;
- (2) any employee of any **insured**; or
- (3) any other person actually or apparently acting on behalf of any **insured**.

Regular basis means more than a cumulative 20 hours per week provided to any one person or group of persons whether that person is the injured party or not.

b. This exclusion does not apply to:

- (1) home care services provided to an **insured's** relative, who is not a resident of your household;
- (2) occasional or part time home care services provided by any **insured** under 21 years of age; or
- (3) the providing of home care services or babysitting services for which compensation is not received, other than the mutual exchange of such services.

14. Transmitting a Communicable Sickness or Disease.

We do not cover **bodily injury, property damage** or **personal injury** which is caused by or arises out of any **insured** transmitting a communicable sickness or disease, including by way of example but not limited to sexually transmitted sickness or disease. This exclusion applies whether the act of transmitting the sickness or disease was consensual or non-consensual or voluntary or involuntary, or whether the **insured** knew he or she was infected with or bore the sickness or disease or the communicability thereof.

15. Aircraft, Motor Vehicles, or Watercraft.

We do not cover **bodily injury, property damage** or **personal injury** arising from, during the course of or in connection with the ownership, maintenance, operation, use, occupancy, loading or unloading, moving or movement, or entry or exit of any:

- a. **aircraft**;
- b. **motor vehicle**;

However, this exclusion does not apply to:

- (1) a motorized golf cart not subject to **motor vehicle** registration:
 - i. while on the golf course and used for golfing purposes; or
 - ii. while in a private residential community, including its public roads upon which a motorized golf cart can legally travel, which is subject to the authority of a property owners association and contains the **residence premises**;
- (2) lawn, garden or farm equipment principally used on the **residence premises**;
- (3) recreational vehicles not subject to **motor vehicle** registration that are only used on the **residence premises**, including by way of example, all terrain vehicles;
- (4) any watercraft, camper, home or utility trailer not being towed or carried on a **motor vehicle**; or
- (5) a motorized assisted living device designed to assist the disabled; or

c. watercraft which:

- (1) has more than a 50 horsepower inboard or outdrive motor power;
- (2) is powered by one or more outboard motors with more than 25 total horsepower;
- (3) is a sailing vessel, with or without auxiliary power, 26 feet or more in length;
- (4) uses a powered **water** jet pump as the primary source of propulsion; or
- (5) uses an air cushion to hover over **water** surfaces.

This subsection c. does not apply to any watercraft while stored on the **residence premises**.

This exclusion does not apply to **bodily injury** to a **residence employee** in the course and scope of employment by an **insured** as a **residence employee**.

16. **Entrustment and Negligent Supervision - Aircraft, Motor Vehicles, or Watercraft.**

We do not cover **bodily injury, property damage** or **personal injury** arising from, during the course of or in connection with:

- a. the entrustment of any **aircraft, motor vehicle** or watercraft to any person; or
- b. the negligent supervision of any person regarding the maintenance, operation, use, occupancy, loading or unloading, moving or movement, or entry or exit of any **aircraft, motor vehicle** or watercraft.

Respecting **motor vehicles** and watercraft, this exclusion only applies to the same types of **motor vehicles** and watercraft excluded under Section II - Liability Exclusions, Aircraft, **Motor Vehicles** or Watercraft.

This exclusion does not apply to **bodily injury** to a **residence employee** in the course and scope of employment by an **insured** as a **residence employee**.

17. **Vandalism or Malicious Mischief.**

We do not cover **bodily injury, property damage** or **personal injury** caused directly or indirectly by or arising from, during the course of or in connection with any **vandalism** or **malicious mischief**. This exclusion applies even if the loss or damage is sustained by persons or property not intended or expected.

18. **Destructive Acts.**

We do not cover **bodily injury, property damage** or **personal injury** caused directly or indirectly by or arising from, during the course of or in connection with any destructive act. This includes acts directed against civilians, or military or governmental personnel or property by any domestic or foreign person(s), organization(s), entity or entities, government or any quasi-governmental body. This exclusion includes by way of example but is not limited to war, undeclared war, civil war, insurrection, rebellion and revolution, all whether or not by military or paramilitary personnel, and includes any direct or indirect consequence of these, including **contamination**. This exclusion applies even if the loss or damage is sustained by persons or property not intended or expected.

19. **Fungus, Noxious Substance, Nuclear Substance, Pathogen or Pollutant.**

We do not cover **bodily injury, property damage** or **personal injury** caused by, resulting from, or in connection with or arising from any **fungus, noxious substance, nuclear substance, pathogen** or pollutant, all whether combined with, caused by or resulting from **water**.

This exclusion includes by way of example but is not limited to:

- a. the actual, alleged or threatened discharge, dispersal, seepage, release, migration, trespass or escape of any **fungus, noxious substance, nuclear substance, pathogen** or pollutant:
 - (1) from any premises, site or location; or
 - (2) during transportation, handling, storage, treatment, disposal or processing;
- b. **contamination** or **remediation**;
- c. any supervision, instruction, disclosure, failure to disclose, recommendation, warning;
- d. advice given or which allegedly should have been given, in connection with any **fungus, noxious substance, nuclear substance, pathogen** or pollutant, or **remediation** activities;

- e. any claim of nuisance concerning or related to any **fungus, noxious substance, nuclear substance, pathogen**, or pollutant;
- f. all costs, expenses or damages arising out of any order, claim, suit or threat of liability by or on behalf of a governmental authority or any other person or entity for injury, damages or injunctive relief because of or arising out of **contamination** or for **remediation**;
- g. anguish, distress, or fear of any person of **bodily injury** or **property damage** which may be caused by, arise out of or result from alleged, actual or threatened infection with, exposure to, absorption of or **contamination** by or with any **fungus, noxious substance, nuclear substance, pathogen**, or pollutant;
- h. actual, alleged, constructive or threatened diminution or loss of value of any property from the actual or alleged presence of any **fungus, noxious substance, nuclear substance, pathogen** or pollutant, including by way of example but not limited to loss of equity, loss of rents, loss of use or feared or actual economic loss; or
- i. sums an **insured** is required to expend in equity for or relief from **bodily injury, property damage** or **personal injury**.

This exclusion applies whether a **noxious substance, nuclear substance, pathogen** or pollutant was used legally, normally or intentionally for the purpose for which it was intended, whether it has any function with respect to your property, whether it was a localized event and whether its use was confined within the general area of its intended use.

20. **Illegal or Controlled Substance.**

We do not cover **bodily injury, property damage** or **personal injury** arising from, during the course of or in connection with the use, sale, manufacture, distribution, delivery, transfer or possession of any substance which is illegal or is a controlled substance under either federal or state law. Such substances include, by way of example but are not limited to: cocaine, LSD, methamphetamines, marijuana and all narcotic drugs.

This exclusion does not apply to the legal use, under both state and federal law, of legally prescribed drugs by a person following orders of a licensed physician.

21. **Punitive or Exemplary Damages, Fines or Penalties.**

We do not cover punitive or exemplary damages or any amount in the nature of a civil fine or penalty assessed or imposed under any code, statute or regulation, or by any court. We also do not cover the cost of defense, including attorney fees, related to any such damages, fine or penalty. Punitive or exemplary damages are those damages imposed to punish a wrongdoer and to deter others from similar conduct.

22. **Workers' Compensation.**

We do not cover **bodily injury** to any person eligible to receive benefits required to be provided or which may voluntarily be provided by an **insured** under any workers' compensation, occupational disease or non-occupational disability law.

23. **Nuclear Energy Liability Insurance.**

We do not cover **bodily injury** or **property damage** when any **insured** is covered under any nuclear energy liability policy. This exclusion applies even if the limits of that policy have been exhausted.

24. **Obligation to Reimburse, Share or Indemnify Damages.**

We do not cover any claim to reimburse, share with or indemnify any person or entity for damages, costs or expenses incurred by that person or entity which arises out of or results from any type of event or activity specified in these liability insurance exclusions.

25. **Statutory Liability.**

We do not cover any liability statutorily imposed on any **insured** which arises out of, is connected with or results from any type of event or activity specified in these liability insurance exclusions.

26. Violation of Ordinance, Penal Law or Criminal Acts.

We do not cover **personal injury** arising from, during the course of or in connection with a violation of any ordinance, order or penal law committed by, or with the knowledge or consent of any **insured**, or any criminal act by an **insured**.

For purposes of application of this exclusion, a plea of guilty, no contest, or true in a criminal proceeding, which involves the same acts or activities which are the basis of a claim for damages against the **insured**, shall conclusively bar any **personal injury** arising or resulting from or caused by such acts or activities from coverage under this policy. This applies whether the **insured** actually admits or admitted guilt by plea.

27. Employment - Personal Injury.

We do not cover **personal injury** arising from, during the course of or in connection with any offense directly or indirectly related to the employment of any person by any **insured**. This applies whether the offensive activity is an employment related practice, policy, act or omission and whether the substance or context of the offense is employment related.

28. Civic or Public Activities.

We do not cover **bodily injury, property damage or personal injury** arising from, during the course of or in connection with civic or public activities performed for pay by any **insured**.

29. Molestation, Abuse or Corporal Punishment.

We do not cover **bodily injury, property damage or personal injury** arising from, during the course of or in connection with the actual, alleged, or threatened molestation, abuse or corporal punishment of any person by anyone, including by way of example, but not limited to:

- a. any **insured**;
- b. any employee of any **insured**;
- c. any volunteer, person for hire, or any other person who is acting or who appears to be acting on behalf of any **insured**; or
- d. any **insured** or employee of an **insured** where there are allegations of negligent supervision, negligent hiring, training, or negligent entrustment or any allegation that an **insured** or employee of an **insured** failed, or allegedly failed, to train, supervise, detect, report or otherwise prevent any person from allegedly molesting, abusing or punishing, or continuing to allegedly molest, abuse or punish any person.

We have no duty to defend or settle any molestation, abuse or corporal punishment claim or any claim of negligent supervision, negligent hiring, failure to report, failure to prevent or negligent entrustment suit against any **insured** or any other person.

This exclusion applies even if:

- a. any **insured** or any other person mistakenly believes he or she has the right to engage in certain conduct;
- b. the injury is sustained by persons not intended or expected;
- c. the injury is different or greater or of a different quality than that intended or expected;
- d. any **insured** or any other person did not understand that injury may result; or
- e. any **insured** or any other person knew the acts or failure to act was a violation of any penal law, whether or not an **insured** is actually charged with or convicted of a crime.

For purposes of application of this exclusion, a plea of guilty, no contest, or true in a criminal proceeding, which involves the same acts or activities which are the basis of a claim for damages against any **insured** or any other person, shall conclusively bar any **bodily injury, property damage or personal injury** arising or resulting from or caused by such acts or activities from coverage under this policy. This applies whether the **insured** or any other person actually admits or admitted guilt by plea.

SECTION II - LIABILITY CONDITIONS

1. Limits of Insurance.

- a. The **stated limit** for Coverage E (Personal Liability) is both the per **occurrence** and the **annual aggregate limit**. All claims resulting from or arising out of any one person's **bodily injury**, including death, shall collectively be considered one **occurrence** and will be subject to the per **occurrence** limit.
- b. The **stated limit** for Coverage F (Medical Payments to Others) is the most we will pay under Coverage F for all necessary medical services for **bodily injury** to any one person for any one **occurrence**. Payments under Coverage F are part of and subject to the Coverage E **annual aggregate limit**.
- c. If **personal injury** coverage is indicated, then payments for **personal injury** damage are part of and subject to the Coverage E **annual aggregate limit**.

2. Separate Insurance.

This liability coverage applies separately to each **insured**. This condition will not increase our **annual aggregate limit** or our per **occurrence** limit of insurance. However, exclusions under this liability coverage as applied to any one **insured** may limit or exclude coverage as to all **insureds**.

3. Duties After Loss.

In case of an **occurrence**, an **insured** will perform the following duties:

- a. give written notice to us or our agent as soon as possible stating:
 - (1) the policy number, your name and the name of the **insured** against whom the claim is made;
 - (2) the time, place and circumstances of the **occurrence** or claimed **personal injury**; and
 - (3) names and addresses of claimants and witnesses;
- b. immediately send us any notice or demand or legal papers received relating to a claim or suit;
- c. cooperate with and assist us in any matter relating to a claim or suit;
- d. provide all information we request to investigate the claim or suit;
- e. under Damage to Property of Others, send us a sworn statement of loss within 60 days of the loss. Also exhibit any damaged property which is within the **insured's** control;
- f. an **insured** will not, except at the **insured's** own cost, voluntarily make any payment, assume any obligation or incur any expense except First Aid Expenses;
- g. submit to examinations under oath, separately and apart from any other person defined as you or **insured** and sign a transcript of the examination;
- h. produce representatives, employees, members of the **insured's** household or others for interviews or examinations under oath to the extent it is within the **insured's** power to do so;
- i. cooperate and assist us and not do anything to inhibit or release any right of contribution, recovery or indemnity against any person or organization who may be liable to an **insured** for activities related to a claim or suit; and
- j. as reasonably requested, attend hearings and trials concerning the suit.

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

The injured person or someone acting on behalf of the injured person will:

- a. give us written proof of claim as soon as possible, under oath if required; and
- b. authorize us to obtain medical reports and records.

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

5. **Suit Against Us.**

No action can be brought against us unless there has been full compliance with the terms and conditions of this policy. No one has any right to make us a party to a suit to determine the liability of a person we insure or to make us a party to any action against an **insured**. We may not be sued under Coverage E (Personal Liability) until the obligation of the **insured** has been determined by final judgment after actual trial or by agreement signed by us. Under Coverage F (Medical Payments to Others), no action can be brought until 30 days after the required proofs of claim have been filed with us.

6. **Bankruptcy of an Insured.**

Bankruptcy or insolvency of an **insured** or of an **insured's** estate will not relieve us of our duties under this policy.

7. **Other Insurance - Coverage E (Personal Liability).**

This insurance is excess over any other valid and collectible insurance. If any applicable insurance other than this policy is issued to you by us or any other member company of the Farmers Insurance Group of Companies, the total amount payable among all such policies shall not exceed the **stated limit** or other limit of insurance of the single policy providing the highest limit of insurance.

GENERAL CONDITIONS - APPLYING TO THE ENTIRE POLICY

1. **Entire contract - waiver or change of policy provisions.**

This policy, the Declarations, the renewal notice and any endorsements include all the agreements between you and us and any of our agents relating to this insurance and the coverages hereunder. The terms, conditions, and exclusions of this policy may not be changed or waived by any oral agreement and may only be changed or waived by endorsement issued by us.

We may change this policy or replace it to conform to the policy form and coverage we then currently use. The change or new policy will be delivered to you or mailed to you at your mailing address shown on the Declarations or renewal notice at least 30 days before its effective date. Our request for an appraisal or examination will not waive any of our rights.

2. **Policy Period.**

This policy applies only to covered loss or damage under Section I and to **bodily injury, property damage or personal injury** which **occurs** during the policy period stated on the Declarations or renewal notice.

3. **Joint Obligations.**

The terms of this policy are joint obligations of all persons defined as an **insured**. This means that the responsibilities, acts, and failures to act of any **insured** will be binding upon any other **insured**. To the extent an **insured**, other than you, is a direct beneficiary of coverage under this policy, that **insured** is also responsible for complying with the duties and responsibilities set forth in this policy.

4. **Misrepresentation, Concealment or Fraud.**

We reserve the right to deny coverage for any loss or damage or claim for injury or damage if you or any **insured**, at any time either before or after a claim or loss, has negligently or fraudulently concealed or misrepresented any material fact or circumstance in the application for, change to or renewal of this insurance, or in the presentation of a claim or loss, or engaged in fraudulent conduct respecting a claim or loss.

As permitted by law, we reserve the right to void this policy if you or any **insured**, at any time either before or after a claim or loss, has intentionally concealed or misrepresented any material fact or circumstance in the application for, change to or renewal of this insurance, or in the presentation of a claim or loss or during our investigation of a claim or loss, or engaged in fraudulent conduct respecting a claim or loss.

We do not provide coverage for any loss or damage or claim for injury or damage if you or any **insured** has in connection with or related to any insurance provided in this policy intentionally caused or arranged for the loss or damage or claim or has caused the loss or damage while engaged in committing or concealing a felony, or for any loss or damage or claim for injury or damages when any **insured** had knowledge of the loss or damage or claim prior to the inception of this insurance.

5. Liberalization Clause.

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

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

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

6. Initial Premium Payment

If any initial policy premium is remitted by check, draft, money order or credit card, payment by such check, draft, money order or credit card is a conditional payment and is only accepted subject to collection. It is agreed that if the premium remittance is not honored, no coverage will exist from inception and this policy will be forfeited and void.

7. Cancellation

a. You may cancel this policy by:

- (1) returning it to us, or
- (2) notifying us when cancellation is to take effect.

b. The mortgagee may cancel this policy by notifying us in writing pursuant to the mortgagee clause.

c. We may cancel this policy by mailing or delivering written notice to you. Such notice will be delivered to you, or mailed to your last known mailing address. The mailing of it will be sufficient proof of notice.

We may cancel this policy only for the following reasons:

- (1) non-payment of premium, whether payable to us or our agent. We may cancel at any time by notifying you at least 10 days before the date cancellation takes effect;
- (2) any other reason, when this policy has been in effect for less than 60 days and is not a renewal with us. We shall notify you at least 10 days before the date cancellation takes effect; or
- (3) if 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 for non-payment of premium in accordance with subsection c.(1) above. We also may cancel for one or more of the following additional reasons, in which case we shall notify you in writing at least 20 days before the date cancellation takes effect:
 - i. fraud or material misrepresentation made by or with your knowledge in obtaining the policy, continuing the policy or in presenting a claim under the policy;
 - ii. the occurrence of a material change in the risk that substantially increases any hazard insured against after policy issuance;
 - iii. violation of any local fire, health, safety, building or construction regulation or ordinances with respect to any **insured location** or the occupancy of the property that substantially increases any hazard insured against under the policy;

- iv. a material violation of a material provision of the policy; or
- v. any other reason permitted by law.

d. Return of premium

Cancellation of or changes in this policy may result in a premium refund. If so, we will send it to you within 30 days after the cancellation or change takes effect. If you cancel this policy we will return the short rate unused share of the premium. If we cancel this policy, we will return the pro-rated unused share of the premium.

If the mortgagee cancels this policy pursuant to the mortgagee clause, we will return the pro rated unused share of the premium to the mortgagee.

8. **Renewal and Refusal to renew.**

We may elect:

- a. to nonrenew this policy; or
- b. to condition its renewal on an increase or reduction of **stated limits** or other limits of insurance or an increase, reduction or elimination of coverages.

We may elect to nonrenew by delivering to you, or mailing to you at your last known mailing address, written notice at least 30 days before the expiration date of this policy. The mailing of it will be sufficient proof of notice.

If we offer to renew, including offering to renew but conditioning the renewal as indicated above, we will deliver or mail to you a written offer in accordance with applicable state law. The mailing of it will be sufficient proof of notice.

This policy will automatically terminate at the end of the policy period if you do not accept our offer to renew it. Failure to pay the required renewal premium as we require means that you have declined our offer.

If this policy is written for a period of less than one year we agree not to refuse to renew except at the end of an annual period beginning with the original or renewal effective date.

9. **Assignment and Death.**

Your interest in this policy may not be transferred to another person without our written consent. If you should die, we will cover for the remainder of the policy period:

- a. your spouse, if a resident of the same household with you at the time of your death or any other member of your household on the **residence premises** who is an **insured** at the time of your death, but only while a resident of the **residence premises**;
- b. your legal representative while acting as such, but only with respect to the **residence premises** and property covered under this policy at the time of your death; or
- c. any person having proper temporary custody of your insured property until your legal representative is appointed and qualified.

10. **Subrogation.**

When we pay for any loss or damage, an **insureds** right to recover from anyone else for that loss or damage becomes our right up to the amount we have paid. **Insureds** must protect any of these rights and help us enforce them. However, an **insured** may waive in writing before a loss, all rights of recovery against any person. An **insured** may not waive after a loss any rights of recovery against any person. If not waived, we may require an assignment of rights of recovery for a loss to the extent that payment is made by us. If an assignment is sought, an **insured** must sign and deliver all related papers and cooperate with us. Subrogation does not apply under Section II - Liability. We are entitled to payment, reimbursement and subrogation regardless of whether the total amount of the recovery by an **insured** on account of the loss or damage is less than the actual loss suffered by the **insured**. Our right to recover will apply only after you have been fully compensated for a loss covered under this policy.

11. **What Law Will Apply.**

This policy is issued in accordance with the laws of the state in which the **residence premises** is located and covers property or risks principally located in that state. The laws of the state where the **residence premises** is located shall govern any and all claims or disputes in any way related to this policy.

12. **Arbitration.**

Any claim or dispute related to this policy, by an **insured** against us or us against an **insured**, may be resolved by arbitration only upon mutual consent of us and the other party subject to:

- a. no arbitrator has the authority to award punitive damages, exemplary damages or attorneys fees;
- b. neither of the parties are entitled to arbitrate any claims or disputes in a representative capacity or as a member of a class; and
- c. no arbitrator has the authority, without the mutual consent of the parties, to consolidate claims or disputes in arbitration.

13. **Conflict of Terms.**

If there are terms of this policy which conflict with statutes of the state where issued, the terms are amended to conform to such statutes.

14. **Where Suits May be Brought.**

Any and all suits related to this policy will be brought, heard and decided only in a state or federal court located in the state in which the **residence premises** is located. Any and all suits against persons not party to this policy but involved in the sale, administration, performance or alleged breach of this policy, shall be brought, heard and decided only in a state or federal court located in the state in which the **residence premises** is located, provided that such persons are subject to or consent to suit in the courts specified in this paragraph.

Nothing in this section shall limit or impair any party's right to remove a state court suit to a federal court.

15. **Reciprocal provisions.**

This policy is made and issued in consideration of your premium payment to us. It is also issued in consideration of the information you gave to us during the application process, some of which is set out in the policy Declarations, and in consideration of the Subscription Agreement, which is provided to you and is incorporated herein by reference. You acknowledge that you have read, understood and agree to all the terms and conditions of the Subscription Agreement. Among other things, the Subscription Agreement appoints your Attorney-in-Fact, authorizes your Attorney-in-Fact to execute interinsurance policies between you and other subscribers and to perform various functions, and addresses compensation of the Attorney-in-Fact.

Nothing in this policy is intended, or shall be construed, to create either:

- a. A partnership or mutual insurance association; or
- b. Any joint liability.

We may sue or be sued in our own name, as though we were an individual, if necessary to enforce any claims which arise under this policy. In any suit against us, service of process shall be upon the Attorney-in-Fact as shown in your Subscription Agreement.

Membership fees which you pay are not part of the premium. They are fully earned when you are granted membership and coverage is effective. They are not returnable. However, they may be applied as a credit to membership required of you for other insurance which we agree to write.

We hold the Annual Meeting of the members of the Farmers Insurance Exchange at our Home Office at Los Angeles, California, on the first Monday following the 15th day of March of each year at 2:00 p.m.

The Board of Governors may elect to change the time and place of the meeting. If they do so, you will be mailed a written or printed notice at your last known address at least ten (10) days before such a time. Otherwise, no notice will be sent to you.

The Board of Governors shall be chosen by subscribers from among yourselves. This will take place at the Annual Meeting or at any special meeting which is held for that purpose. The Board of Governors shall have full power and authority to establish such rules and regulations for our management as are not inconsistent with the subscribers agreements.

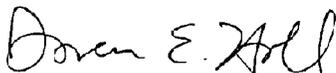
Your premium for this policy and all payment made for its continuance shall be payable to us at our Home Office or such location named by us in your premium notice.

The funds which you pay shall be placed to your credit on our records. They will be applied to the payment of your proportion of losses and expenses and to the establishment of reserves and general surplus. The Board of Governors or its Executive Committee has the authority to deposit, withdraw, invest and reinvest such funds. You agree that any amount which the Board of Governors allocates to our surplus fund may be retained by us. Also, after provision is made for all of our liabilities, it may be applied to any purpose deemed proper and advantageous to you and other policyholders. This policy is non-assessable.

This policy shall not be effective unless countersigned on the Declarations by a duly authorized representative of the company named on the Declarations. The company named on the Declarations has caused this policy to be signed by the officers shown below.

FARMERS INSURANCE EXCHANGE

By Farmers Underwriters Association
Attorney-in-Fact


Secretary


Vice President

IMPORTANT INFORMATION ABOUT YOUR POLICY

The new Farmers Next Generation® Homeowners Policy Amendatory Endorsement AR008A 1st Edition is now part of your policy. This endorsement modifies your policy. Please carefully read this notice, this endorsement and your policy to determine how this endorsement changes your policy and the coverage now provided. Please keep this endorsement with your other insurance papers.

Below is a brief summary of the changes made by this endorsement:

- Under ACCURACY OF INFORMATION AND CHANGED CIRCUMSTANCES, we removed the last sentence of the last paragraph.
- Under Definitions, we added a definition for **Vandalism and malicious mischief**.
- Under SECTION I - TYPES OF PROPERTY INSURED, Special Limits on Certain Personal Property, the following changes are made:
 - Paragraph 4., subsection a., we increased the amount of coverage for **business property**, other than electronic data processing equipment, media and data, while on the **residence premises** to \$5,000.
 - Paragraph 7., we replaced the word "documents" with: legal documents and other valuable papers, personal records including, but not limited to, photographs, videos, financial and health records.
- Under SECTION I - TYPES OF PERSONAL PROPERTY NOT INSURED, paragraph 3., which provides that we do not insure any animals or creatures, we specified that we do not insure animals and creatures except as provided in Section I - Extensions of Coverage.
- Under SECTION I - EXTENSIONS OF COVERAGE, the following changes are made:
 - 1. Limited water coverage, subsection a.(3), we replaced the phrase "**dwelling** or a **separate structure**" with "**dwelling** or a **building structure**". We also added a concluding sentence that states we will pay for loss or damage from the freezing to the covered system or appliance from which the **water** discharged, erupted, released or overflowed.
 - 1. Limited water coverage, we added subsection h. to include coverage for any **contamination** damage from any contaminant in the **water** covered under subsection a.(4).
 - 3. Contents Replacement Cost - Coverage C, subsection c., we eliminated reference to lawn and garden equipment and watercraft and trailers not being towed or carried on a **motor vehicle** as classes of property to be settled on an **actual cash value** basis only.
 - 4. Building ordinance or law, we added subsections b.(9) and (10) that further specify what is not paid under this coverage. **Under the facts of a particular claim, this change could result in a reduced level of coverage.**
 - 5. Debris removal, we specified that this coverage is excess of the applicable Coverage A, B or C **stated limit**, and that no deductible applies to this coverage.
 - 9. Identity fraud, subsection e., we deleted reference to subsection b. in the introductory sentence and we corrected the noted typographical error.
 - 10. Collapse of building structure or structural part of the building structure, we use a broader definition of **building structure** for this extension only.
 - We added 15. Pet coverage, which provides up to \$500 for loss or care of a household pet following a covered loss that occurs on the **residence premises**.

- Under SECTION I - UNINSURED LOSS OR DAMAGE and EXCLUDED CAUSES OF LOSS OR DAMAGE, A. Uninsured Types of Loss or Damage, 5. Contamination, we revised the first sentence to add an exception to allow for coverage of **contamination** as provided under Section I - Extensions of Coverage, Limited water coverage.
- Under SECTION I - UNINSURED LOSS OR DAMAGE and EXCLUDED CAUSES OF LOSS OR DAMAGE, B. Excluded Causes of Loss or Damage, the following changes are made:
 - 19. Theft, we specified that property of an **insured** in a secured rental storage facility is covered.
 - 22. Animals or pests, we deleted the phrase "animals or other pests" and replaced it with "animals or creatures owned or kept by an **insured** or pests".
- Under SECTION I - PROPERTY CONDITIONS, 5. How we settle covered loss, we deleted language that restricted loss settlement of fences, decks and above ground swimming pools to **actual cash value** only.
- Under GENERAL CONDITIONS APPLYING TO THE ENTIRE POLICY, the following changes are made:
 - 7. Cancellation, which addresses when and how you, the company or a mortgagee may cancel the policy, we revised subsection a.(2) by deleting the phrase "in writing", so that if you want to cancel your policy, you may notify us when the cancellation is to take effect. We revised the introductory paragraph of subsection c. to state that we may either deliver to you or mail to your last known mailing address the notice of cancellation. In addition, we revised subsections c.(2) and c.(3), which address the reasons we may cancel and the notice that we will provide. Among other things, in subsection c.(2), we deleted language that pertained to notice issues when the policy period was longer than one year and we changed the cancellation reason from "any reason" to "any other reason". In subsection c.(3), we revised the introductory paragraph to include the amount of notice that we will provide for the cancellation reasons noted, we changed cancellation reason v. to "any other reason permitted by law" and we deleted what had been the concluding sentence of subsection c.(3) pertaining to notice.
 - 8. Refusal to renew, we deleted the second and third paragraphs of this condition and replaced them with three paragraphs, which pertain to the notice of nonrenewal and an offer of renewal, including a conditional offer of renewal. Among other things, we added language that specifies that if we offer to renew the policy, the policy will automatically terminate at the end of the policy period unless you accept our renewal offer by paying the renewal premium.
 - 15. Reciprocal provisions, we have revised the first paragraph, which sets forth information about the policy and our operation as a reciprocal or interinsurance exchange.

Since the policy with all of its endorsements (including the one below) is your contract with us, it takes precedence over any other explanatory supplement, including this opening notice. If you have any questions about these changes or other insurance needs please contact your Farmers® agent.

FARMERS NEXT GENERATION® HOMEOWNERS POLICY
AMENDATORY ENDORSEMENT

AR008A
1st Edition

It is agreed that coverage provided by this policy is modified as follows:

In **ACCURACY OF INFORMATION AND CHANGED CIRCUMSTANCES**, the last sentence of the last paragraph is deleted.

In **DEFINITIONS**, the following definition is added:

33. Vandalism or malicious mischief - means malicious or willful intentional physical injury or damage to property.

In **SECTION I - TYPES OF PROPERTY INSURED, Special Limits on Certain Personal Property, 4. Business property, other than electronic data processing equipment, media, and data**, subsection a., is deleted and replaced with:

a. \$5,000 limit while on the **residence premises**; and

and **7. Securities, deeds, valuable papers and stamps** is deleted and replaced with:

7. Securities, deeds, valuable papers and stamps

\$1,500 limit on securities, deeds, evidences of debt, letters of credit, notes other than bank notes, legal documents and other valuable papers, personal records including, but not limited to, photographs, videos, financial and health records, manuscripts, passports, tickets, stamps and stamp collections. This limit includes the costs to research, replace or restore the information from the lost or damaged material.

In **SECTION I - PROPERTY COVERAGE, SECTION I - TYPES OF PERSONAL PROPERTY NOT INSURED, 3.**, the words "except as provided in Extensions of coverage" are added to the end of this item.

In **SECTION I - EXTENSIONS OF COVERAGE, 1. Limited water coverage**, a. (3) is deleted and replaced with:

(3) the freezing of and a discharge, leakage or release of **water** as a result of the freezing from the **plumbing system**, heating, air-conditioning or automatic fire protection system or a **household appliance** within the **dwelling** or a **building structure**. We only cover the **water** damage from freezing if you have used reasonable care to:

- i. maintain heat in the **dwelling** or **building structure**; or
- ii. shut off the **water** supply and drain the **plumbing system**, other system or **household appliance** of **water**.

Under this subsection (3) we will cover loss or damage from the freezing to the covered **plumbing system**, heating, air-conditioning or automatic fire protection system or a **household appliance** from which the **water** discharged, erupted, released or overflowed;

and the following is added to **1. Limited water coverage** as new subsection h.:

h. **Water** damage under subsection a. (4) will include any **contamination** damage from any **contaminant** in the **water**.

In **SECTION I - EXTENSIONS OF COVERAGE, 3. Contents Replacement Cost - Coverage C, c.**, the words "lawn, garden or" are deleted from (8), the word "and" is added at the end of (9), and (10) is deleted in its entirety.

In **SECTION I - EXTENSIONS OF COVERAGE, 4. Building Ordinance or Law**, b., the "or" is deleted at the end of (7), a ";" replaces the "." at the end of (8), and the following is added:

- (9) those costs of complying with any building law that regulates the use of the **dwelling** or **separate structure**; or
- (10) those costs of conforming, correcting or remedying any original or subsequent construction, addition, modification, renovation or repair to a building or other structure which did not conform to a building law in effect when the construction, modification, renovation or repair was performed.

In **SECTION I - EXTENSIONS OF COVERAGE, 5., Debris Removal**, the second paragraph is deleted and replaced with:

If the amount of loss or damage, including reimbursable debris removal expense, exceeds the applicable Coverage A, B or C **stated limit** for the type of damaged property, we will reimburse you up to an additional 5% of the applicable **stated limit** for the excess reimbursable debris removal expense you have incurred. This is additional insurance which is excess of the applicable Coverage A, B or C **stated limit**. No deductible applies to this coverage.

In **SECTION I - EXTENSIONS OF COVERAGE, 9. Identity Fraud**, e., the phrase "subsection b." is deleted from the first sentence and in e. (2) the word "collusions" is deleted and replaced with "collusion".

In **SECTION I - EXTENSIONS OF COVERAGE, 10. Collapse of building structure or structural part of the building structure**, the following language is added to the end of the Extension:

For purposes of this Extension of Coverage only, a **building structure** means a structure fully covered by a roof. A roof does not include a temporary roof or any kind of temporary tarp, sheeting or other covering, except a temporary roof or temporary covering which has been installed for temporary purposes because of damage covered under this policy.

In **SECTION I - EXTENSIONS OF COVERAGE**, the following Extension of Coverage is added:

15. Pet coverage.

We will pay reasonable amounts up to \$500 for the veterinary care, burial, disposal, injury or death of household pets owned or kept by you that are injured or die resulting from any covered loss under **SECTION I** that occurs on the **residence premises**. Settlement will be based on the monetary value of the household pets up to a maximum of \$500 for all pets in any covered loss event under **SECTION I**. For the purposes of this coverage only, a household pet is a fully domesticated animal owned by you for personal companionship, such as a dog, a cat, a reptile, a bird or a rodent. Household pet does not include any type of horse, cow, pig, sheep, goat, chicken, turkey, rooster, or captive fur-bearing animal, or any animal commonly kept for food or profit.

In **SECTION I - UNINSURED LOSS OR DAMAGE and EXCLUDED CAUSES OF LOSS OR DAMAGE, A. Uninsured Types of Loss or Damage, 5. Contamination** is deleted and replaced with:

5. Contamination.

We do not insure loss or damage consisting of, composed of or which is **contamination**, except as covered under **SECTION I - EXTENSIONS OF COVERAGE, Limited water coverage** or unless if by fire or lightning. However, even if by fire or lightning, nuclear **contamination** is not insured. Further, we do not insure any **remediation** or provide any Loss of Use or any Extensions of Coverage for expenses directly or indirectly due to, arising out of or resulting from **remediation** of any **contamination**.

In **SECTION I - UNINSURED LOSS OR DAMAGE and EXCLUDED CAUSES OF LOSS OR DAMAGE, B. Excluded Causes of Loss or Damage,**

19. Theft., g., the following is added after the first sentence:

Property of an **insured** in a secured rental storage facility is covered.

22. Animals or pests., the words "animals or other pests" are deleted and replaced with "animals or creatures owned or kept by an **insured** or pests".

In **SECTION I - PROPERTY CONDITIONS, 5. How we settle covered loss,** a.(1), the phrase "except for the types of property described at subsection (2) below," is deleted, and item a.(2) is deleted.

In **GENERAL CONDITIONS APPLYING TO THE ENTIRE POLICY, 7. Cancellation,** the phrase "in writing" is deleted from subsection a.(2), and subsection c. is deleted and replaced with the following:

c. We may cancel this policy by mailing or delivering written notice to you. Such notice will be delivered to you, or mailed to your last known mailing address. The mailing of it will be sufficient proof of notice.

We may cancel this policy only for the following reasons:

- (1) non-payment of premium, whether payable to us or our agent. We may cancel at any time by notifying you at least 10 days before the date cancellation takes effect;
- (2) any other reason, when this policy has been in effect for less than 60 days and is not a renewal with us. We shall notify you at least 10 days before the date cancellation takes effect; or
- (3) if 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 for non-payment of premium in accordance with subsection c.(1) above. We also may cancel for one or more of the following additional reasons, in which case we shall notify you in writing at least 20 days before the date cancellation takes effect:
 - i. fraud or material misrepresentation made by or with your knowledge in obtaining the policy, continuing the policy or in presenting a claim under the policy;
 - ii. the occurrence of a material change in the risk that substantially increases any hazard insured against after policy issuance;
 - iii. violation of any local fire, health, safety, building or construction regulation or ordinances with respect to any **insured location** or the occupancy of the property that substantially increases any hazard insured against under the policy;
 - iv. a material violation of a material provision of the policy; or
 - v. any other reason permitted by law.

In **GENERAL CONDITIONS APPLYING TO THE ENTIRE POLICY, 8. Refusal to renew,** the second and third paragraphs are deleted and replaced with:

We may elect to nonrenew by delivering to you, or mailing to you at your last known mailing address, written notice at least 30 days before the expiration date of this policy. The mailing of it will be sufficient proof of notice.

If we offer to renew, including offering to renew but conditioning the renewal as indicated above, we will deliver or mail to you a written offer in accordance with applicable state law. The mailing of it will be sufficient proof of notice.

This policy will automatically terminate at the end of the policy period if you do not accept our offer to renew it. Failure to pay the required renewal premium as we require means that you have declined our offer.

In **GENERAL CONDITIONS APPLYING TO THE ENTIRE POLICY, 15. Reciprocal provisions**, the first paragraph is deleted and replaced with the following:

This policy is made and issued in consideration of your premium payment to us. It is also issued in consideration of the information you gave to us during the application process, some of which is set out in the policy Declarations, and in consideration of the Subscription Agreement, which is provided to you and is incorporated herein by reference. You acknowledge that you have read, understood and agree to all the terms and conditions of the Subscription Agreement. Among other things, the Subscription Agreement appoints your Attorney-in-Fact, authorizes your Attorney-in-Fact to execute interinsurance policies between you and other subscribers and to perform various functions, and addresses compensation of the Attorney-in-Fact.

This endorsement is part of your policy. It supersedes and controls anything to the contrary. It is otherwise subject to all other terms of the policy.

FARMERS NEXT GENERATION® HOMEOWNERS POLICY
AMENDATORY ENDORSEMENT

AR008
1st Edition

It is agreed that coverage provided by this policy is modified as follows:

In **ACCURACY OF INFORMATION AND CHANGED CIRCUMSTANCES**, the last sentence of the last paragraph is deleted.

In **DEFINITIONS**, the following definition is added:

33. Vandalism or malicious mischief - means malicious or willful intentional physical injury or damage to property.

In **SECTION I - TYPES OF PROPERTY INSURED, Special Limits on Certain Personal Property, 4. Business property, other than electronic data processing equipment, media, and data**, subsection a., is deleted and replaced with:

a. \$5,000 limit while on the **residence premises**; and

and **7. Securities, deeds, valuable papers and stamps** is deleted and replaced with:

7. Securities, deeds, valuable papers and stamps

\$1,500 limit on securities, deeds, evidences of debt, letters of credit, notes other than bank notes, legal documents and other valuable papers, personal records including, but not limited to, photographs, videos, financial and health records, manuscripts, passports, tickets, stamps and stamp collections. This limit includes the costs to research, replace or restore the information from the lost or damaged material.

In **SECTION I - PROPERTY COVERAGE, SECTION I - TYPES OF PERSONAL PROPERTY NOT INSURED, 3.**, the words "except as provided in Extensions of coverage" are added to the end of this item.

In **SECTION I - EXTENSIONS OF COVERAGE, 1. Limited water coverage**, a. (3) is deleted and replaced with:

(3) the freezing of and a discharge, leakage or release of **water** as a result of the freezing from the **plumbing system**, heating, air-conditioning or automatic fire protection system or a **household appliance** within the **dwelling** or a **building structure**. We only cover the **water** damage from freezing if you have used reasonable care to:

- i. maintain heat in the **dwelling** or **building structure**; or
- ii. shut off the **water** supply and drain the **plumbing system**, other system or **household appliance** of **water**.

Under this subsection (3) we will cover loss or damage from the freezing to the covered **plumbing system**, heating, air-conditioning or automatic fire protection system or a **household appliance** from which the **water** discharged, erupted, released or overflowed;

and the following is added to **1. Limited water coverage** as new subsection h.:

h. **Water** damage under subsection a. (4) will include any **contamination** damage from any **contaminant** in the **water**.

In **SECTION I - EXTENSIONS OF COVERAGE, 3. Contents Replacement Cost - Coverage C**, c., the words "lawn, garden or" are deleted from (8), the word "and" is added at the end of (9), and (10) is deleted in its entirety.

In **SECTION I - EXTENSIONS OF COVERAGE, 4. Building Ordinance or Law**, b., the "or" is deleted at the end of (7), a ";" replaces the "." at the end of (8), and the following is added:

- (9) those costs of complying with any building law that regulates the use of the **dwelling** or **separate structure**; or
- (10) those costs of conforming, correcting or remedying any original or subsequent construction, addition, modification, renovation or repair to a building or other structure which did not conform to a building law in effect when the construction, modification, renovation or repair was performed.

In **SECTION I - EXTENSIONS OF COVERAGE, 5., Debris Removal**, the second paragraph is deleted and replaced with:

If the amount of loss or damage, including reimbursable debris removal expense, exceeds the applicable Coverage A, B or C **stated limit** for the type of damaged property, we will reimburse you up to an additional 5% of the applicable **stated limit** for the excess reimbursable debris removal expense you have incurred. This is additional insurance which is excess of the applicable Coverage A, B or C **stated limit**. No deductible applies to this coverage.

In **SECTION I - EXTENSIONS OF COVERAGE, 9. Identity Fraud**, e., the phrase "subsection b." is deleted from the first sentence and in e. (2) the word "collusions" is deleted and replaced with "collusion".

In **SECTION I - EXTENSIONS OF COVERAGE, 10. Collapse of building structure or structural part of the building structure**, the following language is added to the end of the Extension:

For purposes of this Extension of Coverage only, a **building structure** means a structure fully covered by a roof. A roof does not include a temporary roof or any kind of temporary tarp, sheeting or other covering, except a temporary roof or temporary covering which has been installed for temporary purposes because of damage covered under this policy.

In **SECTION I - EXTENSIONS OF COVERAGE**, the following Extension of Coverage is added:

15. Pet coverage.

We will pay reasonable amounts up to \$500 for the veterinary care, burial, disposal, injury or death of household pets owned or kept by you that are injured or die resulting from any covered loss under **SECTION I** that occurs on the **residence premises**. Settlement will be based on the monetary value of the household pets up to a maximum of \$500 for all pets in any covered loss event under **SECTION I**. For the purposes of this coverage only, a household pet is a fully domesticated animal owned by you for personal companionship, such as a dog, a cat, a reptile, a bird or a rodent. Household pet does not include any type of horse, cow, pig, sheep, goat, chicken, turkey, rooster, or captive fur-bearing animal, or any animal commonly kept for food or profit.

In **SECTION I - UNINSURED LOSS OR DAMAGE and EXCLUDED CAUSES OF LOSS OR DAMAGE, A. Uninsured Types of Loss or Damage, 5. Contamination** is deleted and replaced with:

5. Contamination.

We do not insure loss or damage consisting of, composed of or which is **contamination**, except as covered under **SECTION I - EXTENSIONS OF COVERAGE, Limited water coverage** or unless if by fire or lightning. However, even if by fire or lightning, nuclear **contamination** is not insured. Further, we do not insure any **remediation** or provide any Loss of Use or any Extensions of Coverage for expenses directly or indirectly due to, arising out of or resulting from **remediation** of any **contamination**.

In **SECTION I - UNINSURED LOSS OR DAMAGE and EXCLUDED CAUSES OF LOSS OR DAMAGE, B. Excluded Causes of Loss or Damage,**

19. Theft., g., the following is added after the first sentence:

Property of an **insured** in a secured rental storage facility is covered.

22. Animals or pests., the words "animals or other pests" are deleted and replaced with "animals or creatures owned or kept by an **insured** or pests".

In **SECTION I - PROPERTY CONDITIONS, 5. How we settle covered loss,** a.(1), the phrase "except for the types of property described at subsection (2) below," is deleted, and item a.(2) is deleted.

In **GENERAL CONDITIONS APPLYING TO THE ENTIRE POLICY, 7. Cancellation,** the phrase "in writing" is deleted from subsection a.(2), and subsection c. is deleted and replaced with the following:

c. We may cancel this policy by mailing or delivering written notice to you. Such notice will be delivered to you, or mailed to your last known mailing address. The mailing of it will be sufficient proof of notice.

We may cancel this policy only for the following reasons:

- (1) non-payment of premium, whether payable to us or our agent. We may cancel at any time by notifying you at least 10 days before the date cancellation takes effect;
- (2) any other reason, when this policy has been in effect for less than 60 days and is not a renewal with us. We shall notify you at least 10 days before the date cancellation takes effect; or
- (3) if 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 for non-payment of premium in accordance with subsection c.(1) above. We also may cancel for one or more of the following additional reasons, in which case we shall notify you in writing at least 20 days before the date cancellation takes effect:
 - i. fraud or material misrepresentation made by or with your knowledge in obtaining the policy, continuing the policy or in presenting a claim under the policy;
 - ii. the occurrence of a material change in the risk that substantially increases any hazard insured against after policy issuance;
 - iii. violation of any local fire, health, safety, building or construction regulation or ordinances with respect to any **insured location** or the occupancy of the property that substantially increases any hazard insured against under the policy;
 - iv. a material violation of a material provision of the policy; or
 - v. any other reason permitted by law.

In **GENERAL CONDITIONS APPLYING TO THE ENTIRE POLICY, 8. Refusal to renew,** the second and third paragraphs are deleted and replaced with:

We may elect to nonrenew by delivering to you, or mailing to you at your last known mailing address, written notice at least 30 days before the expiration date of this policy. The mailing of it will be sufficient proof of notice.

If we offer to renew, including offering to renew but conditioning the renewal as indicated above, we will deliver or mail to you a written offer in accordance with applicable state law. The mailing of it will be sufficient proof of notice.

This policy will automatically terminate at the end of the policy period if you do not accept our offer to renew it. Failure to pay the required renewal premium as we require means that you have declined our offer.

In **GENERAL CONDITIONS APPLYING TO THE ENTIRE POLICY, 15. Reciprocal provisions**, the first paragraph is deleted and replaced with the following:

This policy is made and issued in consideration of your premium payment to us. It is also issued in consideration of the information you gave to us during the application process, some of which is set out in the policy Declarations, and in consideration of the Subscription Agreement, which is provided to you and is incorporated herein by reference. You acknowledge that you have read, understood and agree to all the terms and conditions of the Subscription Agreement. Among other things, the Subscription Agreement appoints your Attorney-in-Fact, authorizes your Attorney-in-Fact to execute interinsurance policies between you and other subscribers and to perform various functions, and addresses compensation of the Attorney-in-Fact.

This endorsement is part of your policy. It supersedes and controls anything to the contrary. It is otherwise subject to all other terms of the policy.

SERFF Tracking Number: FARM-125837432 *State:* Arkansas
Filing Company: Farmers Insurance Exchange *State Tracking Number:* EFT \$50
Company Tracking Number: FAR0840-107280
TOI: 04.0 Homeowners *Sub-TOI:* 04.0000 Homeowners Sub-TOI Combinations
Product Name: F-AR-2008-HO-F
Project Name/Number: AR NextGen HO Program - Coverage Changes/F-08-063

Superseded Attachments

Please note that all items on the following pages are items, which have been replaced by a newer version. The newest version is located with the appropriate schedule on previous pages. These items are in date order with most recent first.

Original Date:	Schedule	Document Name	Replaced Date	Attach Document
No original date	Form	Farmers Next Generation Homeowners Policy Index	11/18/2008	c5549200 (11-12-08) AR.pdf
No original date	Form	Farmers Next Generation Homeowners Amendatory Endorsement	10/09/2008	W1635100 (AR008).pdf
No original date	Form	Farmers Next Generation Homeowners Policy Index	10/09/2008	56-5549, 2nd Edition.pdf

FARMERS NEXT GENERATION[®] HOMEOWNERS POLICY

Arkansas

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FARMERS NEXT GENERATION® HOMEOWNERS POLICY
AMENDATORY ENDORSEMENT

AR008
1st Edition

It is agreed that coverage provided by this policy is modified as follows:

In **ACCURACY OF INFORMATION AND CHANGED CIRCUMSTANCES**, the last paragraph is deleted and replaced with:

You agree by acceptance of this policy and payment of premium that all information you have provided to us is accurate. We may provide you with information about your **dwelling** or this insurance. You agree to cooperate in determining if all information is correct and complete. You agree to notify us within 60 days if any information is inaccurate, incomplete or changes. You agree that if any information we use to rate or underwrite your policy, including but not limited to whether you qualify for discounts, changes or is determined by you or us to be incorrect or incomplete, we may, during the policy period, re-underwrite this insurance, including adjusting coverage and/or premium.

In **DEFINITIONS**, the following definition is added:

33. Vandalism or malicious mischief - means malicious or willful intentional physical injury or damage to property.

In **SECTION I - TYPES OF PROPERTY INSURED, Special Limits on Certain Personal Property, 4. Business property, other than electronic data processing equipment, media, and data**, subsection a., is deleted and replaced with:

a. \$5,000 limit while on the **residence premises**; and

and **7. Securities, deeds, valuable papers and stamps** is deleted and replaced with:

7. Securities, deeds, valuable papers and stamps

\$1,500 limit on securities, deeds, evidences of debt, letters of credit, notes other than bank notes, legal documents and other valuable papers, personal records including, but not limited to, photographs, videos, financial and health records, manuscripts, passports, tickets, stamps and stamp collections. This limit includes the costs to research, replace or restore the information from the lost or damaged material.

In **SECTION I - PROPERTY COVERAGE, SECTION I - TYPES OF PERSONAL PROPERTY NOT INSURED, 3.**, the words "except as provided in Extensions of coverage" are added to the end of this item.

In **SECTION I - EXTENSIONS OF COVERAGE, 1. Limited water coverage**, a. (3) is deleted and replaced with:

(3) the freezing of and a discharge, leakage or release of **water** as a result of the freezing from the **plumbing system**, heating, air-conditioning or automatic fire protection system or a **household appliance** within the **dwelling** or a **building structure**. We only cover the **water** damage from freezing if you have used reasonable care to:

- i. maintain heat in the **dwelling** or **building structure**; or
- ii. shut off the **water** supply and drain the **plumbing system**, other system or **household appliance** of **water**.

Under this subsection (3) we will cover loss or damage from the freezing to the covered **plumbing system**, heating, air-conditioning or automatic fire protection system or a **household appliance** from which the **water** discharged, erupted, released or overflowed;

and the following is added to **1. Limited water coverage** as new subsection h.:

h. **Water** damage under subsection a. (4) will include any **contamination** damage from any **contaminant** in the **water**.

In **SECTION I - EXTENSIONS OF COVERAGE, 3. Contents Replacement Cost - Coverage C**, c., the words "lawn, garden or" are deleted from (8), the word "and" is added at the end of (9), and (10) is deleted in its entirety.

In **SECTION I - EXTENSIONS OF COVERAGE, 4. Building Ordinance or Law**, b., the "or" is deleted at the end of (7), a ";" replaces the "." at the end of (8), and the following is added:

- (9) those costs of complying with any building law that regulates the use of the **dwelling or separate structure**; or
- (10) those costs of conforming, correcting or remedying any original or subsequent construction, addition, modification, renovation or repair to a building or other structure which did not conform to a building law in effect when the construction, modification, renovation or repair was performed.

In **SECTION I - EXTENSIONS OF COVERAGE, 5., Debris Removal**, the second paragraph is deleted and replaced with:

If the amount of loss or damage, including reimbursable debris removal expense, exceeds the applicable Coverage A, B or C **stated limit** for the type of damaged property, we will reimburse you up to an additional 5% of the applicable **stated limit** for the excess reimbursable debris removal expense you have incurred. This is additional insurance which is excess of the applicable Coverage A, B or C **stated limit**. No deductible applies to this coverage.

In **SECTION I - EXTENSIONS OF COVERAGE, 9. Identity Fraud**, e., the phrase "subsection b." is deleted from the first sentence and in e. (2) the word "collusions" is deleted and replaced with "collusion".

In **SECTION I - EXTENSIONS OF COVERAGE, 10. Collapse of building structure or structural part of the building structure**, the following language is added to the end of the Extension:

For purposes of this Extension of Coverage only, a **building structure** means a structure fully covered by a roof. A roof does not include a temporary roof or any kind of temporary tarp, sheeting or other covering, except a temporary roof or temporary covering which has been installed for temporary purposes because of damage covered under this policy.

In **SECTION I - EXTENSIONS OF COVERAGE**, the following Extension of Coverage is added:

15. Pet coverage.

We will pay reasonable amounts up to \$500 for the veterinary care, burial, disposal, injury or death of household pets owned or kept by you that are injured or die resulting from any covered loss under **SECTION I** that occurs on the **residence premises**. Settlement will be based on the monetary value of the household pets up to a maximum of \$500 for all pets in any covered loss event under **SECTION I**. For the purposes of this coverage only, a household pet is a fully domesticated animal owned by you for personal companionship, such as a dog, a cat, a reptile, a bird or a rodent. Household pet does not include any type of horse, cow, pig, sheep, goat, chicken, turkey, rooster, or captive fur-bearing animal, or any animal commonly kept for food or profit.

In **SECTION I - UNINSURED LOSS OR DAMAGE and EXCLUDED CAUSES OF LOSS OR DAMAGE, A. Uninsured Types of Loss or Damage**, is amended by the addition of the following to the last prefatory paragraph:

However, if the insured loss or damage and uninsured loss or damage cannot be segregated from each other for any reason, including by way of example but not limited to what perils caused the loss or damage or the extent or timing of the loss or damage caused by individual perils, then none of the loss or damage will be insured under this policy.

In **SECTION I - UNINSURED LOSS OR DAMAGE and EXCLUDED CAUSES OF LOSS OR DAMAGE, A. Uninsured Types of Loss or Damage, 5. Contamination** is deleted and replaced with:

5. Contamination.

We do not insure loss or damage consisting of, composed of or which is **contamination**, except as covered under **SECTION I - EXTENSIONS OF COVERAGE, Limited water coverage** or unless if by fire or lightning. However, even if by fire or lightning, nuclear **contamination** is not insured. Further, we do not insure any **remediation** or provide any Loss of Use or any Extensions of Coverage for expenses directly or indirectly due to, arising out of or resulting from **remediation** of any **contamination**.

In **SECTION I - UNINSURED LOSS OR DAMAGE and EXCLUDED CAUSES OF LOSS OR DAMAGE, B. Excluded Causes of Loss or Damage,**

19. Theft., g., the following is added after the first sentence:

Property of an **insured** in a secured rental storage facility is covered.

22. Animals or pests., the words "animals or other pests" are deleted and replaced with "animals or creatures owned or kept by an **insured** or pests".

In **SECTION I - PROPERTY CONDITIONS, 5. How we settle covered loss**, a.(1), the phrase "except for the types of property described at subsection (2) below," is deleted, and item a.(2) is deleted.

In **GENERAL CONDITIONS APPLYING TO THE ENTIRE POLICY, 7. Cancellation**, the phrase "in writing" is deleted from subsection a.(2), and subsection c. is deleted and replaced with the following:

c. We may cancel this policy by mailing or delivering written notice to you. Such notice will be delivered to you, or mailed to your last known mailing address. The mailing of it will be sufficient proof of notice.

We may cancel this policy only for the following reasons:

- (1) non-payment of premium, whether payable to us or our agent. We may cancel at any time by notifying you at least 10 days before the date cancellation takes effect;
- (2) any other reason, when this policy has been in effect for less than 60 days and is not a renewal with us. We shall notify you at least 10 days before the date cancellation takes effect; or
- (3) if 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 for non-payment of premium in accordance with subsection c.(1) above. We also may cancel for one or more of the following additional reasons, in which case we shall notify you in writing at least 20 days before the date cancellation takes effect:
 - i. fraud or material misrepresentation made by or with your knowledge in obtaining the policy, continuing the policy or in presenting a claim under the policy;
 - ii. the occurrence of a material change in the risk that substantially increases any hazard insured against after policy issuance;
 - iii. violation of any local fire, health, safety, building or construction regulation or ordinances with respect to any **insured location** or the occupancy of the property that substantially increases any hazard insured against under the policy;
 - iv. a material violation of a material provision of the policy; or
 - v. any other reason permitted by law.

In **GENERAL CONDITIONS APPLYING TO THE ENTIRE POLICY, 8. Refusal to renew**, the second and third paragraphs are deleted and replaced with:

We may elect to nonrenew by delivering to you, or mailing to you at your last known mailing address, written notice at least 30 days before the expiration date of this policy. The mailing of it will be sufficient proof of notice.

If we offer to renew, including offering to renew but conditioning the renewal as indicated above, we will deliver or mail to you a written offer in accordance with applicable state law. The mailing of it will be sufficient proof of notice.

This policy will automatically terminate at the end of the policy period if you do not accept our offer to renew it. Failure to pay the required renewal premium as we require means that you have declined our offer.

In **GENERAL CONDITIONS APPLYING TO THE ENTIRE POLICY, 15. Reciprocal provisions**, the first paragraph is deleted and replaced with the following:

This policy is made and issued in consideration of your premium payment to us. It is also issued in consideration of the information you gave to us during the application process, some of which is set out in the policy Declarations, and in consideration of the Subscription Agreement, which is provided to you and is incorporated herein by reference. You acknowledge that you have read, understood and agree to all the terms and conditions of the Subscription Agreement. Among other things, the Subscription Agreement appoints your Attorney-in-Fact, authorizes your Attorney-in-Fact to execute interinsurance policies between you and other subscribers and to perform various functions, and addresses compensation of the Attorney-in-Fact.

This endorsement is part of your policy. It supersedes and controls anything to the contrary. It is otherwise subject to all other terms of the policy.

FARMERS NEXT GENERATION® HOMEOWNERS POLICY

Arkansas

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Arkansas law requires the following information be included with every policy of insurance.

Arkansas Insurance Dept., Consumer Services Division
1200 W. 3rd St., Little Rock, AR 72201-1904;
Telephone 800-852-5494 or 501-371-2640

This policy is a legal contract between you (the policyholder) and us (the Company).
IT CONTAINS CERTAIN EXCLUSIONS.

READ YOUR POLICY CAREFULLY.

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and

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INTRODUCTION

Property Coverage:

Under Section I, this policy insures different kinds of property; however, not all property is insured. This policy will not pay for all types of loss or damage or for all causes of loss or damage to covered property. Coverage is dependent upon both the (1) cause of the loss or damage and (2) type of loss or damage.

Settlements, including replacement cost settlements, and coverages under this policy, are subject to the limits of insurance stated herein.

If loss occurs, refer to Section I - Property Conditions, Duties After Loss.

Liability Coverage:

Under Section II, this policy provides coverage for certain damages you become legally obligated to pay because of **bodily injury** or **property damage** resulting from an **occurrence**. If the Declarations or renewal notice indicates **personal injury** coverage applies, this policy provides coverage for certain **personal injuries**. Further, the amount we will pay is limited and coverage under this policy is subject to certain conditions.

If a claim should be made against you, refer to Section II - Liability Conditions, Duties after loss.

AGREEMENT

You agree to pay premiums when due and comply with all applicable terms of this policy. In return, we will insure you for the coverages and limits described except as otherwise indicated in the Declarations or renewal notice.

ACCURACY OF INFORMATION AND CHANGED CIRCUMSTANCES

The Coverage A (**Dwelling**) **stated limit** is the most we will pay if your **dwelling** sustains a loss. The actual cost to replace the **dwelling** at the time of loss may be different. We do not guarantee that the **stated limit** represents the actual cost to replace the **dwelling**. You may have additional insurance as provided under Extensions of Coverage or by endorsement.

You agree by acceptance of this policy and payment of premium that all information you have provided to us is accurate. We may provide you with information about your **dwelling** or this insurance. You agree to cooperate in determining if all information is correct and complete. You agree to notify us within 60 days if any information is inaccurate, incomplete or changes.

DEFINITIONS

Throughout this policy, "you" and "your" mean the "named insured" shown in the Declarations or renewal notice and your spouse or registered domestic partner under applicable state law if a resident of the same household with you. Any domestic partner must be registered prior to the date of a loss. "We," "us" and "our" refer to the company providing this insurance. In addition, certain words and phrases are defined as follows:

1. **Actual cash value** - means the reasonable replacement cost at time of loss less deduction for physical deterioration and depreciation.
We may depreciate all replacement costs, including by way of example but without limitation costs of materials.
2. **Aircraft** - means any device used or designed for flight, including **aircraft** parts, accessories, or equipment. **Aircraft** does not include model or hobby **aircraft** not used or designed to carry people or cargo.
3. **Annual aggregate limit** - means the total we will pay for all covered **occurrences** combined which happen in each policy period. This limit applies regardless of the number of such **occurrences** or loss events, or **insureds** or claimants.

4. **Bodily injury** - under Section II - Liability Coverage means physical harm to the body, including physical sickness or disease, to a person other than an **insured**. This includes reasonable required care, loss of services and death that results.

Bodily injury does not include:

- a. psychological or mental injury or effect, including by way of example but not limited to fear, depression, humiliation, anxiety, anguish, shock or distress, unless it arises from actual physical harm to the body of a person;
 - b. any sexually transmitted disease;
 - c. Acquired Immune Deficiency Syndrome (AIDS), AIDS related Complex, Human Immunodeficiency Virus (HIV);
 - d. any auto-immune disease; or
 - e. any symptom, injury, condition, effect, illness or disease related to subsections a. through d. above, or resulting from a **noxious substance**. A symptom, injury, condition, effect, illness or disease includes by way of example but not limited to fatigue, insomnia, stomachaches, headaches or ulcers.
5. **Building structure** - means a structure fully enclosed with walls and a roof. A roof or wall does not include a temporary roof or wall structure or any kind of temporary tarp, sheeting or other covering, except a temporary roof or wall or temporary covering which has been installed for temporary purposes because of recent damage covered under this policy.
6. **Business** - means any full or part-time employment, trade, profession, or occupation, or a commercial, mercantile or industrial undertaking of an economic nature. It does not matter whether it is continuous or regular or is a secondary or supplemental source of income or is an **insured's** principal means of livelihood. Profit and profit motive are irrelevant.
- Business** does not include volunteer activities for a not-for-profit organization or public agency for which no money is received other than payment of expenses. **Business** does not include incidental and infrequent personal economic activity such as a garage or yard sale or hobby. **Business** does not include any self-employed, occasional activity by a person under 18 years of age, which activity has no employees or subcontracted independent contractors and is of a type of activity normally performed by persons under 18 including, by way of example but not limited to, babysitting, lawn mowing, paper delivery.
7. **Business property** - means property related to or used for or intended for use in **business**. **Business property** includes personal property that is frequently used in or for **business** or for **business** purposes.
8. **Contamination** - means the actual, perceived or suspected introduction, existence, presence, proliferation or spread of any, **noxious substance**, **nuclear substance**, **pathogen**, **fungus** or pollutant on, to, or in land, **water**, air, buildings, structures or personal property, either on or off the **residence premises** which may harm or injure the property or its usefulness or characteristics, or any person.
9. **Dwelling** - means the building used as the primary private residence structure located on the **residence premises**. **Dwelling** does not include **separate structures**.
10. **Earthquake** - means shaking or trembling of the earth, whether caused by volcanic activity, tectonic processes or any other cause.
11. **Earth movement** - means any movement of earth, including by way of example but not limited to any type of soil or rock, or mixture of soil and rock, or fill, regardless of magnitude. Examples of **earth movement** include but are not limited to:
- a. **earthquake**, landslide, mudslide, debris flow or mudflow, all whether combined with, caused by or resulting from **water**;
 - b. collapse, vibrating, settling, cracking, shrinking, bulging, heaving, subsiding, eroding, sinking, rising, shifting, shearing, expanding, lateral movement, or contracting of or any pressure by surface or subsurface earth or fill, all whether combined with, caused by or resulting from **water** and all whether the **water** event is man-made or naturally occurring or is sudden and accidental or is constant, repeating, gradual, intermittent, steady or slow; and
 - c. volcanic activity, including eruption, explosion, lava flow and volcanic action.

12. **Fungus or fungi** - means any part or form of **fungus, fungi**, mold, mildew, spores, wet or dry rot, parasitic microorganisms, mycelial agent or fragment, scents, or mycotoxins. This includes any byproduct of any of the foregoing, whether germinated, whether forming a colony or infestation, whether aerosolized, and whether visible or not visible to the unaided human eye.

13. **Household appliance** - means:

- a. a common household device operated by gas or electric current. This includes by way of example but not limited to an air conditioning unit, heating unit, refrigerator, dishwasher, ice maker, clothes washer, water heater, disposal or dehumidifier, and any hoses directly attached thereto; and
- b. a water softener or filtration system connected to the **residence premises plumbing system**, and any hoses directly attached thereto.

Household appliance does not include furniture, waterbeds, aquariums or sump pumps. A household appliance is not part of the **plumbing system**.

14. **Insured** - means:

- a. you;
- b. permanent residents of your household who are:
 - (1) your relatives; or
 - (2) other persons under the age of 21 and in the care of any person described above in subsection a. or b. (1);
- c. a student enrolled in school full time, as defined by the school, who was a permanent 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 person described in b.(1) above; and
- d. under Section II - Liability Coverage, **insured** also means:
 - (1) any person or organization legally responsible for animals or **watercraft** covered under Section II - Liability Coverage which are owned by you, or anyone included in subsection b. or c. above. Any person or organization using or having custody of these animals or **watercraft** in the course of any **business** or without permission of the owner is not an **insured**.
 - (2) with respect to any vehicle covered as personal property under Section I of this policy:
 - i. any person while using or maintaining the vehicle while engaged in the employment of the **insured**; or
 - ii. any other person using the vehicle on an **insured location** with an **insured's** consent.

15. **Insured location** - means:

- a. the **residence premises**;
- b. that part of any other premises, structures and grounds you use as a private residence and:
 - (1) which is shown on the Declarations or renewal notice; or
 - (2) which you acquire during the policy period for your use as a private residence;
- c. any premises you use in connection with a premises described in subsections 15.a. or 15.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** and shown in the Declarations or renewal notice;
- f. land owned by or rented to you on which a one or two family **dwelling** is being built as your private residence;
- g. individual or family cemetery plots or burial vaults of an **insured**; and
- h. any part of a premises occasionally rented to an **insured** for other than **business** use, but only when it is actually rented to the **insured**.

16. **Marring** - means any disfigurement, blemish, discoloration weathering or stretching, or the like, of or to covered property, including by way of example but not limited to scratching, scorching, denting, creasing, gouging, fading, staining, tearing or thinning.

17. **Motor vehicle** - means:

- a. any self-propelled vehicle or any self-propelled machine, whether operable or not, which is designed for movement on land or on land and in **water**, including by way of example but not limited to any type of automobile, hovercraft or air cushion vehicle;
- b. parts, equipment, machinery, furnishings or accessories attached to or located in or upon such vehicle or machine described in subsection a. above; and
- c. any trailer or semi-trailer which is being carried on, towed by, or hitched for towing by a vehicle or machine described in subsection a. above.

18. **Noxious substance** - means any hazardous, toxic, or contaminating solid, liquid, vaporous, gaseous or thermal substance which may cause or result in harm, destruction, damage or injury to the environment or any living thing, or to covered property, the **residence premises** or any other property, or which may be an irritant or a nuisance.

Noxious substances include by way of example but are not limited to asbestos, silica, radon, fumes, odors, smoke from tobacco products, acids, alkalis, chemicals, carbon monoxide, oil, fuel, fuel oil, gasoline, lead, lead paint, polychlorinated biphenyls (PCBs), solvents or waste, including any residual dust or other residuals, other than commonly available chemical products found in a residential household which are normally used for cleaning or maintenance. Waste includes materials which are to be or have been recycled, reconditioned or reclaimed.

Noxious substances does not include smoke or fumes from a fire.

19. **Nuclear hazard** - means:

- a. a nuclear explosion, including shockwaves, and nuclear reaction and nuclear radiation;
- b. the dispersal or spread of **nuclear substances** or nuclear radiation by any means. These include conventional explosion, fallout, or radioactive contamination, all whether controlled or uncontrolled or whether intended or accidental, however caused; and
- c. the negligent, defective or improper design, construction, operation or maintenance of a nuclear facility or any facility which uses, handles, stores or processes **nuclear substances**.

Nuclear hazard is also intended to include any other act or omission which results in a **nuclear hazard**.

20. **Nuclear substance** - means any solid, liquid, vaporous, gaseous or thermal substance contaminated by or with nuclear radiation, or which gives off harmful levels of nuclear radiation.

21. **Occurrence** - under Section II - Liability Coverage, means an accident, including exposure to conditions, which occurs during the policy period, and which results in **bodily injury, property damage** or **personal injury** during the policy period. Repeated or continuous exposure to the same general conditions is deemed to be one **occurrence**.

22. **Pathogen** - means any biological or microbial organism or substance which may cause or result in harm, destruction, damage, injury or disease to any living thing or to property. **Pathogens** include by way of example but are not limited to bacteria, bacterium, viruses, or any part or by-product of bacteria, bacterium or viruses, including bacterial or viral toxins.

23. **Personal injury** - under Section II - Liability Coverage, means an act or activity of an **insured** which takes place during the policy period which results in injury to another, other than an **insured**, from one or more of the following offenses:

- a. false arrest, wrongful imprisonment or detention;
- b. libel, slander or defamation of character; or
- c. malicious prosecution.

Personal injury does not include false arrest, wrongful imprisonment or detention in connection with or arising out of molestation, abuse or corporal punishment.

24. **Plumbing system** - means all **water** supply and distribution pipes, plumbing fixtures and traps, drainage and vent pipes, and building drains. This includes their respective joints, connections and receptors and vents for same.

A **plumbing system** does not include any of the following:

- a. a shower pan;
- b. a roof drainage system, including by way of example but not limited to gutters, drain pipes and downspouts;
- c. a sump or sump pump, sump-pump well or related equipment, pipes or connectors;
- d. any part of a drainage ditch or channel; or
- e. that part of any system designed to remove or drain **water** away from a **building structure** or **separate structure** on the **residence premises** which part is not within a **building structure** or **separate structure** or which is not above the surface of the ground.

25. **Property damage** - under Section II - Liability Coverage means direct distinct and demonstrable, actual physical injury to or destruction of tangible property, including loss of use resulting from the distinct and demonstrable, actual physical injury to or destruction of the property.

Property damage does not mean:

- a. actual, threatened, feared, constructive or alleged diminution or loss of value or equity;
- b. functional impairment or loss of use of property unless the property has sustained distinct and demonstrable, actual physical injury or destruction, including by way of example but not limited to conditions brought about by long or repeated use, mechanical breakdown, or malfunction.

26. **Remediate** - means to:

- a. (1) decontaminate, abate, treat, contain, isolate, remove, extract, clean, mitigate, neutralize, quarantine or detoxify;
- (2) monitor, evaluate, detect, investigate, test or measure for;
- (3) haul away or dispose of; or
- (4) respond in any way to, or assess the effects of

any **nuclear substance**, **noxious substance**, **pathogen**, **fungus**, or pollutant, or any **contamination**, whether on or off the **residence premises**; or

- b. remove, restore or replace any land, **water**, air, building, structure or personal property which is threatened with or has been affected, damaged, infested, polluted or injured by **contamination**.

27. **Residence employee** - means an employee of an **insured** who performs duties related to the ownership, maintenance or use of the **residence premises**. This includes employees who perform similar duties elsewhere for an **insured** if the duties relate to the **residence premises**. This does not include employees while performing duties related to a **business** of an **insured**.

28. **Residence premises** - means the **dwelling**, **separate structures** and grounds at the address shown on the Declarations or renewal notice.

29. **Separate structure** - means:

- a. those structures, including buildings and **building structures**, on the **residence premises** set apart from the **dwelling** by clear space or structures only connected to the **dwelling** by a fence, wall, sidewalk, walkway, driveway, patio, decking or utility line or similar connection; and
- b. all fences, walls not part of a building, sidewalks, walkways, driveways, pools, pool cages, piers, wharfs, boat docks and spas on the **residence premises**, whether or not abutting or connected to the **dwelling**.

30. **Stated limit(s)** - means the dollar amounts stated as coverage limits on the Declarations or renewal notice for the different types of coverages.

31. **Vacancy or vacant** - means:

- a. no one is legally using the **dwelling** as a principal, habitual place of abode; and
- b. a predominant amount of personal property has been removed or is absent from the **dwelling**.

A **dwelling** will be considered legally used only if it is with the knowledge and approval of the owner. A **dwelling** under construction or being repaired because of damage otherwise covered under this policy will not be considered **vacant** even if a. and b. apply. A **dwelling** is under construction when it is being erected as a new structure or when it is undergoing substantial improvements, renovations, remodeling or modifications and the construction results in substantial continuing activities by persons associated with the construction project at the premises during the relevant time periods. A recently purchased dwelling that is not under construction will be deemed **vacant** until legally occupied as a principal, habitual place of abode.

This definition will apply whether or not a **dwelling** is in fact habitable.

32. **Vandalism or malicious mischief** - means malicious or willful intentional physical injury or damage to property.

33. **Water** - means **water** (H₂O) alone, whether in liquid, frozen, or vapor form, or any liquid, sewage or sludge which contains **water**, whether or not contaminated or combined with or containing other chemicals, particulates, microorganisms or impurities. **Water** includes but is not limited to rain, snow, sleet, slush, ice, dampness, vapor, condensation, moisture, steam and humidity.

34. **Water - reverse flow** - means the flow of **water** through any sewage, septic or drainage system, or a drain, drain line or drainage channel, or sump pump, or similar system on the premises, which is designed to drain or pump **water** away from the premises, when the flow of **water** is in the opposite or reverse direction from that which the system, drain line, channel, or pump was designed to drain or pump. A stoppage on the premises within any of the foregoing which stops the flow of **water** with a resulting backing up of the **water** is a backup and is not a **water-reverse flow**. A backup may cause an overflow.

SECTION I - PROPERTY COVERAGE

SECTION I - LOSS OR DAMAGE INSURED

Coverage A (Dwelling), Coverage B (Separate Structures) and Coverage C (Personal Property)

We insure accidental direct physical loss or damage to that property described in Section I - Types of Property Insured.

Loss or damage:

1. means distinct and demonstrable, actual physical injury to or destruction of the property;
2. does not include functional impairment or the loss of use of property unless the property has sustained distinct and demonstrable, actual physical injury or destruction;
3. does not include any decrease in the market value of the property, however measured or determined;
4. is caused by perils or causes of loss or damage; and
5. consists of certain types of loss or damage.

We do not insure covered property for the types or causes of loss or damage described in Section I - Uninsured Loss or Damage and Excluded Causes of Loss or Damage.

SECTION I - TYPES OF PROPERTY INSURED

Coverage A (Dwelling)

We insure:

1. the **dwelling**; and
2. material and supplies owned by you on or adjacent to the **residence premises** for use in construction of the **dwelling** or a **separate structure**.

Coverage B (Separate Structures)

We insure **separate structures**.

We do not insure:

1. **separate structures** which are intended for use in **business** or which are actually used in whole or in part for **business** purposes by an **insured** or any other person; or
2. **separate structures** rented or held for rental to any person not a tenant of the **dwelling**, unless used solely as a private garage.

Coverage A (Dwelling) and Coverage B (Separate Structures)

We do not insure:

1. land or the value of land, including by way of example but not limited to the cost to restore, replace, repair or rebuild land. This includes land on which the **dwelling** or a **separate structure** is located. If covered cause of loss or damage occurs to the **dwelling** or a **separate structure** and to the land on the **residence premises**, we do not cover any increased cost to repair or replace the **dwelling** or **separate structure** because of damage to the land. Land includes but is not limited to trees, shrubs, plants and lawns on land. However, we do provide limited coverage for trees, shrubs, plants and lawns under Section I - Extensions of Coverage, Trees, Shrubs, Plants, and Lawns; or
2. any type of warranty, service or maintenance contract covering property.

Coverage C (Personal Property)

We insure personal property owned or used by an **insured** anywhere in the world. At your request after a loss, we will also insure personal property:

1. owned by others while the property is on the part of the **residence premises** occupied by an **insured**. However, property of tenants not related to that **insured** is not covered; and
2. owned by and in the control of a **residence employee** while in the service of an **insured** anywhere in the world.

Special Limits On Certain Personal Property

Special limits of insurance apply to certain types of personal property. The limits shown below do not increase the Coverage C **stated limit**. The limit for each numbered group is the total limit for any one loss event for all property in that group. The lowest applicable special limit shall apply to personal property that falls into more than one group.

1. Property usually located at an insured's residence other than the residence premises.

15% of the Coverage C **stated limit** on personal property which is usually located at an **insured's** residence other than the **residence premises**. This is an aggregate limit which applies to all personal property usually located at the **insured's** other residence, even if the property is also subject to one or more of the specific special limits following. This limit does not apply to personal property in a newly acquired principal residence for the first 45 days after the **insured** begins moving to the new residence.

2. Jewelry, watches, precious and semi-precious stones, and furs.

\$1,000 limit on any one article and \$5,000 total limit on theft of jewelry, watches, precious and semi-precious stones and furs, including articles for which fur represents the principal value. This applies even if such items are considered artwork or used as decoration.

3. Firearms.

\$3,000 limit on theft of firearms. This includes their scopes or mounts whether attached or not, and all other firearm related equipment and ammunition.

4. Business property, other than electronic data processing equipment, media and data.

Coverage for loss or damage to **business property**, other than computers, electronic data processing equipment, and accessories and recording or storage media used with the foregoing, is limited to:

- a. \$5,000 limit while on the **residence premises**; and
- b. \$500 limit while away from the **residence premises**.

5. Electronic data processing equipment, media and data.

- a. \$5,000 limit on computers and electronic data processing equipment and accessories and recording or storage media used with the foregoing, whether or not it is **business property**. Computers, electronic data processing equipment, and recording or storage media that cannot be replaced with other of like kind and quality on the current retail market is not covered.
- b. \$1,000 limit for the cost of replacing data stored on computers, electronic data processing equipment, personal electronic entertainment equipment, communications equipment, accessories, electronic media or recording or storage media. Data includes by way of example but is not limited to any type of software or text, image, video or audio files.

6. Money, currency, gift certificates and cards, scrip and metals.

\$200 limit on money, currency, gift certificates or cards, stored value cards, scrip, smart cards or any card used as money (other than bank issued credit or debit cards), bank notes, medals, coins, bullion, platinum, gold and silver other than gold ware and silverware. This includes collections of all such property.

7. Securities, deeds, valuable papers and stamps.

\$1,500 limit on securities, deeds, evidences of debt, letters of credit, notes other than bank notes, legal documents and other valuable papers, personal records including, but not limited to, photographs, videos, financial and health records, manuscripts, passports, tickets, stamps and stamp collections. This limit includes the costs to research, replace or restore the information from the lost or damaged material.

8. Silverware, gold ware, platinumware and pewter ware.

\$3,000 limit on theft of silverware, gold ware, platinumware and pewter ware. This includes articles for which any such metal represents the principal value.

9. Imported rugs, carpets and tapestries.

\$5,000 any one article and \$10,000 total limit on theft of imported rugs, carpets and tapestries. This applies even if such items are artwork or decoration. Imported means made or manufactured in whole or in part outside of the United States.

10. Cards and comic books.

\$200 limit per trading or collectible card or comic book and \$2,500 total limit on all cards or comic books. This includes sports cards, game cards and trading cards of any kind.

11. Watercraft and windsurfers.

\$3,000 limit on watercraft and windsurfers. This includes their trailers, furnishings, equipment and outboard motors, which are not being carried on, towed by or hitched for towing by a **motor vehicle**.

12. Trailers.

\$1,500 limit on trailers not used with watercraft or windsurfers, which are not being carried on, towed by or hitched for towing by a **motor vehicle**.

13. Motor vehicle parts.

\$2,000 limit on **motor vehicle** parts, equipment, machinery, furnishings or accessories not attached to or located in or upon any **motor vehicle**.

SECTION I - TYPES OF PERSONAL PROPERTY NOT INSURED

We do not insure:

1. personal property separately described and specifically insured in this or any other policy;
2. any type of warranty, service or maintenance contract covering property;
3. any animals or creatures, including by way of example but not limited to mammals, birds, fish, reptiles, insects and spiders, except as provided in Extensions of Coverage;
4. watercraft and windsurfers, including their trailers, furnishings, equipment and outboard motors while being carried on, towed by or hitched for towing by a **motor vehicle**;
5. trailers while being carried on, towed by or hitched for towing by a **motor vehicle**;
6. **motor vehicles**, however, we do cover:
 - a. a motorized golf cart not subject to **motor vehicle** registration:
 - (1) while on the golf course and used for golfing purposes; or
 - (2) while in a private residential community, including its public roads upon which a motorized golf cart can legally travel, which is subject to the authority of a property owners association and contains the **residence premises**;
 - b. lawn, garden or farm equipment which is not designed for use on public roads and which is principally used on the **residence premises**;
 - c. recreational vehicles designed principally for off road recreational use that are only used on the **residence premises**, including by way of example but not limited to, all terrain vehicles; and
 - d. a motorized assisted living device designed to assist the disabled;
7. any sound, video, mapping, tracking or communications equipment or device or system designed for reproducing, detecting, receiving, transmitting, recording or playing data, maps, location, sound, videos or pictures, and is designed only to be operated from the electrical system of any **motor vehicle**, motorized land conveyance, watercraft, camper or home trailer while such equipment, device or system is in, on, or installed in a **motor vehicle**, motorized land conveyance, watercraft, camper or home trailer. This equipment includes by way of example but not limited to: citizen band radios, radio or cellular telephones, radio transceivers, radio transmitters, two way mobile radios, scanning monitor receivers, radar or laser detectors, car radio receivers, tape or disc players or recorders, global positioning system devices and any accessories, antennas, tapes, discs, software, reels, cassettes, cartridges, carry cases or other devices used with such equipment, device or system;
8. **aircraft** or self-propelled missiles;
9. property located in that part of the **residence premises** which is regularly rented or held for rent to others;
10. property of an **insured** which is rented or is available for rent to others when it is away from the **residence premises**;
11. property of roomers, boarders or tenants not related to an **insured**;
12. **water**, electricity or gas; or
13. any property which is illegal for an **insured** to possess under federal or state law.

COVERAGE D - LOSS OF USE

The **stated limit** for Loss of Use is the total limit for all Additional living expense, Loss of rents and Prohibited use coverages for any one loss event.

1. **Additional living expense.**

If covered actual, accidental direct, distinct and demonstrable physical loss or damage to the **dwelling** makes the **dwelling** uninhabitable by you, we will reimburse you for the reasonable and necessary increase in living expense incurred by you. This coverage is for you and **insured** members of your household to maintain the normal standard of living you had at the time of the loss event. Reimbursement for additional living expense will be for the shortest time needed to (a) repair or replace the loss or damage to the **dwelling**, or (b) permanently relocate, but in no event for more than 24 months. Additional living expense that raises your standard of living will not be reimbursed. Upon our request, you must provide receipts for expenses incurred. Additional living expense will be paid for only one household, regardless of the number of named insureds.

2. **Loss of rents.**

If covered actual, accidental direct, distinct and demonstrable physical loss or damage to covered property makes that part of the **residence premises** rented to others or held for rental by you untenable, we cover the loss of rents less any expense that does not continue during the loss period. We pay for the shortest time needed to repair or replace the damaged property but in no event for more than 12 months. Loss of rents due to cancellation of a lease or agreement is not covered. This coverage only applies if the use of the part rented is for private residential living purposes.

3. **Prohibited use.**

We provide Additional living expense or Loss of rents as described above for no more than two weeks if a civil authority prohibits you from use of the **residence premises** because of actual, accidental direct, distinct and demonstrable physical damage to a neighboring premises, which damage would have been covered under this policy if the damage had occurred to the **residence premises**. Prohibited use coverage does not apply to threatened damage.

The time periods in subsections 1, 2, and 3 above are not limited by cancellation, renewal or non-renewal of this policy.

No deductible applies to subsections 1, 2, and 3 above.

SECTION I - EXTENSIONS OF COVERAGE

We will insure you for the Extensions of Coverage as described below except as otherwise indicated in the Declarations or renewal notice. Unless otherwise expressly stated, the following Extensions of Coverage are subject to all the policy terms, exclusions, deductibles, and conditions, including without limitation the terms and limitations of any uninsured loss or damage or excluded cause of damage set forth in Section I - Uninsured Loss or Damage and Excluded Causes of Loss or Damage, and in any other Extension of Coverage.

1. **Limited Water Coverage.**

a. We provide limited coverage for accidental direct, distinct and demonstrable physical **water** damage of covered property from direct contact with **water**, but only if the **water** results from:

- (1) the build-up of ice on portions of the roof or roof gutters on a **building structure**.
- (2) hail, rain, snow, or sleet entering through an opening in the roof or wall of a **building structure**, but only if the opening is first caused by damage from the direct force of the following:
 - i. fire;
 - ii. lightning;
 - iii. explosion (other than nuclear explosion);

- iv. riot or civil commotion;
- v. **aircraft** or vehicles;
- vi. **vandalism** or **malicious mischief**;
- vii. collapse of a **building structure** or structural part of the **building structure**;
- viii. falling objects;
- ix. windstorm;
- x. hail; or
- xi. theft or attempted theft.

(3) the freezing of and a discharge, leakage or release of **water** as a result of the freezing from the **plumbing system**, heating, air-conditioning or automatic fire protection system or a **household appliance**. We only cover the **water** damage from freezing if you have used reasonable care to:

- i. maintain heat in the **dwelling** or heated **building structure**; or
- ii. shut off the **water** supply and drain the **plumbing system**, other system or **household appliance** of **water**.

Under this subsection (3) we will cover loss or damage from the freezing to the covered **plumbing system**, heating, air-conditioning or automatic fire protection system or a **household appliance** from which the **water** discharged, erupted, released or overflowed.

(4) a sudden and accidental discharge, eruption, overflow or release of **water**, other than a **water - reverse flow**, from within any portion of:

- i. a **plumbing system**;
- ii. a heating or air conditioning system;
- iii. an automatic fire protection system; or
- iv. a **household appliance**;

and provided the discharge, eruption, overflow or release of **water** is not directly or indirectly caused by, or arises out of or results from flood, including debris flow and mud flow, from any form of surface **water**, waves, tsunami, seiche, tidal **water**, tidal waves, storm surge or overflow or escape of a body of **water**, or spray from any of these, whether or not driven by wind.

b. The limited coverage for **water** damage described at subsection a. (4) above applies even if the sudden and accidental discharge, eruption, overflow or release of **water** is caused by the following Section I - part B. Excluded Causes of Loss or Damage:

- (1) Faulty, Inadequate, Defective or Incomplete Planning, Zoning, Maintenance, Repairs, Manufacture or Construction;
- (2) Inherent Vice or Latent Defect;
- (3) Wear and Tear or Mechanical Breakdown;
- (4) Corrosion, Deterioration, Decay or Rust;
- (5) Power Interruption;
- (6) Animals or Pests;
- (7) Pressure by Trees, Shrubs, Plants or Lawns; or
- (8) Collapse of Building Structure or Structural Part of the Building Structure Extension of Coverage.

All the foregoing must either occur on or be on the **residence premises**, unless the damage is to covered personal property which is off the **residence premises** when damaged.

c. A sudden and accidental discharge, eruption, overflow or release of **water** does not include a constant or repeating gradual, or slow release of **water**, or the infiltration or presence of **water** over a period of time. We do not cover any **water**, or the presence of **water**, over a period of time from any constant or repeating gradual or slow seepage, leakage, trickle, collection, infiltration or overflow of **water** from any source, even if from the usage of those items described in subsection a. (4) (i), (ii), (iii) or (iv) above, whether known or unknown to any **insured**.

- d. If **water** damage to the **dwelling** or to a **building structure** covered under subsection a. (4) above occurs on the **residence premises**, we will pay the reasonable cost of tearing out and replacing that part of the **dwelling** or the **building structure** actually necessary for you to gain access and repair that portion of the system or **household appliance** from which the **water** suddenly and accidentally discharged, erupted, overflowed or was released. Any costs incurred under this subsection are subject to the applicable Coverage A or B **stated limit**.
- e. Under subsection a. (4) above, we do not cover loss or damage to any system or **household appliance** from which the **water** discharged, erupted, released or overflowed.
- f. We do not cover any loss or damage which consists or is composed of or which is the movement, settling, cracking, bulging, shrinking, heaving, erosion, washing out or expanding of a foundation, slab, concrete floor, concrete pad or sidewalk or patio, or a foundation wall, foundation fill, or pavement.
- g. This is not additional insurance and all loss, damage or expense under this coverage is subject to the applicable Coverage A, B, or C **stated limit** or any special limit of insurance on personal property.
- h. **Water** damage under subsection a. (4) will include any **contamination** damage from any **contaminant** in the **water**.

2. **Extended Replacement Cost - Coverage A.**

We will pay you up to the Extended Replacement Cost **stated limit**, if necessary, to repair, rebuild or replace covered loss or damage to the **dwelling**.

For this Extended Replacement Cost coverage to apply at the time of loss or damage to the **dwelling**, you must have complied with each of the following conditions, as applicable:

- a. you must have notified us within 60 days of any inaccuracy or change in any information you have provided us regarding the physical characteristics of your **dwelling**;
- b. you must have notified us within 60 days of any inaccuracy or change in any information we have provided to you regarding the physical characteristics of your **dwelling**;
- c. you must have notified us within 60 days of the start of any physical changes which costs or will increase the replacement cost of your **dwelling** by \$5,000 or more. This includes additions or remodeling;
- d. you must have selected or increased the Coverage A **dwelling** amount to an amount at least equal to our most current estimated replacement cost of the **dwelling**; and
- e. you must actually repair, rebuild or replace the **dwelling**.

If you do not comply with conditions a., b., c. and d. above prior to covered direct physical loss or damage to the **dwelling** and with condition e. above after the direct physical loss or damage, then this coverage will not apply. With respect to conditions a., b., c. and d. above, you must agree to any resulting increases in the Coverage A (**Dwelling**) limit and other **stated limits** as calculated.

This is additional insurance. It will only apply if the Coverage A **stated limit** is insufficient to repair, rebuild or replace covered loss or damage to the **dwelling** at the same location. If you do elect to rebuild at a different location, then any Extended Replacement Cost coverage available will only be based on the costs to repair, rebuild or replace the **dwelling** as if at the same location.

This coverage only applies to loss or damage to the **dwelling** excluding any increased costs from enforcement of any building ordinance or law. We will not consider any increased costs from enforcement of any building ordinance or law when we determine whether this coverage applies.

3. **Contents Replacement Cost - Coverage C.**

- a. If the Declarations or renewal notice indicates that Contents replacement cost coverage applies, then covered loss or damage to covered personal property, except for those types of personal property described in subsection c. below, will be settled at replacement cost without deduction for depreciation for an amount that is reasonably necessary to repair or replace the damaged property, but for no more than the smallest of the following:

- (1) any **stated limit** or other limit of insurance under this policy that applies to the property;

- (2) the replacement cost of that part of the property damaged for equivalent manufacture or construction with materials of like kind and quality, determined as of the time of loss;
 - (3) the reasonable amount actually and necessarily spent to repair or replace damage to the property; or
 - (4) the loss to the interest of the **insured** in the property.
- b. We will pay no more than the **actual cash value** of the property at the time of loss until actual repair or replacement is completed. Except for those types of personal property described in subsection c. below, you may collect any additional amount on a replacement cost basis. To do so the property must have been repaired or replaced in accordance with and subject to Section I - Property Conditions, Replacement Cost Settlement.
- c. Covered loss or damage to the following types of personal property, whether or not attached to buildings or any structure, will be settled as shown below in subsection d.:
- (1) property which cannot be replaced;
 - (2) property not in workable condition at the time of loss or damage;
 - (3) property, the age or condition of which has rendered it either obsolete or unusable for the purpose for which it was originally intended;
 - (4) paintings, etchings, pictures, tapestries, art glass windows, or other bona fide works of art or rarity, historical value or artistic merit, including by way of example but not limited to valuable rugs, statuary, marble, rare books, manuscripts, bronzes, porcelains, rare glass or bric a brac;
 - (5) antiques, including by way of example but not limited to furniture, metalware, tools, toys, and bric a brac;
 - (6) photographs or negatives, digital or analog storage medium that contains data or articles whose age or history contribute substantially to their value, including by way of example but not limited to memorabilia, souvenirs, and collectibles and collectors items;
 - (7) a motorized golf cart not subject to **motor vehicle** registration:
 - i. while on the golf course and used for golfing purposes; or
 - ii. while in a private residential community, including its public roads upon which a motorized golf cart can legally travel, which is subject to the authority of a property owners association and contains the residence premises;
 - (8) farm equipment principally used on the **residence premises**;
 - (9) recreational vehicles designed principally for off road recreational use that are only used on the **residence premises**, including by way of example but not limited to, all terrain vehicles;
 - (10) **motor vehicle** parts, equipment, machinery, furnishings or accessories not attached to or located in or upon any **motor vehicle**.
- d. The covered types of personal property shown above in subsection c. will be settled for no more than the smallest of the following:
- (1) **actual cash value**;
 - (2) fair market value;
 - (3) any **stated limit** or other limit of insurance under this policy that applies to the property; or
 - (4) the reasonable amount actually and necessarily spent to repair or replace loss or damage to the property.
- e. The Coverage C **stated limit** is the most we will pay regardless of the number of items of personal property which are involved in a loss event.
- f. We may repair or replace damaged property with equivalent like kind and quality property.

4. Building Ordinance or Law.

- a. We will pay for the increased costs that you actually and necessarily incur when you repair or rebuild covered damage to the **dwelling** or a **separate structure** because of or resulting from the enforcement of any governmental ordinance, code, regulation, order or law, hereinafter "building law".

We will pay up to the percentage shown on the Declarations or renewal notice of the applicable Coverage A (**Dwelling**) or Coverage B (**Separate Structures**) **stated limit**. The building law must be adopted by the local government in which the **dwelling** is located and be in force on the date of loss or damage. The building law must directly apply to the part of the **dwelling** or **separate structure** which sustained the covered damage, and enforcement of the building law must directly result from the covered damage and must require:

- (1) upgrades to or regulation of the construction, demolition, renovation, repair, removal or rebuilding of that part of the **dwelling** or a **separate structure** which has sustained covered damage;
 - (2) the total demolition and/or regulation of the reconstruction of the undamaged part of the **dwelling** or a **separate structure** necessary to repair the damaged part of the **dwelling** or **separate structure** and to bring the undamaged part of the **dwelling** or **separate structure** into conformity with the building law;
 - (3) the renovation or rebuilding of the undamaged part of the **dwelling** or a **separate structure** necessary to complete the repair or rebuilding of that part of the **dwelling** or **separate structure** which has sustained the covered loss or damage; or
 - (4) modifications to any undamaged part of the **dwelling** or **separate structure** as a direct result of the covered loss or damage.
- b. We do not cover:
- (1) the loss in value to the **dwelling** or a **separate structure** due to the requirements of any building law;
 - (2) the cost to repair, replace, rebuild, stabilize or otherwise restore land;
 - (3) the costs to comply with any building law which requires an **insured** or others to **remediate** the **dwelling** or a **separate structure**, or a part thereof;
 - (4) the increased cost to repair or rebuild if the **dwelling** or **separate structure** is not intended for the same type of occupancy as the pre-loss event **dwelling** or **separate structure**;
 - (5) the increased cost to repair or rebuild the **dwelling** or **separate structure** until it is actually repaired or rebuilt;
 - (6) those increased costs of construction, renovation or repair that are a result of your failure to timely undertake repairs or rebuilding of loss or damage;
 - (7) the costs of demolition if you should fail to reasonably mitigate, repair or rebuild loss or damage and as a result the **dwelling** or **separate structure** then becomes subject to demolition;
 - (8) those costs of complying with any building law that you were required to comply with before the covered loss or damage and which building law you failed to comply with;
 - (9) those costs of complying with any building law that regulates the use of the **dwelling** or **separate structure**; or
 - (10) those costs of conforming, correcting or remedying any original or subsequent construction, addition, modification, renovation or repair to a building or other structure which did not conform to a building law in effect when the construction, modification, renovation or repair was performed.

- c. If you should rebuild the **dwelling** or a **separate structure** at another location, then we will only pay under this coverage the increased costs that you would have incurred to repair or rebuild the **dwelling** or **separate structure** at the same location.

This Building Ordinance or Law coverage is additional insurance.

5. **Debris Removal.**

We will reimburse you for the reasonable and necessary expenses you incur to remove debris caused by or resulting from covered loss or damage.

If the amount of loss or damage, including reimbursable debris removal expense, exceeds the applicable Coverage A, B or C **stated limit** for the type of damaged property, we will reimburse you up to an additional 5% of the applicable **stated limit** for the excess reimbursable debris removal expense you have incurred. This is additional insurance which is excess of the applicable Coverage A, B or C **stated limit**.

Debris removal does not include and we will not reimburse any expenses incurred by you or anyone acting on your behalf to:

- a. **remediate any contamination**; or
- b. remove, restore or replace any **contaminated** land, **water**, air, buildings, structures or personal property, either on or off the **residence premises**.

This coverage does not apply to any debris removal of any tree, shrub, plant or lawn, unless the tree, shrub, plant or lawn first damaged covered Coverage A or B property. Then the removal of the tree, shrub, plant or lawn will be included in this Debris removal coverage.

6. **Trees, Shrubs, Plants and Lawns.**

Subject to the limitations set forth in Section I - Uninsured Loss or Damage and Excluded Causes of Loss or Damage, we cover trees, shrubs, plants and lawns on the **residence premises** for accidental, direct physical loss or damage resulting from the following perils:

- a. fire or lightning;
- b. explosion;
- c. riot or civil commotion;
- d. **aircraft** and vehicles, not owned or operated by any **insured**;
- e. **vandalism** and **malicious mischief**; and
- f. theft.

Property grown for **business** purposes is not covered.

The limit for this coverage, including any necessary debris removal, for any one loss event will not exceed 5% of the Coverage A **stated limit**. No more than \$750 will be paid for any one tree, shrub or plant. This coverage is additional insurance and is not subject to the Coverage A **stated limit**.

Except as provided therein, debris removal for trees, shrubs, plants and lawns is not covered under Section I - Extensions of Coverage, **Debris Removal**.

7. **Fire Department Service Charge.**

We will pay up to \$750 for fire department charges incurred when the fire department is called to save or protect covered property from covered loss or damage.

This coverage is additional insurance. It is not subject to the applicable Coverage A, B, or C **stated limits**.

No deductible applies to this coverage.

8. **Emergency Removal of Property.**

We pay for damage from any cause to covered property:

- a. while being removed from a premises actually and imminently endangered by a peril not excluded under this policy; and

b. while removed for not more than 30 days from the date of removal.

This is not additional insurance. All loss or damage under this coverage is subject to the applicable Coverage C **stated limit** or any Special Limits on Certain Personal Property.

9. Identity Fraud

a. We will pay up to \$1,500 for loss sustained by an **insured** caused by any of the following:

- (1) a knowing transfer or use, without authority, of the identity of or a means of identification of an **insured** to obtain goods, services or other benefits from an innocent third party. The transfer or use must be with intent to commit, or to aid or abet, unlawful activity that constitutes a violation of federal law or a felony under any applicable state or local law;
- (2) theft or unauthorized use of a credit, debit or fund transfer card issued to that **insured**;
- (3) forgery or alteration of a check or other negotiable instrument made or drawn upon an **insured's** account; or
- (4) acceptance in good faith by an **insured** of counterfeit United States or Canadian paper money.

No deductible applies to this subsection a. Any loss which may be payable under this subsection a. will be reduced by any amount we pay under any other coverage of this policy for the same loss event.

b. We will reimburse up to \$28,500 for the costs and expenses identified below. For coverage to apply:

- (1) the costs or expenses must be the direct result of an act described in subsection a. which first commences during the policy period;
- (2) the act described in subsection a. must be reported to us within 90 days after the date of discovery; and
- (3) the costs or expenses must be incurred within 12 months after the date of discovery.

Reimbursable costs and expenses are:

- (1) costs for notarizing fraud affidavits or similar documents for financial institutions or similar credit grantors, credit agencies or card issuers that have required that such affidavits be notarized;
- (2) costs for certified mail to law enforcement agencies, credit bureaus, financial institutions or similar credit grantors or card issuer;
- (3) lost wages as a result of time taken off from work to meet with, or talk to, law enforcement agencies, credit agencies, card issuers and/or legal counsel, or to complete fraud affidavits, or to attend legal proceedings, up to a maximum payment of \$250 per day for a maximum of ten days;
- (4) loan application fees for re-applying for a loan(s) when the original application is rejected solely because the lender received incorrect credit information;
- (5) reasonable attorney fees incurred for:
 - i. defense of lawsuits brought against that **insured** by merchants, card issuers or their collection agencies;
 - ii. the removal of any criminal or civil judgments wrongly entered against that **insured**; and
 - iii. challenging the accuracy or completeness of any information in a consumer credit report; and
- (6) charges incurred for long distance telephone calls to merchants, law enforcement agencies, financial institutions or similar credit grantors, or credit bureaus, or card issuers to report or discuss any of the subsection a. loss events.

For subsection b. we will reimburse all costs or expenses up to \$28,500 that exceed \$100 in the aggregate.

c. The additional duties of the **insured** after loss are to:

- (1) cooperate in the investigation of the covered event and provide receipts, bills or other records that support the **insured's** claim for reimbursement under this extension of coverage; and

- (2) immediately notify the police. As applicable, notify the issuer of the card, credit bureau, credit reporting agency, or credit grantor. Failure to comply with the terms and conditions of the reporting requirements of the grantor of credit will void coverage for any further loss after such failure.
- d. Any act of or series of acts committed by any person(s) or in which any person(s) is involved or implicated is considered to be one loss event, even if a series of acts continues into subsequent policy periods.
- e. We do not cover loss or expense:
- (1) arising from or in connection with any **business** engaged in by any **insured**;
 - (2) arising from any fraudulent, dishonest or criminal act by an **insured**, any person acting in concert with an **insured**, any authorized representative of an **insured**, or any **residence employee**, regardless of whether any of these act alone or in collusion with others;
 - (3) arising out of use of any card, identification or information by a resident of the **residence premises** or a relative of the **insured** which enables any of the activities in subsection a. above;
 - (4) if an **insured** has not complied with all terms and conditions under which any card is issued; or
 - (5) resulting from any use of a credit card or other credit information of an **insured** by persons or entities to whom the account information has been made available by an **insured** for the purchase of goods, services, money or property, and the **insured** is disputing the transaction for any reason whatsoever, including by way of example but not limited to disputes over the quality or amount of goods, services, money or property provided or authorized.

Regardless of the number of **insureds** or loss events, our total aggregate limit of insurance under this extension of coverage for loss, costs and expense for any policy period is \$30,000. The policy deductible does not apply to this coverage.

10. Collapse of Building Structure or Structural Part of the Building Structure.

We cover loss or damage to covered property caused by collapse of a **building structure** or any structural part of the **building structure**. The collapse must be a direct result of:

- a. weight of ice, snow, sleet or rain which collects on a roof;
- b. weight of persons, animals, contents or equipment; or
- c. defective methods or materials used in construction, repair, remodeling or renovation, but only if the collapse occurs in the course of such construction, repair, remodeling or renovation.

The collapse must be a sudden and accidental, actual and complete falling down or caving in of the **building structure** or of a structural part of the **building structure**. A structural part of a **building structure** means a part of the building, which if it fell down or caved in, would threaten the structural integrity of the **building structure**. Substantial impairment of a **building structure** or structural part of a **building structure** without a sudden and accidental, actual and complete falling down or caving in is not a collapse. Collapse does not mean imminent or threatened collapse. Collapse does not include movement, settling, cracking, bulging, shrinkage, heaving or expansion, whether natural or otherwise, of the **building structure** or a structural part of the **building structure** unless an actual and complete falling down or caving in has occurred. Collapse coverage does not apply to **separate structures** which are not **building structures**.

For purposes of this Extension of Coverage only, a **building structure** means a structure fully or partially enclosed with walls, but fully covered by a roof. A roof or wall does not include a temporary roof or wall structure or any kind of temporary tarp, sheeting or other covering, except a temporary roof or wall or temporary covering which has been installed for temporary purposes because of recent damage covered under this policy.

This is not additional insurance. All loss or damage under this coverage is subject to the applicable Coverage A, B or C **stated limit** or any Special Limits on Certain Personal Property.

This is not additional insurance. All loss or damage under this coverage is subject to the applicable Coverage A, B or C **stated limit** or any Special Limits on Certain Personal Property.

11. Food Spoilage.

We will pay for the cost of loss or damage to contents in a refrigerator or freezer on the **residence premises** which thaws or spoils due to interruption of electrical utility service. The interruption must originate off the **residence premises**. This coverage is subject to the Coverage C **stated limit**.

12. Artificially Generated Electrical Current.

We will pay for loss or damage caused by a sudden and accidental surge or decrease in artificially generated electrical current, whether on or off the **residence premises**, to any electronic components or wiring of or in covered personal property. We will pay no more than \$1,000 for all personal property damaged per loss event.

13. Arson, Burglary or Vandalism and Malicious Mischief Reward.

We will pay up to the amount specified below for information which leads to an arson, burglary or **vandalism** and **malicious mischief** conviction in connection with loss or damage to property covered by this policy:

- a. a \$5,000 limit for arson;
- b. a \$1,000 limit for burglary; and
- c. a \$500 limit for **vandalism** and **malicious mischief**.

In no event will the amount of the reward exceed the total amount of the loss or damage. We will pay no more than the highest limit for any one loss event. No limit shall be increased, regardless of the number of persons providing information for that loss, the number of claims being made for that loss or the fact that the loss may involve loss or damage to property under Coverages A, B and C.

No deductible applies to this coverage.

14. Lock Re-keying.

We will reimburse you up to \$500 for expense you incur to re-key locks on exterior doors of the **dwelling** or a **separate structure** located on the **residence premises**, when the keys to those locks are part of a covered loss.

No deductible applies to this coverage.

15. Pet Coverage.

We will pay reasonable amounts up to \$500 for the veterinary care, burial, disposal, injury or death of household pets owned or kept by you that are injured or die resulting from any covered loss under **SECTION I** that occurs on the **residence premises**. Settlement will be based on the monetary value of the household pets up to a maximum of \$500 for all pets in any covered loss event under **SECTION I**.

For the purposes of this coverage only, a household pet is a fully domesticated animal owned by you for personal companionship, such as a dog, a cat, a reptile, a bird or a rodent. Household pet does not include any type of horse, cow, pig, sheep, goat, chicken, turkey, rooster, or captive fur-bearing animal, or any animal commonly kept for food or profit.

SECTION I - UNINSURED LOSS OR DAMAGE AND EXCLUDED CAUSES OF LOSS OR DAMAGE

A. Uninsured Types of Loss or Damage.

We do not insure property covered under this policy, provide Loss of Use coverage or extend coverage under any Extensions of Coverage, for any loss or damage consisting or composed of any of the uninsured types of loss or damage listed below, whether on or off the **residence premises**, however caused, whether the loss or damage is, or is the result of, a natural or man-made activity, condition or event, except as may be stated otherwise.

Uninsured types of loss or damage are never covered regardless of whether any acts, omissions or decisions of any persons, group, organization, association or governmental body or any other cause of loss or event contributes concurrently or in any combination or sequence to cause the uninsured type of loss or damage, except as may be stated otherwise.

Uninsured types of loss or damage can occur in combination with insured loss or damage. If any uninsured type of loss or damage does occur in combination with or in sequence to insured loss or damage, the uninsured type of loss or damage is not covered. If a loss event involves both insured types of loss or damage and uninsured types of loss or damage, the insured types of loss or damage will be covered and the uninsured types of loss or damage will not be covered. However, if the insured loss or damage and uninsured loss or damage cannot be segregated from each other for any reason, including by way of example but not limited to what perils caused the loss or damage or the extent or timing of the loss or damage caused by individual perils, then none of the loss or damage will be insured under this policy.

1. **Water Damage.**

We do not insure loss or damage consisting of, composed of or which is **water damage**, except as covered under Section I - Extensions of Coverage, **Limited Water Coverage** and unless if by fire or lightning.

2. **Nuclear Damage.**

We do not insure loss or damage consisting of or composed of nuclear radiation. Further, we do not insure any **remediation** of or provide any Loss of Use or any Extensions of Coverage for expenses directly or indirectly due to, arising out of or resulting from **remediation** of nuclear damage.

3. **Construction Defect.**

We do not insure loss or damage which is a construction defect in the **dwelling** or a **separate structure**, except as covered under Section I - Extensions of Coverage, **Collapse of Building Structure or Structural Part of the Building Structure** and unless if by fire or lightning.

4. **Inherent Vice or Latent Defect.**

We do not insure loss or damage which is an inherent vice or latent defect in covered property.

5. **Contamination.**

We do not insure loss or damage consisting of, composed of or which is **contamination** except as covered under Section I - Extensions of Coverage, **Limited Water Coverage** or unless if by fire or lightning. However, even if by fire or lightning, nuclear **contamination** is not insured. Further, we do not insure any **remediation** or provide any Loss of Use or any Extensions of Coverage for expenses directly or indirectly due to, arising out of or resulting from **remediation** of any **contamination**.

6. **Breakage, Impairment, Corruption or Failure of Personal Property.**

We do not insure loss or damage which is the breakage, impairment, corruption or failure of personal property, including any electronic or mechanical part of the personal property, except as provided in item 14.

7. **Wear and tear or mechanical breakdown.**

We do not insure loss or damage which is wear and tear, deterioration or mechanical breakdown, unless if by fire or lightning.

8. **Marring.**

We do not insure loss or damage which is **marring** of covered property except as provided in item 14.

9. **Corrosion, Deterioration, Decay or Rust.**

We do not insure loss or damage consisting of, composed of or which is corrosion, deterioration, decay or rust, unless if by fire or lightning. This includes by way of example, but is not limited to any decomposition, breakdown and/or decay of manmade or natural material or matter by any agent.

10. **Fungi.**

We do not insure loss or damage consisting of, composed of or which is **fungi**. However, if **fungi** is located upon covered property, which property must be repaired or replaced because of direct physical damage as the result of a covered loss, we will remove and dispose of any **fungi** on that covered property. Further, we do not insure any **remediation** or provide any Loss of Use or any Extensions of Coverage for expenses directly or indirectly due to, arising out of or resulting from **remediation** of **fungi**.

11. **Pathogen.**

We do not insure loss or damage consisting of, composed of or which is a **pathogen**, unless if by fire or lightning. Further, we do not insure any **remediation** or provide any Loss of Use or any Extensions of Coverage for expenses directly or indirectly due to, arising out of or resulting from **remediation** of a **pathogen**.

12. **Movement, Settling, Cracking, Bulging, Shrinking, Heaving or Expanding.**

We do not insure loss or damage consisting of, composed of or which is the movement, settling, cracking, bulging, shrinking, heaving or expanding of any part of covered property, except as provided in item 14.

Movement, settling, cracking, bulging, shrinking, heaving or expanding of any part of covered property includes by way of example but not limited to foundations, foundation fill material, foundation piers, foundation beams, slabs, pads, patios, walls, floors, ceilings, roofs, roof structures, walks, driveways, pavements, curbs, fences, retaining walls, bulkheads, spas or swimming pools.

13. **Building Ordinance or Law.**

We do not insure the increased costs of enforcement of any ordinance, code, regulation, order or law except as provided in Section I - Extensions of Coverage, **Building Ordinance or Law**.

However, we do insure sudden and accidental direct physical loss or damage which results from order of governmental or public authorities to prevent the spread of a fire if the fire results from a cause of loss which would have been covered under this policy.

14. **Exceptions to Uninsured types of damage.**

However, we do insure:

6. Breakage, Impairment, Corruption or Failure of Covered Personal Property;

8. **Marring**; and

12. Movement, Settling, Cracking, Bulging, Shrinking, Heaving or Expanding;

which is directly caused by the following causes of loss or Extensions of Coverage, subject to the terms and limitations set forth in subsection B. Excluded Causes of Loss or Damage for any such cause of loss:

a. fire or lightning;

b. windstorm or hail;

c. smog, smudging or smoke (all only if sudden and accidental);

d. explosion (other than nuclear explosion);

e. riot or civil commotion;

- f. **aircraft** or vehicles;
- g. **vandalism** or **malicious mischief**;
- h. theft or attempted theft;
- i. falling objects;
- j. fall of trees or limbs, including felling, topping or trimming of trees;
- k. weight of ice, snow or sleet which causes damage to personal property contained in a building; or
- l. artificially generated electric current;

and in Extensions of Coverage for Limited Water Coverage and Collapse of a **Building Structure** or Structural Part of the **Building Structure** for any such Extension of coverage.

B. Excluded Causes of Loss or Damage.

Except as expressly provided elsewhere in this policy, we do not insure property covered under this policy, provide Loss of Use coverage or extend coverage under any Extensions of Coverage for loss or damage directly or indirectly caused by, arising out of, or resulting from any of the Excluded Causes of Loss or Damage listed below, whether occurring on or away from the **residence premises**. Acts or omissions of persons or other causes or other events can cause, contribute to, combine with or aggravate any of the Excluded Causes of Loss or Damage to cause loss or damage. Loss or damage is not covered regardless of any acts, omissions or decisions of any persons, group, organization, association or governmental body or any other causes or other events which aggravate or contribute concurrently or in any combination or sequence with the excluded cause of loss or damage.

Excluded Causes of Loss or Damage are excluded whether they are, or are the result of, natural or man-made activities, conditions or events.

Excluded Causes of Loss or Damage apply to exclude the loss or damage arising from or as a result of the excluded activity, condition or event, whether the loss or damage is direct or indirect or immediate or consequential.

However, we do insure direct physical loss or damage by fire, when the fire results from an excluded cause of loss or damage, except when the fire results from Governmental action, Failure to Protect Covered Property, Destructive Acts, **Nuclear Hazard**, Meteorites or **Vandalism** or **Malicious Mischief** or **Arson** if the **dwelling** is **vacant**. We do insure loss or damage consisting of or composed of **water** from a covered fire.

1. Earth Movement.

2. Water.

By way of example, this exclusion includes but is not limited to:

- a. a **water - reverse flow**;
- b. flood, including debris flow and mud flow, any form of surface **water**, waves, tsunami, seiche, tidal **water**, tidal waves, storm surge or overflow or escape of a body of **water**, or spray from any of these, whether or not driven by wind; or
- c. **water** from any source whatsoever above, on or below the surface of the ground, whether natural or otherwise.

This **water** exclusion applies even if **water** combines or contributes in any way with any other excluded cause of loss or damage hereunder to cause loss or damage, including by way of example but not limited to **fungi** or any **noxious substance**.

However, see Extensions of Coverage, **Limited Water Coverage** for limited coverage for **water** damage.

3. Nuclear Hazard.

4. Neglect or Lack of Maintenance or Failure to Make Repairs.

5. Faulty, Inadequate, Defective or Incomplete Planning, Zoning, Maintenance, Repairs, Renovation, Manufacture or Construction.

We do not insure loss, damage or costs directly or indirectly caused by, arising out of or resulting from faulty, inadequate, defective or incomplete defective planning, zoning, development, surveying, siting, engineering, design, specifications, workmanship, maintenance, servicing, repairs, renovation, manufacture, construction, grading, compaction, or materials that is for, is used in or is part of a method or process involving any type of personal property owned or used by an **insured** or any type of real property (including land or any improvements) whether or not the real property is owned or used by an **insured**.

This exclusion applies:

- a. whether the activity is by an **insured** or by any person, group, organization, association or governmental body;
- b. whether or not an **insured** knew of or approved the activity;
- c. whether the property is on or off the **residence premises**;
- d. whether the property is **insured** under this policy;
- e. whether the activity involves a flawed quality inherent in the property itself or involves a flawed process, method or procedure in producing property or which affects property;
- f. whether the activity being performed on one item of property which damages another item of the same or different property in the process; or
- g. whether the activity damages one aspect or part of property and another aspect or part of the same or different property becomes flawed as a result.

However, see Extensions of Coverage, **Limited Water Coverage** for limited coverage for **water** damage.

6. Inherent Vice or Latent Defect.

We do not insure loss or damage directly or indirectly caused by, arising out of or resulting from any inherent vice or latent defect in property or a quality in or of the property that causes it to damage or destroy itself, whether or not such defect or quality could have been discovered upon reasonable inspection.

However, see Extensions of Coverage, **Limited Water Coverage** for limited coverage for **water** damage.

7. Contamination.

We also do not insure any **remediation** or provide any coverage under Loss of Use or any Extensions of Coverage, directly or indirectly due to, arising out of, or resulting from **contamination**.

8. Wear and Tear, Deterioration or Mechanical Breakdown.

However, see Extensions of Coverage, **Limited Water Coverage** for limited coverage for **water** damage.

9. Corrosion, Deterioration, Decay or Rust.

However, see Extensions of Coverage, **Limited Water Coverage** for limited coverage for **water** damage.

10. Fungi.

This exclusion includes but is not limited to the discharge, dispersal, migration, release or escape of any **fungi**, whether combined with, caused by, or resulting from **water**. Further, we do not insure any **remediation** or provide any coverage under Loss of Use or any Extensions of Coverage directly or indirectly due to, arising out of, or resulting from **remediation** of **fungi**.

11. Noxious Substance.

This exclusion includes but is not limited to the discharge, dispersal, seepage, migration, release or escape of any **noxious substance**. This exclusion applies whether the **noxious substance** was used legally, normally or intentionally for a purpose for which it was intended and whether its use was confined within the general area of its intended use, or whether the **noxious substance** was the result of some legal and normal use of any process or product. Further, we do not insure any **remediation** or provide any coverage under Loss of Use or any Extensions of Coverage directly or indirectly due to, arising out of, or resulting from **remediation** of any **noxious substance**.

12. Pathogen.

This exclusion includes but is not limited to the discharge, dispersal, migration, release or escape of any **pathogen**. Further, we do not insure any **remediation** or provide any coverage under Loss of Use or any Extensions of Coverage directly or indirectly due to, arising out of, or resulting from **remediation** of a **pathogen**.

13. Building Ordinance or Law.

Except as otherwise provided in Section I - Extensions of Coverage, **Building Ordinance or Law**, we do not insure loss or damage directly or indirectly caused by, arising out of or resulting from the enforcement of any ordinance, code, regulation, order or law.

14. Governmental Action.

- a. This exclusion includes but is not limited to the, confiscation, seizure, quarantine or destruction of or injury to any property covered by this policy by any governmental authority or order of governmental authority. This exclusion applies even if:
 - i. the governmental authority mistakenly believes it has the right to engage in the conduct;
 - ii. the confiscation, seizure, quarantine, damage or destruction is sustained by property not intended or expected by the governmental authority;
 - iii. the damage is different, or greater or of a different quality than that intended or expected by the governmental authority;
 - iv. the governmental authority did not understand that confiscation, seizure, quarantine, damage or destruction may result; or
 - v. the confiscation, seizure, quarantine damage or destruction is incidental to policing activity of the governmental authority.
- b. However, we do insure actual direct, distinct and demonstrable physical loss or damage caused by acts of confiscation, seizure, damage or destruction of your property by any governmental authority or order of governmental authority:
 - i. taken at the time of a fire to prevent its spread, if the fire would be otherwise covered under this policy; or
 - ii. if, subject to the Destructive Acts Exclusion, the confiscation, seizure, damage or destruction is incidental to policing activity of a governmental authority and is directly caused by or results from the activities of a person who is not an **insured**, or who is not a tenant, roomer, live-in or boarder.

15. Power Interruption.

We do not insure loss or damage directly or indirectly caused by, arising out of or resulting from the interruption of power or other utility service which originates off the **residence premises**, except as provided in Section I - Extensions of Coverage, **Food Spoilage Coverage**.

16. Artificially Generated Electrical Current.

We do not insure loss or damage directly or indirectly caused by, arising out of or resulting from a sudden and accidental surge from or increase or decrease in artificially generated electrical current to any electronic components or wiring of or in personal property, except as provided in Section I - Extensions of Coverage, **Artificially Generated Electrical Current**.

17. Failure to Protect Covered Property.

We do not insure loss or damage directly or indirectly caused by, arising out of or resulting from the failure or neglect of an **insured** to use all reasonable means to mitigate or abate covered loss or damage or to protect covered property at and after the time of loss or damage, or when property is endangered by a covered cause of loss or damage.

18. Destructive Acts.

We do not insure loss or damage directly or indirectly caused by, arising out of or resulting from any destructive act directed against civilian, military or governmental personnel or property by any domestic or foreign person(s), organization(s), association(s), entity or entities, government or any quasi-governmental body. This exclusion includes by way of example but is not limited to war, undeclared war, civil war, insurrection, seizure, rebellion and revolution, all whether or not by military or paramilitary personnel, and including any direct or indirect consequence of these, including **contamination**. This exclusion applies even if the loss or damage is sustained by property not intended or expected. This exclusion does not include acts of **vandalism** or **malicious mischief**.

19. Theft.

We do not insure for theft:

- a. from a **dwelling** that is under construction, until after the construction has been completed and when the **dwelling** is occupied by an **insured**;
- b. from a **dwelling** that is undergoing remodeling or renovation unless the **dwelling** is occupied by an occupant who is legally using the **dwelling** as a principal, habitual place of abode;
- c. from the **residence premises**, if the **dwelling** has been **vacant** for a period of more than 30 days prior to the theft or no person has actually legally lived in the **dwelling** for a period of 30 days;
- d. committed by any **insured** or at the direction of an **insured**;
- e. committed by any person who is regularly residing at an **insured location**. However, theft committed by a **residence employee** is covered;
- f. from any part of a **residence premises** rented to others;
- g. of property from any other premises owned, occupied by or rented to any **insured** unless an **insured** is temporarily residing there at the time of the theft. Property of an **insured** in a secured rental storage facility is covered. Property of a student **insured** is covered at a residence away from the **residence premises** if the student has been at the residence any time 45 days before the theft;
- h. of watercraft, campers or trailers and their equipment, furnishings and outboard motors when off the **residence premises**;
- i. of property while off the **residence premises** and unattended in any **motor vehicle** or trailer, other than a public conveyance, unless all its doors, windows and other openings are closed and locked and there are visible marks of forcible entry. Property is not unattended when an **insured** has entrusted the keys of the vehicle to a custodian;
- j. of building materials and supplies while off the **residence premises**;

- k. directly or indirectly caused by, arising out of or resulting from any type of sale or transfer of real or personal property, or any investment or any investing activity, including by way of example but not limited to internet transactions, conversion, fraud or other deceptive practices; or
- l. committed by or at the direction of any person to whom an **insured** has given or allowed a power of attorney, or any other similar power, or any type of authorization in or over the property of the **insured**.

Theft includes attempted theft. Theft does not include mysterious disappearance of property, a shortage of property or property taken by someone who claims a right to such property under a written or oral agreement with any **insured** unless a court of law rules that a theft did occur. To be covered under this policy, any theft must be immediately reported to the local police.

20. Mysterious Disappearance.

Mysterious disappearance is an unexplained loss of property, including by way of example but not limited to losing or misplacing property.

21. Vandalism or Malicious Mischief or Arson if the Dwelling is Vacant.

We do not insure loss or damage directly or indirectly caused by, arising out of or resulting from:

- a. **vandalism** or **malicious mischief** if:
 - i. the **dwelling** has been **vacant** beyond a period of 30 days or no person has actually legally lived in the **dwelling** for a period of 30 days; or
 - ii. committed by any person who is regularly residing on the **residence premises**; or
- b. arson, whether a result of **vandalism** or **malicious mischief**, if the **dwelling** has been **vacant** beyond a period of 60 consecutive days.

Vandalism or **malicious mischief** does not include theft of property.

22. Animals or Pests.

This exclusion only applies to animals or creatures owned or kept by an **insured**, or pests including by way of example but not limited to bats, rats, mice and other rodents, bees, termites and moths, vermin, birds, fish, reptiles, insects and spiders.

However, see Extensions of Coverage, **Limited Water Coverage** for limited coverage for water damage.

23. Smog, Smudging or Smoke.

We do not insure loss or damage directly or indirectly caused by, arising out of or resulting from smog, smudging or smoke:

- a. from the manufacturing of controlled substances, or from legal or illegal commercial, manufacturing, industrial or agricultural operations, whether on or off the **residence premises**; or
- b. which originates on the **residence premises**, unless the smog, smudging or smoke is sudden and accidental.

24. Pressure by Trees, Shrubs, Plants or Lawns.

We do not insure loss or damage directly or indirectly caused by, arising out of or resulting pressure by, push from or presence of (1) any trees, shrubs, plants or lawn, or (2) any root system from any trees, shrubs, plants or lawn.

However, see Extensions of Coverage, **Limited Water Coverage** for limited coverage for water damage.

25. Soil Conditions.

Soil conditions include by way of example but are not limited to corrosion, erosion, chemicals, compounds, elements, formation of crystals, suspensions or gels of or in the soil, or saturation of the soil.

26. Windstorm or hail.

We do not insure loss or damage directly or indirectly caused by, arising out of or resulting from windstorm or hail:

- a. to personal property covered under this policy contained in a **building structure** caused by sand or dust unless the direct force of wind or hail first damaged the **building structure** causing an opening in a roof or outside wall and then sand or dust enters through this opening and causes the loss or damage to the personal property;
- b. to watercraft and windsurfers, including their trailers, furnishings, equipment and outboard motors, unless inside a fully enclosed **building structure** at the time of loss or damage; or
- c. to cloth awnings, greenhouses and their contents, radio and television towers, masts and antennas, including lead-in wiring, and wind chargers and windmills.

27. Aircraft or vehicles.

However, we do insure loss or damage from accidental direct, distinct and demonstrable physical contact by an **aircraft**, or any refuse from an **aircraft**, or a vehicle with covered property or with a structure containing the covered property. Coverage will not apply unless the **aircraft** or vehicle is moving. Extensions of Coverage **Artificially Generated Electrical Current** and **Food Spoilage** are not subject to this exclusion.

28. Falling Objects.

- a. We do not insure loss or damage to covered property caused by or resulting from objects which fall as a result of any cause of loss or damage excluded in this policy.
- b. We do not insure loss or damage to personal property contained in a **building structure** caused by:
 - i. a falling object, unless the direct force of the falling object first damages the roof or an outside wall of the **building structure**; or
 - ii. sand or dust, unless the direct force of a falling object first damages the roof or an outside wall of the **building structure** and then sand or dust enters through this opening and causes the loss or damage to personal property.
- c. We do not insure loss or damage to covered property caused by or resulting from meteorites.

A falling object is a material inanimate thing which can be touched. Loss of or loss or damage to the falling object itself is not covered.

29. Collapse.

However, we do provide limited coverage for collapse of a **building structure** or any structural part of a **building structure** in Section I - Extensions of Coverage, **Collapse of Building Structure or Structural Part of the Building Structure**.

30. Sales or Transfers of Property.

We do not insure loss or damage directly or indirectly caused by, arising out of or resulting from any type of sale or transfer of real or personal property by or to an **insured**, including by way of example but not limited to Internet transactions, and whether by conversion, fraud, trickery, false pretenses or other deceptive practices.

31. Pollution.

In addition, we do not insure any **remediation** or provide any coverage under Loss of Use or any Extensions of Coverage directly or indirectly due to, arising out of, or resulting from **remediation** of pollution. This exclusion does not apply to loss or damage caused by sudden and accidental smoke or fumes from a fire.

32. **Refinishing, Renovating, Repairing, Servicing, Restoring, Reconditioning, Retrofitting or Retouching of Personal Property.**

33. **Weather Conditions.**

However, we do not insure a weather condition if the weather condition contributes to or combines with any cause of loss or damage excluded under this policy to cause loss or damage, except if with Falling Objects or Power Interruption. This exclusion applies whether or not the weather condition affects property covered by this policy and whether the property is on or off the **residence premises**.

34. **Movement, Settling, Cracking, Bulging, Shrinking, Heaving or Expanding of any Structure.**

35. **Malfunction or Failure of Software or a Computer System.**

This exclusion applies whether or not a result of error or malicious activities.

36. **Extremes of Temperature.**

This exclusion includes freezing, except as provided in Extensions of Coverage, **Limited Water Coverage**.

SECTION I - PROPERTY CONDITIONS

1. Limits of Insurance.

- a. The **stated limits** or any other applicable limits of insurance in this policy are the maximum amounts we will pay for covered loss or damage. You are responsible for selecting the **stated limits**.
- b. Subject to **stated limits**, with each covered loss or damage to the **dwelling** or any **separate structure**, the amount of insurance coverage applicable to that structure will be reduced by the estimated amount of the loss or damage until reconstruction or repairs are actually made. Except as otherwise provided in this policy, any endorsement attached hereto, or any renewal hereof, as reconstruction or repairs are made, the amount of insurance coverage for that structure will be reinstated up to the applicable **stated limit**.

2. Insurable Interest.

If more than one person or entity has an insurable interest in the covered property, the most we will pay is an amount equal to the **insured's** interest, unless specifically stated otherwise herein.

3. Duties After Loss.

In case of covered loss or damage to property, it is your responsibility to:

- a. give prompt written notice to us or our agent without unnecessary delay. In case of theft, you must also immediately notify the police. In case of loss under Section I - Extensions of Coverage, **Identity Fraud**, involving an unauthorized use of a credit card, debit card, fund transfer card, forgery, or acceptance of counterfeit money, you must also immediately notify the police, and as appropriate, the issuer of the card, credit bureau, credit reporting agency, and the credit grantor;
- b. protect the property from further damage. You should make any reasonable and necessary emergency repairs or perform loss mitigation needed to protect the property from further damage. See Section I - Property Conditions, Emergency Services following. Failure to perform emergency repairs or loss mitigation may result in continuing or secondary damages which may not be covered under this policy. Keep records and receipts of your costs;
- c. make a list of all damaged or destroyed personal property showing in detail the quantity, description, **actual cash value**, replacement cost, age and amount of loss. Attach all bills, receipts and related records that support your figures;
- d. cooperate with our investigation of the loss or damage and our verification of any repairs or replacement of the damaged property;

- e. as often as we reasonably require:
- (1) exhibit the damaged property or provide us and our representatives access to the damaged property in order to, among other things, determine the types of loss or damage and the extent and cause thereof, and costs of repair or replacement;
 - (2) provide us with records, documents and other information we may request, and permit us to make copies. This includes by way of example but not limited to banking records, asset, debt and income information, records and documents, credit history and other financial records, prior insurance losses with us or other insurers, or receipts for property damaged, if obtainable;
 - (3) allow us to take samples of damaged property for inspection, testing and analysis;
 - (4) submit to examinations under oath by us at such times and places as we reasonably designate. We may require the examinations to be conducted separately and apart from any other person defined as you or **insured**. Each examinee must sign a transcript of his or her examination. Submission to a requested examination(s) under oath is a condition precedent to recovery under this policy. Our denial of your claim shall not act as a waiver of our right to examinations under oath; and
 - (5) produce representatives, employees, members of your household or others for interviews or examinations under oath to the extent it is within your power to do so; and
- f. send us within 60 days after our request, your signed, sworn statement showing:
- (1) date, time, location and cause of loss or damage;
 - (2) interest of all **insureds** and all others in the property involved;
 - (3) all legal claims against the property involved including lienholders;
 - (4) all other insurance and any warranty, service or maintenance contract which may cover the loss or damage (see Other Insurance condition following);
 - (5) all information we request to investigate the claim;
 - (6) changes in title or occupancy of the property;
 - (7) specifications and detailed repair estimates of any damaged structure;
 - (8) a list of stolen, damaged or destroyed personal property described in subsection 3.c. above;
 - (9) receipts and records that support additional living expenses and loss of rents; and
 - (10) evidence which states the amount and cause of loss to support a claim under Extensions of Coverage, **Identity Fraud** coverage.

To the extent an **insured**, other than you, is a direct beneficiary of coverage under this policy, that **insured** shall also be responsible for complying with the duties and responsibilities set forth in this policy respecting loss or damage, including examinations under oath and production of information requested by us.

4. **Emergency Services.**

In the event your covered property sustains covered loss or damage, you should protect the property from further damage. You should make any reasonable and necessary emergency repairs or perform loss mitigation needed to protect the property from further damage (hereinafter emergency services). We will reimburse the necessary, reasonable costs you incur on an emergency basis to mitigate further damage from the covered event.

If you undertake emergency repairs or services, you must give prompt notice to us or our agent without unnecessary delay and exhibit the damaged property or provide us and any of our representatives access to the damaged property so that we may, among other things, determine the types of loss or damage and the extent and causes thereof, and estimate the reasonable costs of repair or replacement, if covered. This is not additional insurance. Expenses incurred for emergency services are subject to the applicable Coverage A, B or C **stated limit** and any Special Limits on Certain Personal Property that apply to the property.

Emergency services do not include mitigation or abatement of uninsured types of loss or damage, including by way of example but not limited to **remediation** of any **nuclear substance, noxious substance, pathogen, fungus**, or pollutant, or any **contamination**.

If you report loss or damage to covered property and if you have not already performed reasonable, necessary emergency services, we may at our sole discretion assist you in obtaining such emergency services prior to our determination as to whether the loss or damage is covered under this policy. Although we are not obligated to do so, we may advise you of or we may dispatch an independent contractor to perform such emergency services. However, you are responsible for contracting for such emergency services with the independent contractor. You have the right to reject the independent contractor providing such emergency services at any time. The provision of such emergency services will not prejudice our right to later deny coverage for any loss or damage.

It is solely your responsibility to direct or manage the activities of any independent contractor providing emergency services. We do not assume liability arising from any repair, attempted repair or from any loss mitigation.

5. How We Settle Covered Loss.

a. Coverage A (**Dwelling**) and Coverage B (**Separate Structures**). We will only settle covered loss or damage on the basis of use as a private residence.

(1) Settlement for covered loss or damage to the **dwelling** or **separate structures** will be settled at replacement cost, without deduction for depreciation, for an amount that is reasonably necessary to repair or replace damaged property, but for no more than the smallest of the following:

- i. the applicable **stated limit** or other limit of insurance under this policy that applies to the damaged or destroyed **dwelling** or **separate structure(s)**;
- ii. the replacement cost of that part of the **dwelling** or **separate structure(s)** damaged for equivalent construction with materials of like kind and quality on the **residence premises**, determined as of the time of loss or damage;
- iii. the reasonable amount actually and necessarily spent to repair or replace the damage to the **dwelling** or **separate structure(s)**; or
- iv. the loss to the interest of the **insured** in the property.

When the cost to repair or replace damaged property is more than \$2,500, we will pay no more than the **actual cash value** of the loss until actual repair or replacement is completed. If the **dwelling** or a **separate structure** is rebuilt or replaced at a different location, the costs described in subsection ii. above are limited to the costs which would have been incurred if the **dwelling** or **separate structure** had been rebuilt or replaced at its location on the **residence premises**.

b. Coverage C (Personal Property).

Unless Section I - Extensions of Coverage, **Contents Replacement Cost** Coverage applies, covered loss or damage to personal property will be settled for no more than the smallest of the following:

- (1) **actual cash value**;
- (2) fair market value;
- (3) any **stated limit** or other limit of insurance under this policy that applies to the property;
- (4) the reasonable amount actually and necessarily spent to repair or replace damage to the property; or
- (5) the loss to the interest of the **insured** in the property.

The Coverage C **stated limit** is the most we will pay regardless of the number of items of personal property which are involved in a loss event.

6. Replacement Cost Settlement - Time Limitation.

For any loss to property which may be settled on a replacement cost basis, you have 365 days from the date of our first payment toward **actual cash value** to collect any amounts due for replacement cost settlement. The property must be actually repaired or replaced by you to collect replacement cost. If you do not actually repair or replace the property within 365 days from the date of our first payment toward **actual cash value**, then the loss or damage will only be settled at **actual cash value**.

7. Other Insurance and Assignment.

Except as provided below, this insurance is excess of any other insurance covering the property. If covered property sustains loss or damage covered by any other insurance, we will be liable only for that portion of the loss covered under this policy that is in excess of the limit of insurance that applies under the other insurance. For purposes of this provision, other insurance includes any type of warranty or service or maintenance contract.

If insurance is issued by us or any other member company of the Farmers Insurance Group of Companies covering the loss or damage, the loss or damage will only be payable under the single policy providing the highest limit of insurance.

8. Deductible clause.

We pay for loss or damage when a covered loss exceeds the deductible(s) amount applicable to the property. The deductible(s) applies separately to each loss or damage event. All limits of insurance, including special limits, will be applied after application of the appropriate deductible(s) to the loss or damage.

9. Loss or Damage to a Pair or Set.

We may elect to:

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

Loss or damage to a part does not mean a total loss or damage of the pair or set.

10. Appraisal.

If you and we fail to agree on the **actual cash value**, amount of loss or damage or the cost of repair or replacement of the loss or damage, either one may make a written demand for appraisal. Each will then select a competent and disinterested, independent appraiser and notify the other of the appraiser's name within 20 days after the written demand is received. The appraisers will choose a competent, independent and disinterested umpire. If the appraisers cannot agree upon an umpire within 15 days, you or we can ask a judge of a court of record in the judicial district where the **residence premises** is located to choose an umpire. Any person or entity which has performed services for either party at any time as respects the particular loss or damage or loss event at issue in the claim may not serve as an appraiser or the umpire.

The appraisers will then set the amount of loss or damage, stating separately the **actual cash value**, the repair or replacement cost and a description of the damage and extent of damage for each item of property. If the appraisers submit a written agreement to us, the agreed amount will be the amount of loss or damage and **actual cash value**. If the appraisers cannot agree, they will submit their differences to the umpire. A written agreement signed by any two will set the amount of loss or damage and **actual cash value**. Each party will pay the appraiser it chooses. The umpire and all other expenses of the appraisal will be paid equally by you and us.

Interpretation of this policy and whether any particular loss or damage to covered property is in fact insured under this policy may not be determined under this provision.

11. Vacancy.

Vacancy of the residence premises will affect coverage as provided in this policy.

12. Intentional Acts, Criminal Acts, and Fraud.

We do not provide coverage for loss or damage if any **insured** has before or after the loss or in relation to any insurance provided in this policy:

- a. concealed or misrepresented any material fact or circumstance;
- b. intentionally caused or arranged for the loss or damage;
- c. directly or indirectly caused the loss or damage while engaged in committing or concealing a felony;
- d. engaged in fraudulent conduct; or
- e. made material, false statements.

We do not provide coverage for loss or damage from a criminal act committed by or at the direction of any **insured** if the loss that occurs may be reasonably expected to result from such an act, or is the intended result of such an act.

13. Suit Against Us.

No suit or other action can be brought against us, our agents or our representatives unless there has been full compliance with all the terms of this policy, including submission to requested examinations under oath. Suit on or arising out of the Section I - Property Coverage of this policy must be brought within the time allowed by law.

14. Loss Adjustment and Payment.

At our option, we may adjust all losses with you. We may pay you unless another payee is named in the policy, in which case we will pay as interests appear. We will pay within 30 days after:

- a. we reach agreement with you;
- b. a final judgment; or
- c. an appraisal award.

15. Abandoned Property - Our Option.

We need not accept property abandoned by an **insured**. At our sole option and discretion, we may take all or part of the damaged property at an agreed or the appraised value. We will give you written notice of our intention within 30 days after receipt of your signed sworn statement of loss or the written agreement from the appraisal.

16. Mortgagee Clause.

- a. Mortgagee includes trustee or loss payee. If a mortgagee is named in this policy, a covered loss will be paid to the mortgagee and you, as interests appear. If more than one mortgagee is named, the order of payment will be the same as the order of precedence of the mortgages.

If we deny your claim, based on your act, omission or neglect, such denial will not apply to a mortgagee's valid claim if the mortgagee:

- (1) knows and promptly notifies us of any change of ownership, occupancy, **vacancy** or substantial change in risk;
- (2) pays on demand any premium due if you have failed to do so; and
- (3) submits a signed, sworn statement of loss within 60 days after we notify the mortgagee of your failure to do so.

- b. All policy conditions and terms will apply to the mortgagee, except Misrepresentation, Concealment or Fraud, unless committed by the mortgagee or its representatives. A mortgagee will only have a valid claim if it promptly notifies us of any change in ownership, occupancy, vacancy or of a substantial change in risk known to the mortgagee.

- c. We will give the mortgagee 10 days notice before we cancel this policy for non-payment of premium. We will give the mortgagee 20 days notice before we cancel for any other reason. If we pay the mortgagee for any loss and deny payment to you:

- (1) we have right of recovery against any party responsible for the loss; and

(2) at our option, we may pay off the entire mortgage debt to the mortgagee. In this event, we receive full assignment and transfer of the mortgage, including all security held as collateral to the mortgage debt, and we are subrogated to all the rights of the mortgagee under the mortgage.

A mortgagee's claim will not be impaired by transfer of a right of recovery.

- d. If the **dwelling** is foreclosed upon under the deed of trust or through any other legal means, the mortgagee may cancel this policy of insurance. The mortgagee will then be entitled to any unearned premiums from this policy.

The mortgagee must credit any unearned premium against any deficiency owed. The mortgagee must return any unearned premium not so credited to the borrower. The unearned premium will be figured using the customary pro rata procedures.

17. No Benefit to Bailee.

This insurance will not benefit any person, association or organization who may be storing, holding or caring for or handling or moving property for a fee. We will not recognize any assignment or grant any coverage hereunder to any such person or organization.

18. Salvage.

We have salvage rights to damaged property for which we pay loss benefits. We have the right to obtain all or part of the property which may be recovered, including property substituted by others to conceal the loss.

19. Changed Information.

You agree that if any information we use to rate or underwrite your policy, including but not limited to whether you qualify for discounts, changes or is determined by you or us to be incorrect or incomplete, we may, during the policy period, re-underwrite this insurance, including adjusting coverage and/or premium.

SECTION II - LIABILITY COVERAGE

We will insure you for the coverages as described below except as otherwise indicated in the Declarations or renewal notice.

Coverage E (Personal Liability)

We will pay those damages which an **insured** becomes legally obligated to pay because of:

1. **bodily injury** resulting from an **occurrence**; or
2. **property damage** resulting from an **occurrence**.

At our expense and with attorneys of our choice, we will defend an **insured** against any suit seeking damages covered under Coverage E (Personal Liability). Our obligation to defend a suit seeking damages ends once we have paid our applicable **stated limit**. We may investigate and settle any claim or suit seeking damages that we consider appropriate.

We do not have any duty to defend or settle any suit involving actual, alleged, threatened or declared **bodily injury** or **property damage** not covered under this liability insurance. This applies whether or not the suit is groundless, false or fraudulent.

Coverage F (Medical Payments To Others)

We will pay reasonable medical expenses for necessary medical services furnished to a person to whom this coverage applies for treatment of **bodily injury**. This will apply for services within three years from the date of the **occurrence** causing **bodily injury**.

Necessary medical services are limited to necessary medical, surgical, dental, x-ray, ambulance, hospital, professional nursing and funeral services. These include the costs of pharmaceuticals, orthopedic and prosthetic devices, eyeglasses, and hearing aids.

Necessary medical services do not include:

1. treatment, services, products or procedures that are:
 - a. experimental in nature, for research, or not primarily designed to serve a medical purpose; or
 - b. not commonly and customarily recognized throughout the medical profession and within the United States as appropriate for the treatment of the **bodily injury**;
2. the use of:
 - a. thermography or other related procedures of a similar nature; or
 - b. acupuncture or other related procedures of a similar nature; or
3. purchase, rental cost, or use of:
 - a. hot tubs, spas, water beds;
 - b. exercise equipment;
 - c. heating or vibrating devices;
 - d. furniture or equipment not primarily designed to serve a medical purpose;
 - e. memberships in health clubs; or
 - f. medical reports, unless requested by us.

A reasonable medical expense means the usual and customary expense for the necessary medical services.

This coverage applies to:

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

This coverage does not apply to:

1. persons injured as a result of their intentional acts;
2. any **insured** or any regular resident of an **insured location**, except a **residence employee** who is in the course and scope of employment by an **insured** as a **residence employee**; or
3. any person eligible to receive benefits provided or mandated under any workers' compensation, occupational disease or non-occupational disability law.

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

SECTION II - LIABILITY EXTENSIONS OF COVERAGES

We will insure you for the Extensions of Coverage as described below except as otherwise indicated in the Declarations or renewal notice.

1. Claim Expenses.

We pay:

- a. all costs we incur in our settlement of a claim or defense of a suit with attorneys of our choice;
- b. premiums on bonds required in a suit we defend, but not for a bond amount greater than the Coverage E **stated limit**. We are not obligated to apply for or furnish a bond;
- c. reasonable expenses incurred by an **insured** at our specific request to help us investigate or defend a suit. When we ask an **insured** to attend hearings or trials we will pay actual loss of earnings (but not other income) up to \$250 per day; and
- d. interest after entry of judgment. This will only apply to that portion of damages covered by this policy and which do not exceed the applicable Coverage E or F **stated limits**. We will only be responsible for interest accruing on such damages until we pay, have given written offer to pay or have deposited the damages with a court.

2. First Aid Expenses.

We will reimburse reasonable and necessary first aid expenses for **bodily injury** to others incurred by an **insured** at the time of an **occurrence** to which this liability coverage applies. We do not pay for first aid to you or any other **insured**.

3. Damage to Property of Others.

At your request, we pay replacement cost up to \$1,500 per **occurrence** for **property damage** to property of others caused by an **insured**. We will not pay for **property damage**:

- a. to property covered under Section I - Property Coverage;
- b. intentionally caused by an **insured** who is 13 years of age or older;
- c. to property owned by or leased or rented to an **insured**, a tenant of an **insured**, any resident of an **insured's** household or anyone who cohabits with an **insured**;
- d. to **business property**;
- e. arising out of any **business** engaged in by an **insured**;
- f. arising out of premises owned, rented or controlled by an **insured**, other than an **insured location**; or
- g. arising out of the ownership, maintenance, operation, use, moving, occupancy, loading or unloading or entry or exit of **aircraft, watercraft, or motor vehicles** or any other motorized land conveyance or trailers.

4. Association Loss Assessment Coverage.

If the Declarations or renewal notice shows loss assessment coverage amount and the **residence premises** is subject to and governed by a homeowners or property owners association of which you are a member, then subject to the rules of the association we will pay up to the Loss Assessment **stated limit** for your share of any assessment levied against you and other unit owners by the association, but only if the assessment is for the following:

- a. If the assessment is for accidental, direct, distinct and demonstrable, physical loss or damage to tangible property owned in common by all association members, the loss or damage must be loss or damage that manifests during this policy period or the twelve months immediately following the end of this policy period and be loss or damage we would cover under Section I - Property Coverage as it would apply to your **dwelling** or other property you own.
- b. If the assessment is for **bodily injury, property damage or personal injury**, if **personal injury** coverage is provided hereunder, for which the association becomes liable, then the **bodily injury, property damage or personal injury** must result from an **occurrence** to which Section II of this policy would apply to an **insured**.

The **stated limit** is the most we will pay with respect to any one loss event, regardless of the number of assessments which may be levied by the association for loss or damage or liability arising from that event. This coverage is excess over any collectible insurance covering the association for the loss or damage or liability, whether the association files a claim for the loss or damage or liability with its insurer. You must make a claim for this coverage with us within 365 days of notice to you of the assessment. Claims made after that time are void. Our sole responsibility under this coverage is to pay for a covered assessment.

5. Personal Injury

If the Declarations or renewal notice indicates **personal injury** coverage applies, we will pay those damages which an **insured** becomes legally obligated to pay because of **personal injury** resulting from an **occurrence** to which this coverage applies.

At our expense and with attorneys of our choice, we will defend an **insured** against any suit seeking damages covered as **personal injury**. Our obligation to defend a suit seeking these damages ends once we have paid the applicable limit of insurance. We may investigate and settle any claim or suit seeking damages that we consider appropriate.

We do not have any duty to defend or settle any suit involving actual, alleged, threatened or declared **personal injury** not covered under this liability insurance. This applies whether or not the suit is groundless, false or fraudulent.

SECTION II - LIABILITY EXCLUSIONS

Coverage E (Personal Liability), Coverage F (Medical Payments to Others) and **personal injury** coverage, if covered under this policy, do not apply to:

1. Any Insured or Other Residents of the Residence Premises.

We do not cover **bodily injury** or **personal injury** to:

- a. any **insured**; or
- b. any resident of the **residence premises**. However, we do cover **bodily injury** to a **residence employee** unless the **bodily injury** is the result of the conduct of an **insured** or representative of an **insured** which would be serious and willful misconduct under the workers compensation laws.

2. Business.

We do not cover **bodily injury, property damage** or **personal injury** arising from, during the course of or in connection with any past or present **business** engaged in by any **insured** or conducted from any **insured location**. By way of example, this includes but is not limited to any warranty, any act, or any duty rendered, promised, owed or implied to be provided because of the nature of the **business**.

3. Business or Professional Services.

We do not cover **bodily injury, property damage** or **personal injury** arising from, during the course of or in connection with the rendering or failure to render **business** or professional services.

4. Contract or Agreement - Performance.

We do not cover **bodily injury, property damage** or **personal injury** arising from, during the course of or in connection with the performance or failure to perform under a contract or agreement, whether **business** or non-**business**.

5. Contract or Agreement - Liability Assumed or Imposed.

We do not cover **bodily injury, property damage** or **personal injury** arising from, during the course of or in connection with liability assumed by or imposed upon any **insured** under any contract or agreement, whether **business** or non-**business** and whether that of a third party. By way of example, this includes but is not limited to breaches of duty or express or implied warranties.

6. Agreement With Homeowners Association.

We do not cover **bodily injury, property damage** or **personal injury** arising from, during the course of or in connection with any agreement between any **insured** and a corporation or association of homeowners or property owners, except as provided under Section II - Association Loss Assessment Coverage.

7. Rental Property.

We do not cover **bodily injury, property damage** or **personal injury** arising from, during the course of or in connection with the rental or holding for rental of any property or any part of any premises by any **insured** to any party. However, this exclusion does not apply to the rental or holding for rental of that part of an **insured location** which is rented or available for rent:

- a. on an occasional basis for sole use as a residence;
- b. to no more than two roomers or boarders at the same time for sole use as a residence; or
- c. as an office, studio or private garage.

8. Sale or Transfer of Property.

We do not cover **bodily injury, property damage or personal injury** resulting from, arising from, or in connection with property you or any **insured** has sold or transferred. By way of example, this includes but is not limited to:

- a. known, unknown or hidden property conditions, problems or defects, including by way of example but not limited to manufacturing, structural, or plumbing, heating, air conditioning or electrical system conditions problems or defects;
- b. known, unknown or hidden soil or drainage conditions, problems or defects;
- c. concealment or misrepresentation of or the failure to disclose any known conditions, problem or defect in or of the property; or
- d. **contamination.**

9. Owned Property.

We do not cover **property damage** to property owned by an **insured** or any other resident of the **residence premises**. This includes expenses and costs incurred by any **insured** or others to repair, replace, 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**. This exclusion applies even where there has already been some injury or damage.

10. Non-owned Property - Used or in the Care, Custody or Control.

We do not cover **property damage** to non-owned property occupied by or used by, or in the care, custody or control of any **insured** or any other resident of the **residence premises** by any agreement or otherwise, except as provided under Section II - Damage to Property of Others. We do cover an **insured's** liability for **property damage** to such non-owned property caused by fire or lightning.

11. Other Locations.

We do not cover **bodily injury or personal injury** arising from or in connection with a location other than an **insured location** which is:

- a. owned by an **insured**;
- b. rented to an **insured**; or
- c. rented to others by an **insured**.

This exclusion does not apply to **bodily injury** to a **residence employee** arising out of and in the course and scope of the **residence employees** employment by an **insured**.

12. Intentional Acts.

We do not cover **bodily injury, property damage or personal injury** which is caused by, arises out of or is the result of an intentional act by or at the direction of any **insured**. By way of example this includes but is not limited to any intentional act or intentional failure to act by any **insured**, whether a criminal act or otherwise, where resulting injury or damage would be objectively expected to a high degree of likelihood, even if not subjectively intended or expected. This exclusion applies even if:

- a. any **insured** mistakenly believes he or she has the right to engage in certain conduct;
- b. the injury or damage is sustained by persons or property not intended or expected by any **insured**;
- c. the injury or damage is different or greater or of a different quality than that intended or expected;
- d. any **insured** did not understand that injury or damage may result; or
- e. any **insured** knew the intentional act or failure to act was a violation of any penal law, whether or not an **insured** is actually charged with or convicted of a crime.

For purposes of application of this exclusion, a plea of guilty, no contest, or true in a criminal proceeding, which involves the same acts or activities which are the basis of a claim for damages against any **insured**, shall conclusively bar any **bodily injury, property damage or personal injury** arising or resulting from or caused by such acts or activities from coverage under this policy. This applies whether the **insured** actually admits or admitted guilt by plea.

13. Home Care Services.

a. We do not cover **bodily injury, property damage or personal injury** arising from, during the course of or in connection with home care services, including by way of example but not limited to child care, day care or foster care services, whether licensed or not or otherwise approved by a governmental agency or body, provided to any person on a regular basis by or at the direction of:

- (1) any **insured**;
- (2) any employee of any **insured**; or
- (3) any other person actually or apparently acting on behalf of any **insured**.

Regular basis means more than a cumulative 20 hours per week provided to any one person or group of persons whether that person is the injured party or not.

b. This exclusion does not apply to:

- (1) home care services provided to an **insured's** relative, who is not a resident of your household;
- (2) occasional or part time home care services provided by any **insured** under 21 years of age; or
- (3) the providing of home care services or babysitting services for which compensation is not received, other than the mutual exchange of such services.

14. Transmitting a Communicable Sickness or Disease.

We do not cover **bodily injury, property damage or personal injury** which is caused by or arises out of any **insured** transmitting a communicable sickness or disease, including by way of example but not limited to sexually transmitted sickness or disease. This exclusion applies whether the act of transmitting the sickness or disease was consensual or non-consensual or voluntary or involuntary, or whether the **insured** knew he or she was infected with or bore the sickness or disease or the communicability thereof.

15. Aircraft, Motor Vehicles, or Watercraft.

We do not cover **bodily injury, property damage or personal injury** arising from, during the course of or in connection with the ownership, maintenance, operation, use, occupancy, loading or unloading, moving or movement, or entry or exit of any:

- a. **aircraft**;
- b. **motor vehicle**;

However, this exclusion does not apply to:

- (1) a motorized golf cart not subject to **motor vehicle** registration:
 - i. while on the golf course and used for golfing purposes; or
 - ii. while in a private residential community, including its public roads upon which a motorized golf cart can legally travel, which is subject to the authority of a property owners association and contains the **residence premises**;
- (2) lawn, garden or farm equipment principally used on the **residence premises**;
- (3) recreational vehicles not subject to motor vehicle registration that are only used on the **residence premises**, including by way of example, all terrain vehicles;
- (4) any watercraft, camper, home or utility trailer not being towed or carried on a **motor vehicle**; or
- (5) a motorized assisted living device designed to assist the disabled; or

c. watercraft which:

- (1) has more than a 50 horsepower inboard or outdrive motor power;
- (2) is powered by one or more outboard motors with more than 25 total horsepower;
- (3) is a sailing vessel, with or without auxiliary power, 26 feet or more in length;
- (4) uses a powered **water** jet pump as the primary source of propulsion; or
- (5) uses an air cushion to hover over **water** surfaces.

This subsection c. does not apply to any watercraft while stored on the **residence premises**.

This exclusion does not apply to **bodily injury** to a **residence employee** in the course and scope of employment by an **insured** as a **residence employee**.

16. **Entrustment and Negligent Supervision - Aircraft, Motor Vehicles, or Watercraft.**

We do not cover **bodily injury, property damage** or **personal injury** arising from, during the course of or in connection with:

- a. the entrustment of any **aircraft, motor vehicle** or **watercraft** to any person; or
- b. the negligent supervision of any person regarding the maintenance, operation, use, occupancy, loading or unloading, moving or movement, or entry or exit of any **aircraft, motor vehicle** or **watercraft**.

Respecting **motor vehicles** and watercraft, this exclusion only applies to the same types of motor vehicles and watercraft excluded under Section II - Liability Exclusions, **Aircraft, Motor Vehicles** or **Watercraft**.

This exclusion does not apply to **bodily injury** to a **residence employee** in the course and scope of employment by an **insured** as a **residence employee**.

17. **Vandalism or Malicious Mischief.**

We do not cover **bodily injury, property damage** or **personal injury** caused directly or indirectly by or arising from, during the course of or in connection with any **vandalism** or **malicious mischief**. This exclusion applies even if the loss or damage is sustained by persons or property not intended or expected.

18. **Destructive Acts.**

We do not cover **bodily injury, property damage** or **personal injury** caused directly or indirectly by or arising from, during the course of or in connection with any destructive act. This includes acts directed against civilians, or military or governmental personnel or property by any domestic or foreign person(s), organization(s), entity or entities, government or any quasi-governmental body. This exclusion includes by way of example but is not limited to war, undeclared war, civil war, insurrection, rebellion and revolution, all whether or not by military or paramilitary personnel, and includes any direct or indirect consequence of these, including **contamination**. This exclusion applies even if the loss or damage is sustained by persons or property not intended or expected.

19. **Fungus, Noxious Substance, Nuclear Substance, Pathogen or Pollutant.**

We do not cover **bodily injury, property damage** or **personal injury** caused by, resulting from, or in connection with or arising from any **fungus, noxious substance, nuclear substance, pathogen** or **pollutant**, all whether combined with, caused by or resulting from **water**.

This exclusion includes by way of example but is not limited to:

- a. the actual, alleged or threatened discharge, dispersal, seepage, release, migration, trespass or escape of any **fungus, noxious substance, nuclear substance, pathogen** or **pollutant**:
 - (1) from any premises, site or location; or
 - (2) during transportation, handling, storage, treatment, disposal or processing;
- b. **contamination** or **remediation**;
- c. any supervision, instruction, disclosure, failure to disclose, recommendation, warning;
- d. advice given or which allegedly should have been given, in connection with any **fungus, noxious substance, nuclear substance, pathogen** or **pollutant**, or **remediation** activities;

- e. any claim of nuisance concerning or related to any **fungus, noxious substance, nuclear substance, pathogen, or pollutant**;
- f. all costs, expenses or damages arising out of any order, claim, suit or threat of liability by or on behalf of a governmental authority or any other person or entity for injury, damages or injunctive relief because of or arising out of **contamination** or for **remediation**;
- g. anguish, distress, or fear of any person of **bodily injury or property damage** which may be caused by, arise out of or result from alleged, actual or threatened infection with, exposure to, absorption of or **contamination** by or with any **fungus, noxious substance, nuclear substance, pathogen, or pollutant**;
- h. actual, alleged, constructive or threatened diminution or loss of value of any property from the actual or alleged presence of any **fungus, noxious substance, nuclear substance, pathogen** or pollutant, including by way of example but not limited to loss of equity, loss of rents, loss of use or feared or actual economic loss; or
- i. sums an **insured** is required to expend in equity for or relief from **bodily injury, property damage or personal injury**.

This exclusion applies whether a **noxious substance, nuclear substance, pathogen** or pollutant was used legally, normally or intentionally for the purpose for which it was intended, whether it has any function with respect to your property, whether it was a localized event and whether its use was confined within the general area of its intended use.

20. **Illegal or Controlled Substance.**

We do not cover **bodily injury, property damage or personal injury** arising from, during the course of or in connection with the use, sale, manufacture, distribution, delivery, transfer or possession of any substance which is illegal or is a controlled substance under either federal or state law. Such substances include, by way of example but are not limited to: cocaine, LSD, methamphetamines, marijuana and all narcotic drugs.

This exclusion does not apply to the legal use, under both state and federal law, of legally prescribed drugs by a person following orders of a licensed physician.

21. **Punitive or Exemplary Damages, Fines or Penalties.**

We do not cover punitive or exemplary damages or any amount in the nature of a civil fine or penalty assessed or imposed under any code, statute or regulation, or by any court. We also do not cover the cost of defense, including attorney fees, related to any such damages, fine or penalty. Punitive or exemplary damages are those damages imposed to punish a wrongdoer and to deter others from similar conduct.

22. **Workers' Compensation.**

We do not cover **bodily injury** to any person eligible to receive benefits required to be provided or which may voluntarily be provided by an **insured** under any workers' compensation, occupational disease or non-occupational disability law.

23. **Nuclear Energy Liability Insurance.**

We do not cover **bodily injury or property damage** when any **insured** is covered under any nuclear energy liability policy. This exclusion applies even if the limits of that policy have been exhausted.

24. **Obligation to Reimburse, Share or Indemnify Damages.**

We do not cover any claim to reimburse, share with or indemnify any person or entity for damages, costs or expenses incurred by that person or entity which arises out of or results from any type of event or activity specified in these liability insurance exclusions.

25. **Statutory Liability.**

We do not cover any liability statutorily imposed on any **insured** which arises out of, is connected with or results from any type of event or activity specified in these liability insurance exclusions.

26. Violation of Ordinance, Penal Law or Criminal Acts.

We do not cover **personal injury** arising from, during the course of or in connection with a violation of any ordinance, order or penal law committed by, or with the knowledge or consent of any **insured**, or any criminal act by an **insured**.

For purposes of application of this exclusion, a plea of guilty, no contest, or true in a criminal proceeding, which involves the same acts or activities which are the basis of a claim for damages against the **insured**, shall conclusively bar any **personal injury** arising or resulting from or caused by such acts or activities from coverage under this policy. This applies whether the **insured** actually admits or admitted guilt by plea.

27. Employment - Personal Injury.

We do not cover **personal injury** arising from, during the course of or in connection with any offense directly or indirectly related to the employment of any person by any **insured**. This applies whether the offensive activity is an employment related practice, policy, act or omission and whether the substance or context of the offense is employment related.

28. Civic or Public Activities.

We do not cover **bodily injury, property damage or personal injury** arising from, during the course of or in connection with civic or public activities performed for pay by any **insured**.

29. Molestation, Abuse or Corporal Punishment.

We do not cover **bodily injury, property damage or personal injury** arising from, during the course of or in connection with the actual, alleged, or threatened molestation, abuse or corporal punishment of any person by anyone, including by way of example, but not limited to:

- a. any **insured**;
- b. any employee of any **insured**;
- c. any volunteer, person for hire, or any other person who is acting or who appears to be acting on behalf of any **insured**; or
- d. any **insured** or employee of an **insured** where there are allegations of negligent supervision, negligent hiring, training, or negligent entrustment or any allegation that an **insured** or employee of an **insured** failed, or allegedly failed, to train, supervise, detect, report or otherwise prevent any person from allegedly molesting, abusing or punishing, or continuing to allegedly molest, abuse or punish any person.

We have no duty to defend or settle any molestation, abuse or corporal punishment claim or any claim of negligent supervision, negligent hiring, failure to report, failure to prevent or negligent entrustment suit against any **insured** or any other person.

This exclusion applies even if:

- a. any **insured** or any other person mistakenly believes he or she has the right to engage in certain conduct;
- b. the injury is sustained by persons not intended or expected;
- c. the injury is different or greater or of a different quality than that intended or expected;
- d. any **insured** or any other person did not understand that injury may result; or
- e. any **insured** or any other person knew the acts or failure to act was a violation of any penal law, whether or not an **insured** is actually charged with or convicted of a crime.

For purposes of application of this exclusion, a plea of guilty, no contest, or true in a criminal proceeding, which involves the same acts or activities which are the basis of a claim for damages against any **insured** or any other person, shall conclusively bar any **bodily injury, property damage or personal injury** arising or resulting from or caused by such acts or activities from coverage under this policy. This applies whether the **insured** or any other person actually admits or admitted guilt by plea.

SECTION II - LIABILITY CONDITIONS

1. Limits of Insurance.

- a. The **stated limit** for Coverage E (Personal Liability) is both the per **occurrence** and the **annual aggregate limit**. All claims resulting from or arising out of any one person's **bodily injury**, including death, shall collectively be considered one **occurrence** and will be subject to the per **occurrence** limit.
- b. The **stated limit** for Coverage F (Medical Payments to Others) is the most we will pay under Coverage F for all necessary medical services for **bodily injury** to any one person for any one **occurrence**. Payments under Coverage F are part of and subject to the Coverage E **annual aggregate limit**.
- c. If **personal injury** coverage is indicated, then payments for **personal injury** damage are part of and subject to the Coverage E **annual aggregate limit**.

2. Separate Insurance.

This liability coverage applies separately to each **insured**. This condition will not increase our **annual aggregate limit** or our per **occurrence** limit of insurance. However, exclusions under this liability coverage as applied to any one **insured** may limit or exclude coverage as to all **insureds**.

3. Duties After Loss.

In case of an **occurrence**, an **insured** will perform the following duties:

- a. give written notice to us or our agent as soon as possible stating:
 - (1) the policy number, your name and the name of the **insured** against whom the claim is made;
 - (2) the time, place and circumstances of the **occurrence** or claimed **personal injury**; and
 - (3) names and addresses of claimants and witnesses;
- b. immediately send us any notice or demand or legal papers received relating to a claim or suit;
- c. cooperate with and assist us in any matter relating to a claim or suit;
- d. provide all information we request to investigate the claim or suit;
- e. under Damage to Property of Others, send us a sworn statement of loss within 60 days of the loss. Also exhibit any damaged property which is within the **insured's** control;
- f. an **insured** will not, except at the **insured's** own cost, voluntarily make any payment, assume any obligation or incur any expense except First Aid Expenses;
- g. submit to examinations under oath, separately and apart from any other person defined as you or **insured** and sign a transcript of the examination;
- h. produce representatives, employees, members of the **insured's** household or others for interviews or examinations under oath to the extent it is within the **insured's** power to do so;
- i. cooperate and assist us and not do anything to inhibit or release any right of contribution, recovery or indemnity against any person or organization who may be liable to an **insured** for activities related to a claim or suit; and
- j. as reasonably requested, attend hearings and trials concerning the suit.

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

The injured person or someone acting on behalf of the injured person will:

- a. give us written proof of claim as soon as possible, under oath if required; and
- b. authorize us to obtain medical reports and records.

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

5. Suit Against Us.

No action can be brought against us unless there has been full compliance with the terms and conditions of this policy. No one has any right to make us a party to a suit to determine the liability of a person we insure or to make us a party to any action against an **insured**. We may not be sued under Coverage E (Personal Liability) until the obligation of the **insured** has been determined by final judgment after actual trial or by agreement signed by us. Under Coverage F (Medical Payments to Others), no action can be brought until 30 days after the required proofs of claim have been filed with us.

6. Bankruptcy of an Insured.

Bankruptcy or insolvency of an **insured** or of an **insured's** estate will not relieve us of our duties under this policy.

7. Other Insurance - Coverage E (Personal Liability).

This insurance is excess over any other valid and collectible insurance. If any applicable insurance other than this policy is issued to you by us or any other member company of the Farmers Insurance Group of Companies, the total amount payable among all such policies shall not exceed the **stated limit** or other limit of insurance of the single policy providing the highest limit of insurance.

GENERAL CONDITIONS - APPLYING TO THE ENTIRE POLICY

1. Entire contract - waiver or change of policy provisions.

This policy, the Declarations, the renewal notice and any endorsements include all the agreements between you and us and any of our agents relating to this insurance and the coverages hereunder. The terms, conditions, and exclusions of this policy may not be changed or waived by any oral agreement and may only be changed or waived by endorsement issued by us.

We may change this policy or replace it to conform to the policy form and coverage we then currently use. The change or new policy will be delivered to you or mailed to you at your mailing address shown on the Declarations or renewal notice at least 30 days before its effective date. Our request for an appraisal or examination will not waive any of our rights.

2. Policy Period.

This policy applies only to covered loss or damage under Section I and to **bodily injury, property damage** or **personal injury** which **occurs** during the policy period stated on the Declarations or renewal notice.

3. Joint Obligations.

The terms of this policy are joint obligations of all persons defined as an **insured**. This means that the responsibilities, acts, and failures to act of any **insured** will be binding upon any other **insured**. To the extent an **insured**, other than you, is a direct beneficiary of coverage under this policy, that **insured** is also responsible for complying with the duties and responsibilities set forth in this policy.

4. Misrepresentation, Concealment or Fraud.

We reserve the right to deny coverage for any loss or damage or claim for injury or damage if you or any **insured**, at any time either before or after a claim or loss, has negligently or fraudulently concealed or misrepresented any material fact or circumstance in the application for, change to or renewal of this insurance, or in the presentation of a claim or loss, or engaged in fraudulent conduct respecting a claim or loss.

As permitted by law, we reserve the right to void this policy if you or any **insured**, at any time either before or after a claim or loss, has intentionally concealed or misrepresented any material fact or circumstance in the application for, change to or renewal of this insurance, or in the presentation of a claim or loss or during our investigation of a claim or loss, or engaged in fraudulent conduct respecting a claim or loss.

We do not provide coverage for any loss or damage or claim for injury or damage if you or any **insured** has in connection with or related to any insurance provided in this policy intentionally caused or arranged for the loss or damage or claim or has caused the loss or damage while engaged in committing or concealing a felony, or for any loss or damage or claim for injury or damages when any **insured** had knowledge of the loss or damage or claim prior to the inception of this insurance.

5. **Liberalization Clause.**

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

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

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

6. **Initial Premium Payment**

If any initial policy premium is remitted by check, draft, money order or credit card, payment by such check, draft, money order or credit card is a conditional payment and is only accepted subject to collection. It is agreed that if the premium remittance is not honored, no coverage will exist from inception and this policy will be forfeited and void.

7. **Cancellation**

- a. You may cancel this policy by:
 - (1) returning it to us, or
 - (2) notifying us when cancellation is to take effect.
- b. The mortgagee may cancel this policy by notifying us in writing pursuant to the mortgagee clause.
- c. We may cancel this policy by mailing or delivering written notice to you. Such notice will be delivered to you, or mailed to your last known mailing address. The mailing of it will be sufficient proof of notice.

We may cancel this policy only for the following reasons:

- (1) non-payment of premium, whether payable to us or our agent. We may cancel at any time by notifying you at least 10 days before the date cancellation takes effect;
- (2) any other reason, when this policy has been in effect for less than 60 days and is not a renewal with us. We shall notify you at least 10 days before the date cancellation takes effect; or
- (3) if 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 for non-payment of premium in accordance with subsection c.(1) above. We also may cancel for one or more of the following additional reasons, in which case we shall notify you in writing at least 20 days before the date cancellation takes effect:
 - i. fraud or material misrepresentation made by or with your knowledge in obtaining the policy, continuing the policy or in presenting a claim under the policy;
 - ii. the occurrence of a material change in the risk that substantially increases any hazard insured against after policy issuance;
 - iii. violation of any local fire, health, safety, building or construction regulation or ordinances with respect to any **insured location** or the occupancy of the property that substantially increases any hazard insured against under the policy;

- iv. a material violation of a material provision of the policy; or
- v. any other reason permitted by law.

d. Return of premium

Cancellation of or changes in this policy may result in a premium refund. If so, we will send it to you within 30 days after the cancellation or change takes effect. If you cancel this policy we will return the short rate unused share of the premium. If we cancel this policy, we will return the pro-rated unused share of the premium.

If the mortgagee cancels this policy pursuant to the mortgagee clause, we will return the pro rated unused share of the premium to the mortgagee.

8. **Renewal and Refusal to renew.**

We may elect:

- a. to nonrenew this policy; or
- b. to condition its renewal on an increase or reduction of **stated limits** or other limits of insurance or an increase, reduction or elimination of coverages.

We may elect to nonrenew by delivering to you, or mailing to you at your last known mailing address, written notice at least 30 days before the expiration date of this policy. The mailing of it will be sufficient proof of notice.

If we offer to renew, including offering to renew but conditioning the renewal as indicated above, we will deliver or mail to you a written offer in accordance with applicable state law. The mailing of it will be sufficient proof of notice.

This policy will automatically terminate at the end of the policy period if you do not accept our offer to renew it. Failure to pay the required renewal premium as we require means that you have declined our offer.

If this policy is written for a period of less than one year we agree not to refuse to renew except at the end of an annual period beginning with the original or renewal effective date.

9. **Assignment and Death.**

Your interest in this policy may not be transferred to another person without our written consent. If you should die, we will cover for the remainder of the policy period:

- a. your spouse, if a resident of the same household with you at the time of your death or any other member of your household on the **residence premises** who is an **insured** at the time of your death, but only while a resident of the **residence premises**;
- b. your legal representative while acting as such, but only with respect to the **residence premises** and property covered under this policy at the time of your death; or
- c. any person having proper temporary custody of your insured property until your legal representative is appointed and qualified.

10. **Subrogation.**

When we pay for any loss or damage, an **insureds** right to recover from anyone else for that loss or damage becomes our right up to the amount we have paid. **Insureds** must protect any of these rights and help us enforce them. However, an **insured** may waive in writing before a loss, all rights of recovery against any person. An **insured** may not waive after a loss any rights of recovery against any person. If not waived, we may require an assignment of rights of recovery for a loss to the extent that payment is made by us. If an assignment is sought, an **insured** must sign and deliver all related papers and cooperate with us. Subrogation does not apply under Section II i Liability Coverage. We are entitled to payment, reimbursement and subrogation regardless of whether the total amount of the recovery by an **insured** on account of the loss or damage is less than the actual loss suffered by the **insured**. Our right to recover will apply only after you have been fully compensated for a loss covered under this policy.

11. What Law Will Apply.

This policy is issued in accordance with the laws of the state in which the **residence premises** is located and covers property or risks principally located in that state. The laws of the state where the **residence premises** is located shall govern any and all claims or disputes in any way related to this policy.

12. Arbitration.

Any claim or dispute related to this policy, by an **insured** against us or us against an **insured**, may be resolved by arbitration only upon mutual consent of us and the other party subject to:

- a. no arbitrator has the authority to award punitive damages, exemplary damages or attorneys fees;
- b. neither of the parties are entitled to arbitrate any claims or disputes in a representative capacity or as a member of a class; and
- c. no arbitrator has the authority, without the mutual consent of the parties, to consolidate claims or disputes in arbitration.

13. Conflict of Terms.

If there are terms of this policy which conflict with statutes of the state where issued, the terms are amended to conform to such statutes.

14. Where Suits May be Brought.

Any and all suits related to this policy will be brought, heard and decided only in a state or federal court located in the state in which the **residence premises** is located. Any and all suits against persons not party to this policy but involved in the sale, administration, performance or alleged breach of this policy, shall be brought, heard and decided only in a state or federal court located in the state in which the **residence premises** is located, provided that such persons are subject to or consent to suit in the courts specified in this paragraph.

Nothing in this section shall limit or impair any party's right to remove a state court suit to a federal court.

15. Reciprocal provisions.

This policy is made and issued in consideration of your premium payment to us. It is also issued in consideration of the information you gave to us during the application process, some of which is set out in the policy Declarations, and in consideration of the Subscription Agreement, which is provided to you and is incorporated herein by reference. You acknowledge that you have read, understood and agree to all the terms and conditions of the Subscription Agreement. Among other things, the Subscription Agreement appoints your Attorney-in-Fact, authorizes your Attorney-in-Fact to execute interinsurance policies between you and other subscribers and to perform various functions, and addresses compensation of the Attorney-in-Fact.

Nothing in this policy is intended, or shall be construed, to create either:

- a. A partnership or mutual insurance association; or
- b. Any joint liability.

We may sue or be sued in our own name, as though we were an individual, if necessary to enforce any claims which arise under this policy. In any suit against us, service of process shall be upon the Attorney-in-Fact as shown in your Subscription Agreement.

Membership fees which you pay are not part of the premium. They are fully earned when you are granted membership and coverage is effective. They are not returnable. However, they may be applied as a credit to membership required of you for other insurance which we agree to write.

We hold the Annual Meeting of the members of the Farmers Insurance Exchange at our Home Office at Los Angeles, California, on the first Monday following the 15th day of March of each year at 2:00 p.m.

The Board of Governors may elect to change the time and place of the meeting. If they do so, you will be mailed a written or printed notice at your last known address at least ten (10) days before such a time. Otherwise, no notice will be sent to you.

The Board of Governors shall be chosen by subscribers from among yourselves. This will take place at the Annual Meeting or at any special meeting which is held for that purpose. The Board of Governors shall have full power and authority to establish such rules and regulations for our management as are not inconsistent with the subscribers agreements.

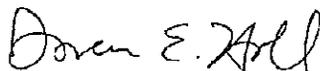
Your premium for this policy and all payment made for its continuance shall be payable to us at our Home Office or such location named by us in your premium notice.

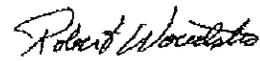
The funds which you pay shall be placed to your credit on our records. They will be applied to the payment of your proportion of losses and expenses and to the establishment of reserves and general surplus. The Board of Governors or its Executive Committee has the authority to deposit, withdraw, invest and reinvest such funds. You agree that any amount which the Board of Governors allocates to our surplus fund may be retained by us. Also, after provision is made for all of our liabilities, it may be applied to any purpose deemed proper and advantageous to you and other policyholders. This policy is non-assessable.

This policy shall not be effective unless countersigned on the Declarations by a duly authorized representative of the company named on the Declarations. The company named on the Declarations has caused this policy to be signed by the officers shown below.

FARMERS INSURANCE EXCHANGE

By Farmers Underwriters Association
Attorney-in-Fact


Secretary


Vice President