

The sample document is not a contract, agreement or policy of insurance - only an issued and signed policy from the insuring entity is the agreement of the issuing company.

FARMERS NEXT GENERATION[®] HOMEOWNERS POLICY

Missouri

I N D E X

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sample

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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Sample

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 are responsible for selecting the appropriate amount of coverage for:

- a. Coverage A (**Dwelling**);
- b. Coverage B (**Separate Structures**);
- c. Coverage C (Personal Property);
- d. Coverage D (Loss of Use);
- e. Coverage E (Personal Liability); and
- f. Coverage F (Medical Payments to Others).

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 and labor.

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; or
- c. non-economic damages.

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:
- 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
 - 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:
- no one is legally using the **dwelling** as a principal, habitual place of abode; and
 - 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 means theft of or distinct and demonstrable, actual physical injury to or destruction of the property. Loss or damage does not include functional impairment or the loss of use of property unless the property has been stolen or has sustained distinct and demonstrable, actual physical injury or destruction. Loss or damage does not include any decrease in the market value of the property, any reduction in serviceability of property or any sentimental value, however measured or determined.

Loss or damage to property consists of certain types of loss or damage. This policy does not insure covered property for the types of loss or damage described in Section I - Uninsured Loss or Damage and Excluded Causes of Loss or Damage.

Loss or damage to property is caused by perils (causes of loss or damage). This policy does not insure loss or damage to covered property directly or indirectly caused by, arising out of or resulting from the Excluded Causes of Loss or Damage set forth in Section I - Uninsured Types of Loss or Damage and Excluded Causes of Loss or Damage, whether the excluded cause of loss or damage occurs on or away from the **residence premises**.

We do not provide Loss of Use or any Extensions of Coverage for any uninsured type of loss or damage or any excluded cause of loss or damage, unless specifically provided otherwise.

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 however, no claim will be denied based upon the **insured's** failure to provide notice within such specified time, unless this failure operates to prejudice the rights of the insurer, as per Missouri Regulations 20CSR100-1.020; 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 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 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**, unless if by fire or lightning, or unless the **fungi** is on the property which must be replaced because of covered **water** damage. 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.

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 make no representation as to the skill or experience of any independent contractor. We do not warrant the workmanship of any independent contractor. We are not responsible for the acts or failures to act of any independent contractor. We do not assume liability for injuries sustained by you or any other person resulting from or 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. The umpire shall make the award within thirty (30) days after the umpire receives the appraisers submissions of their differences. 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.

If an innocent co-**insured** files a police report and completes a sworn affidavit for us that indicates both the cause of loss and a pledge to cooperate in any criminal prosecution of the person committing the act causing the loss, then this exclusion will not apply to that innocent co-**insured**. Payments to the innocent co-**insured** will be limited to such innocent co-**insured's** ownership interest in the property as reduced by any payment to a mortgagor or other secured interest. We will not be required to make any subsequent payment to any other **insured** for the part of any loss for which the innocent co-**insured** has received payment. We will have all rights of subrogation to recover against the perpetrator of the loss.

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 ten years after the date of loss.

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

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.

However, no claim will be denied based upon the **insured's** failure to provide notice within such specified time, unless this failure operates to prejudice the rights of the insurer.

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.

If an innocent co-**insured** files a police report and completes a sworn affidavit for us that indicates both the cause of loss and a pledge to cooperate in any criminal prosecution of the person committing the act causing the loss, then this exclusion will not apply to that innocent co-**insured**. We will have all rights of subrogation to recover against the perpetrator of the loss.

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.

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 our request. 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.

However, no claim will be denied based upon the **insured's** failure to provide notice within such specified time, unless this failure operates to prejudice the rights of the insurer, as per Missouri regulation 20CSR100-1.020.

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 30 days before the date cancellation takes effect, unless the reason is non-payment of premium, in which case we shall notify you in accordance with subsection c.(1) above; 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 in accordance with subsection c.(1) above. We also may cancel for any of the following additional reasons, in which case we shall notify you in writing at least 30 days before the date cancellation takes effect:
 - i. you have or any occupant of the **dwelling** has been convicted of a crime arising out of acts increasing the hazard insured against;
 - ii. discovery of fraud or material misrepresentation by an **insured** in either obtaining or continuing this policy or pursuing a claim under this policy;
 - iii. violation of any of the terms or conditions of the policy;
 - iv. physical changes in the insured property which increase the hazards originally insured; 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.

Coverage under this insurance policy is extended to any beneficiary of real property transferred by a deed effective upon the death of the owner, as described in section 461.025 of the Missouri Revised Statutes. The designated grantee beneficiary shall be deemed to be an **insured** under this policy for the period from the date of the owner's death until the first to occur of:

- a. the date that is thirty days after the owner's death;
- b. the end of the policy period, determined as if the owner was still living; or
- c. the date the designated grantee beneficiary obtains alternative coverage.

10. **Subrogation.**

When we pay for any loss or damage, an **insured's** 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**.

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. **Participating clause.**

It is agreed that you are a member of the company providing this insurance. You shall participate in the distribution of dividends as determined by the Board of Governors, subject to the provisions of law.

16. **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.

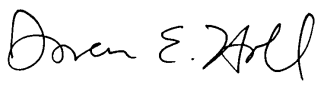
Your premium for this policy and all payment made for its continuance shall be payable to us at our Home Office or such location named by us in your premium notice.


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