

89-2543
CREDIBLE INS, INC. BR
1700 MARKET ST STE 1005
PHILADELPHIA PA 19103-3920

SCOTT SODEN
152 OWENBY COVE RD
FAIRVIEW NC 28730-8638



CREDIBLE INS, INC. BR
1700 MARKET ST STE 1005
PHILADELPHIA PA 19103-3920

March 18, 2024

Policy Number: OX6894361

24-Hour Claims: 1-800-332-3226

Policy Service: (215) 586-5055

Online Account Services: www.safeco.com

THIS IS NOT A BILL.

SCOTT SODEN
152 OWENBY COVE RD
FAIRVIEW NC 28730-8638

Welcome to Safeco]

We believe insurance shouldn't be any more complex than it has to be. Welcome to an easier experience with Safeco.

Enclosed is your new dwelling fire policy. Read it through carefully. It will give you a detailed description of the type and amount of your coverage, any deductibles (your out-of-pocket costs) that apply and the effective date of your policy. If, after reading your policy, you have any questions or want to find out about discounts that may apply to your policy, please call (215) 586-5055.

The premium for your policy is \$1,816.00 for the May 23, 2024 to May 23, 2025 policy term. When you receive your billing statement, please review it carefully for the amount and date of your next payment. Please also verify that your requested payment method is correct.

For added convenience, visit www.safeco.com and make use of our automated services available to you including, but not limited to:

- Make a payment by online check, or credit card.
- Review your billing history.
- Change your billing due date.
- View your policy documents.
- Order a copy of your policy and/or insurance ID cards.
- Report to us a name change, or change of address.
- Review Safeco's Producer Compensation Disclosure.

For all other assistance please call your agent at (215) 586-5055.

Thank you for your business. We look forward to serving you.

PLEASE SEE REVERSE
SAFECO INSURANCE COMPANY OF AMERICA
P O BOX 704000, SALT LAKE CITY, UT 84170

Sincerely,

A handwritten signature in black ink, appearing to read 'Tyler Asher', with a long horizontal flourish extending to the right.

Tyler Asher
President, Safeco Insurance

IMPORTANT NOTICE CONCERNING YOUR PROPERTY INSURANCE RATE

NOTICE: IN ACCORDANCE WITH G.S. 58-36-30(b1), THE PREMIUM BASED UPON THE APPROVED RATES IN NORTH CAROLINA FOR RESIDENTIAL PROPERTY INSURANCE COVERAGE APPLIED FOR WOULD BE \$1,561.00. OUR PREMIUM FOR THIS COVERAGE IS \$1,816.00.

Thank you for entrusting us with your insurance needs. Please contact your independent agent if you have questions about your policy or the above notification.

Ask yourself: Do you have enough insurance coverage?

How much would it take to reconstruct your investment property?

Surprisingly, it has been estimated that 58% of American dwellings are underinsured by an average of 21%*. Make sure yours isn't one of them.

Each investment property is unique. You know yours the best. It's your responsibility to make sure you're "fully insured" and "insured to value." That means you need to have enough insurance coverage to rebuild your investment property in the event of total loss.

How can you determine your needs? Ask yourself the question below. If you need help, call your agent or broker and discuss your insurance needs with them.

They will assist you in determining how much insurance would be needed to fully protect your investment property.

How much would it take to reconstruct your investment property at today's prices?

Things to consider:

- Your investment property's age (older dwellings tend to be more expensive to reconstruct) and style (contemporary, colonial, ranch, etc.);
- Features — fireplaces, cabinetry, built-in features, vaulted ceilings;
- Flooring — hardwood, tile, natural stone, carpeting;
- Finishes — crown molding, window and floor trim, faux paint, wall paper, wainscoting, chair rails, staircases, etc.;
- Recent improvements you may have made (remodeled bathroom or kitchen, recessed lighting, built-in cabinets); and
- A basement you may have finished or a room you may have added.

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Let's make sure you're "fully insured."

Your agent uses replacement cost estimation tools and a series of questions to establish a starting point for your insurance coverage. We look to you to give your agent the most complete, up-to-date information in order to protect your investment property. Here are two quick things you can do today:

1. **Look critically at your coverage statement page (also known as the policy declarations page, which comes after the opening letter in this package).** Do you believe you have enough Coverage A? (This is the amount you'd get for reconstruction of an as-close-as-possible replica of your dwelling in the event of total loss.) If you're not sure, call your agent or broker for help.

It's important to know: Your property's market value is totally different from what would cost to reconstruct. Today's market value reflects economic conditions, taxes, school districts, the market value of land and many other factors that have nothing to do with how much it would cost to reconstruct your home from scratch.

Reconstruction cost is based almost exclusively on the cost of materials and labor, as well as, demand for contractor services. In the event of a total loss, a properly insured Safeco policyholder can rebuild with the same quality of material and workmanship in their current dwelling (unless a functional replacement cost policy was deliberately selected).

2. **Take inventory of your coverage.**

Everyone's familiar with the most popular kinds of insurance — such as auto and homeowners insurance. But how much do you know about the coverages that you may need as a landlord? Safeco allows you to tailor your coverage needs in order to limit the risk associated with owning investment property.

- **Loss of Rents**

We've included this coverage automatically in your contract if you have a Basic, Broad or Special form policy. You may purchase additional limits, if you need more coverage. If you purchased a Condominium form, this coverage is optional and coverage may be purchased as necessary.

- **Personal Property Owned by You**

You can purchase coverage for the personal belongings that you own at this location (such as furniture in a furnished rental dwelling). You may also purchase On-Premises Theft Coverage.

- **Liability**

- **Personal Injury**

Our liability coverage automatically includes Personal Injury Coverage in the vast majority of states. In some states, Personal Injury is available via a separately purchased option. What does Personal Injury coverage include?

- wrongful entry and eviction
- slander and libel

- **Extended Dwelling Coverage**

The cost of construction supplies and labor may increase dramatically in the event of a catastrophic loss. We designed Extended Dwelling Coverage to help give you extra Coverage A limits, should you ever need them.



NOTICE OF INFORMATION PRACTICES

Safeco appreciates the trust you place in us when you purchase insurance from one of our companies. We are committed to protecting your nonpublic personal information ("personal information" or "information") and we value you as a customer.

To learn more about how we collect and use information about you, please read the following notice.

OUR SOURCES OF INFORMATION ABOUT YOU

Most of the information we obtain comes directly from you and your independent insurance producer. Your application gives us information we need to review your request, such as your name, address and Social Security Number.

We may also ask for information from other outside sources, including:

- Your transactions with our affiliates or other insurance companies (such as your payment history or claims history); and/or,
- The information we receive from a consumer reporting agency or insurance support organization (such as your credit history, driving record, claims history or verification of the value and condition of your property).

Insurance support organizations from which we obtain information may keep such information and disclose it to others as permitted by law.

If we obtain medical information about you, it is generally received in connection with the administration or management of your insurance policy or claim or for the detection and prevention of fraud. We will not share your medical information with our affiliates or non-affiliates for marketing purposes.

It is our policy to treat information we receive about you in the same confidential way we treat information that you have provided to us on your application. The same confidentiality applies to information about our former customers.

OUR USE OF INFORMATION ABOUT YOU

We only disclose personal information about you as permitted by law. Generally, this includes sharing it with third parties to administer your transactions with us, service your insurance policy or claim, detect and prevent fraud, or with your authorization. We require these parties to use your personal data only for the reasons we gave it to them. These third parties may include:

- Insurance support organizations, consumer reporting agencies or other insurance companies (including for the detection and prevention of fraud);
- Independent insurance producers authorized to sell Safeco insurance products;
- Independent contractors (such as automobile repair facilities, towing companies, property inspectors and independent claims representatives);
- Auditors, attorneys, courts and government agencies;
- Other companies which may reinsure your policy or with which you have other coverage;
- Group policyholders in connection with reporting claims data or an audit; and/or,
- Other companies and insurance support organizations for actuarial or research studies.

We may also disclose your personal information to other financial institutions with which we have joint marketing agreements for products offered by Safeco and in response to judicial orders such as subpoenas.

We may also share information about our transactions (such as payment history) and experiences (such as claims made) with you within our Safeco family of companies.

We do not sell your personal information to others and we do not provide your information to third parties who are doing business on our behalf for their own marketing purposes.

PROTECTING YOUR INFORMATION FROM UNAUTHORIZED ACCESS

We maintain physical, electronic and administrative safeguards to protect your information from unauthorized access. Our employees are authorized to access customer information only for legitimate business purposes.

INDEPENDENT SAFECO INSURANCE AGENTS

The independent insurance producers authorized to sell Safeco products are not Safeco employees and are not subject to Safeco's privacy policy. Because they have a unique business relationship with you, they may have additional personal information about you that Safeco does not have. They may use this information differently than Safeco. Contact your Safeco producer to learn more about their privacy practices.

HOW YOU CAN REVIEW YOUR INFORMATION

You can request a copy of the information about you in our files to review it for accuracy. You must make your request in writing. Within 30 business days (or as required by law) of receiving your request, we will send you the information. We will advise you of any person or group to whom we have given the information during the last two years. We will also give you the name and address of any reporting organization from which we received information about you.

There are certain types of information, such as information collected when we evaluate a claim or when the possibility of a lawsuit exists, that we are not required to provide you. We obtain medical information about you only in connection with claims and lawsuits. If the law allows you to review such information in our files, we will include it with the other information we send to you.

IF YOU DISAGREE WITH OUR RECORDS

If you believe information in our files is wrong, you can notify us in writing. We will review your file within 30 business days of receiving your notice. If we agree with you, we will amend our records and notify you about the change. This change will become part of the file. It will be included in any future disclosures to others and will be sent to:

- Anyone you designate who may have received the information during the previous two years.
- Any person or organization who may have received the information from us during the previous seven years.
- Insurance support organizations that provided the information that was amended or changed pursuant to your request.

If we disagree with you, we will explain why. You can provide us with a written statement explaining why you believe the information is wrong. This statement will become part of the file and will be included in any future disclosures of the disputed subject matter. Your statement will also be sent to the persons listed above.

SAFECO'S WEB SITE

If you have Internet access and want to learn more about our web site specific privacy and security practices, click on the Privacy Policy link on www.safeco.com.

This Privacy Statement applies to the following members of the Safeco family of companies:

**American Economy Insurance Company
 American States Insurance Company
 American States Insurance Company of Texas
 American States Preferred Insurance Company
 First National Insurance Company of America
 General Insurance Company of America
 Insurance Company of Illinois
 Safeco Insurance Company of America
 Safeco Insurance Company of Illinois
 Safeco Insurance Company of Indiana
 Safeco Insurance Company of Oregon
 Safeco National Insurance Company
 Safeco Surplus Lines Insurance Company**

(For mailing address, please contact your agent of the nearest local Safeco office.)

INSERT — NORTH CAROLINA

This policy is a legal contract between you and us. The Property Policy is:

- Designed for your easy reference;
- Simplified, to make it more understandable; and
- Arranged to better display the available coverages.

READ YOUR POLICY CAREFULLY

IMPORTANT INFORMATION REGARDING COVERAGE ON THIS POLICY

The North Carolina Department of Insurance has requested all companies to advise their policyholders that certain perils are not covered under this policy.

WARNING: THIS PROPERTY INSURANCE POLICY DOES NOT PROTECT YOU AGAINST LOSSES FROM FLOODS, EARTHQUAKES, MUDSLIDES, MUDFLOWS OR LANDSLIDES. YOU SHOULD CONTACT YOUR INSURANCE COMPANY OR AGENT/BROKER TO DISCUSS YOUR OPTIONS FOR OBTAINING COVERAGE FOR THESE LOSSES. THIS IS NOT A COMPLETE LISTING OF ALL OF THE CAUSES OF LOSSES OF COVERAGE UNDER YOUR POLICY. YOU SHOULD READ YOUR ENTIRE POLICY TO UNDERSTAND WHAT IS COVERED AND WHAT IS NOT COVERED.



POLICY NUMBER: OX6894361

SAFECO INSURANCE COMPANY OF AMERICA

Administrative office: 175 Berkeley St., Boston, MA 02116 (A stock insurance company.)

DWELLING FIRE POLICY DECLARATIONS - SPECIAL FORM

INSURED:

SCOTT SODEN
152 OWENBY COVE RD
FAIRVIEW NC 28730-8638

AGENT:

CREDIBLE INS, INC. BR
1700 MARKET ST STE 1005
PHILADELPHIA PA 19103-3920

TELEPHONE: (215) 586-5055

DESCRIBED LOCATION:

144 OWENBY COVE RD
FAIRVIEW NC 28730-8638

POLICY PERIOD FROM: MAY 23 2024
TO: MAY 23 2025

MORTGAGE SERVICING AGENCY:

NONE

1ST MORTGAGEE:

NONE

LOAN NO.: NONE

COVERAGES FOR THIS LOCATION		LIMITS	DEDUCTIBLE	PREMIUM
A DWELLING	FIRE/EC	\$ 398,800	\$1000	\$ 567.00
	SPECIAL			1,219.00
B OTHER STRUCTURES	FIRE/EC	\$ 39,880		INCL
	SPECIAL			
C PERSONAL PROPERTY	FIRE/EC	\$ 2,500		\$ 5.00
	BROAD			1.00
D FAIR RENTAL VALUE		\$ 39,880		INCL
OPTIONS:				
H-PREMISES LIABILITY (EACH OCCURRENCE)		\$ 500,000		\$ 24.00
MEDICAL PAYMENTS (EACH PERSON)		\$ 5,000		

DWELLING ANNUAL PREMIUM \$ 1,816.00

You may pay your premium in full or in installments. There is no installment fee for the following billing plans: Full Pay. Installment fees for all other billing plans are listed below. If more than one policy is billed on the installment bill, only the highest fee is charged. The fee is:

- \$0.00 per installment for recurring automatic deduction (EFT)
- \$0.00 per installment for recurring credit card or debit card
- \$3.00 per installment for all other payment methods

POLICY FORMS APPLICABLE TO THIS POLICY:

P-3100/DWEP 9/06, P-3086/NCEP 11/09, P-3021/NCEP 7/20



DWELLING FIRE POLICY — SPECIAL FORM

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IMPORTANT — TO THE INSURED

Your Policy is issued on the continuous protection plan.

Shortly before the end of each policy term, you will receive a notice of the premium to be paid to continue your insurance for another term.

AGREEMENT

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

DEFINITIONS

- A.** In this Policy, “you” and “your” refer to the “named insured” shown in the Declarations and the spouse if a resident of the same household. “We”, “us” and “our” refer to the company providing this insurance.
- B.** “Fungi” means any type or form of fungus, including mold or mildew and any mycotoxins, spores, scents or by-products produced or released by fungi.

C. Actual Cash Value

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

Actual cash value is the value of the covered damaged part of the property at the time of loss, calculated as the estimated cost to repair or replace such property with material of like kind and quality, less a deduction to account for pre-loss depreciation. In calculating the actual cash value, the components of this estimated cost that are subject to depreciation include, but are not limited to:

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

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

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

COVERAGES

This insurance applies to the Described Location, Coverages for which a limit of liability is shown and Perils Insured Against for which a premium is stated.

A. Coverage A — Dwelling

1. We cover:
 - a. The dwelling on the Described Location shown in the Declarations, used principally for dwelling purposes, including structures attached to the dwelling;
 - b. Materials and supplies located on or next to the Described Location used to construct, alter or repair the dwelling or other structures on the Described Location; and
 - c. If not otherwise covered in this Policy, building equipment and outdoor equipment used for the service of and located on the Described Location.
 2. We do not cover land, including land on which the dwelling is located.
-

B. Coverage B — Other Structures

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

2. We do not cover:

- a.** Land, including land on which the other structures are located;
- b.** Other structures rented or held for rental to any person not a tenant of the dwelling, unless used solely as a private garage;
- c.** Other structures used in whole or in part for commercial, manufacturing or farming purposes. However, we do cover a structure that contains commercial, manufacturing or farming property solely owned by you or a tenant of the dwelling provided that such property does not include gaseous or liquid fuel, other than fuel in a permanently installed fuel tank of a vehicle or craft parked or stored in the structure; or
- d.** Gravemarkers, including mausoleums.

C. Coverage C — Personal Property

1. Covered Property

We cover personal property, usual to the occupancy as a dwelling and owned or used by you or members of your family residing with you while it is on the Described Location. After a loss and at your request, we will cover personal property owned by a guest or servant while the property is on the Described Location.

2. Property Not Covered

We do not cover:

- a.** Accounts, bank notes, bills, bullion, coins, currency, deeds, evidences of debt, gold other than goldware, letters of credit, manuscripts, medals, money, notes other than bank notes, passports, personal records, platinum other than platinumware, securities, silver other than silverware, tickets, stamps, scrip, stored value cards and smart cards;
- b.** Animals, birds or fish;
- c.** Aircraft meaning any contrivance used or designed for flight including any parts whether or not attached to the aircraft.

We do cover model or hobby aircraft not used or designed to carry people or cargo;

- d.** Hovercraft and parts. Hovercraft means a self-propelled motorized ground effect vehicle and includes, but is not limited to, flarecraft and air cushion vehicles;
- e.** Motor vehicles or all other motorized land conveyances.

This includes their equipment and parts, while such property is in or upon the vehicle or conveyance.

However, this Paragraph **2.e.** does not apply to:

(1) Portable electronic equipment that:

- (a)** Reproduces, receives or transmits audio, visual or data signals; and
- (b)** Is designed so that it may be operated from a power source other than the electrical system of motor vehicles and all other motorized land conveyances.

(2) Motor vehicles or other motorized land conveyances not required to be registered for use on public roads or property which are:

- (a)** Used solely to service a residence; or
- (b)** Designed to assist the handicapped;

- f.** Watercraft of all types, other than rowboats and canoes;

g. Data, including data stored in:

- (1)** Books of account, drawings or other paper records; or
- (2)** Computers and related equipment;

We do cover the cost of blank recording or storage media, and of prerecorded computer programs available on the retail market;

- h. Credit cards, electronic fund transfer cards or access devices used solely for deposit, withdrawal or transfer of funds;
- i. Water or steam; or
- j. Gravemarkers, including mausoleums.

3. **Property Removed To A Newly Acquired Principle Residence**

If you remove personal property from the Described Location to a newly acquired principal residence, the Coverage **C** limit of liability will apply at each residence for the 30 days immediately after you begin to move the property there. This time period will not extend beyond the termination of this Policy. Our liability is limited to the proportion of the limit of liability that the value at each residence bears to the total value of all personal property covered by this Policy.

D. Coverage D — Fair Rental Value

1. If a loss to property described in Coverage **A**, **B** or **C** by a Peril Insured Against under this Policy makes that part of the Described Location rented to others or held for rental by you unfit for its normal use, we cover the fair rental value of that part of the Described Location rented to others or held for rental by you less any expenses that do not continue while that part of the Described Location rented or held for rental is not fit to live in.

Payment will be for the shortest time required to repair or replace that part of the Described Location rented or held for rental. We will pay only the proportionate share of the total value of the rental amount for each month the rented part of the Described Location is unfit for its normal use. The proportionate share corresponds to the number of months the Described Location is rented or held for rental.

2. If a civil authority prohibits you from use of the Described Location as a result of direct damage to a neighboring location by a Peril Insured Against in this Policy, we cover the Fair Rental Value loss for no more than two weeks.
3. The periods of time referenced above are not limited by the expiration of this Policy.
4. We do not cover loss or expense due to cancellation of a lease or agreement.

E. Coverage E — Additional Living Expense

1. If a loss to property described in Coverage **A**, **B** or **C** by a Peril Insured Against under this Policy makes the Described Location unfit for its normal use, we cover any necessary increase in living expenses incurred by you so that your household can maintain its normal standard of living.

Payment will be for the shortest time required to repair or replace the Described Location or, if you permanently relocate, the shortest time required for your household to settle elsewhere.

2. If a civil authority prohibits you from use of the Described Location as a result of direct damage to a neighboring location by a Peril Insured Against in this Policy, we cover the Additional Living Expense loss for no more than two weeks.
3. The periods of time referenced above are not limited by the expiration of this Policy.
4. We do not cover loss or expense due to cancellation of a lease or agreement.

F. Other Coverages

1. Other Structures

You may use up to 10% of the Coverage **A** limit of liability for loss by a Peril Insured Against to other structures described in Coverage **B**.

This coverage is additional insurance.

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2. Debris Removal

We will pay your reasonable expense for the removal of:

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

This expense is included in the limit of liability that applies to the damaged property.

3. Improvements, Alterations And Additions

If you are a tenant of the Described Location, you may use up to 10% of the Coverage **C** limit of liability for loss by a Peril Insured Against to improvements, alterations and additions, made or acquired at your expense, to that part of the Described Location used only by you.

This coverage is additional insurance.

4. World-wide Coverage

You may use up to 10% of the Coverage **C** limit of liability for loss by a Peril Insured Against to property covered under Coverage **C** except rowboats and canoes, while anywhere in the world.

Use of this coverage reduces the Coverage **C** limit of liability for the same loss.

5. Rental Value And Additional Living Expense

You may use up to 10% of the Coverage **A** limit of liability for loss of both fair rental value as described in Coverage **D** and additional living expense as described in Coverage **E**.

This coverage is additional insurance.

6. Reasonable Repairs

- a. In the event that covered property is damaged by a Peril Insured Against, we will pay the reasonable cost incurred by you for necessary measures taken solely to protect against further damage.
- b. If the measures taken involve repair to other damaged property, we will pay for those measures only if that property is covered under this Policy and the damage to that property is caused by a Peril Insured Against.
- c. Coverage provided under **a.** and **b.** does not:

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

- (2) Relieve you of your duties, in case of a loss to covered property, described in Conditions, **D.2. Duties After Loss**; and

is limited to the greater of:

- (3) \$3,000; or

- (4) 1% of your Coverage **A** limit of liability;

unless we grant you approval within 72 hours of your request to exceed the limit. In such circumstance we will pay only up to the additional amount for the measures we authorize

If we fail to respond to you within 72 hours of your request to us and the damage is caused by a Peril Insured Against, you may exceed the amount stated above only up to the cost incurred by you for the reasonable repairs necessary to protect the covered property from further damage.

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

7. Property Removed

We insure covered property against direct loss from any cause while being removed from a premises endangered by a Peril Insured Against and for no more than 30 days while removed.

This coverage does not change the limit of liability that applies to the property being removed.

8. Trees, Shrubs And Other Plants

We cover trees, shrubs, plants or lawns, on the Described Location for loss caused by the following Perils Insured Against:

- a. Fire or lightning;
- b. Explosion;
- c. Riot or civil commotion;
- d. Aircraft;
- e. Vehicles not owned or operated by you or a resident of the Described Location; or
- f. Vandalism or Malicious Mischief, including damage during a burglary or attempted burglary, but not theft of property.

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

This coverage is additional insurance.

9. Fire Department Service Charge

We will pay up to \$500 for your liability assumed by contract or agreement for fire department charges incurred when the fire department is called to save or protect covered property from a Peril Insured Against. We do not cover fire department service charges if the property is located within the limits of the city, municipality or protection district furnishing the fire department response.

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

10. Collapse

- a. The coverage provided under this Other Coverage-Collapse applies only to an abrupt collapse.
- b. For the purpose of this Other Coverage Collapse, abrupt collapse means and abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose.
- c. This Other Coverage - Collapse does not apply to:
 - (1) A building or any part of a building that is in danger of falling down or caving in;
 - (2) A part of a building that is standing, even if it has separated from another part of the building; or
 - (3) A building or any part of a building that is standing, even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.
- d. We insure for direct physical loss to covered property involving abrupt collapse of a building or any part of a building if such collapse was caused by one or more of the following:
 - (1) The Perils Insured Against named under Coverage **C**;
 - (2) Decay, of a building or any part of a building, that is hidden from view, unless the presence of such decay is known to you prior to collapse;
 - (3) Insect or vermin damage, of a building or any part of a building, that is hidden from view, unless the presence of such damage is known to you prior to collapse;
 - (4) Weight of contents, equipment, animals or people;
 - (5) Weight of rain which collects on a roof; or
 - (6) Use of defective material or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation.
- e. Loss to an awning, fence, patio, deck, pavement, swimming pool, underground pipe, flue, drain, cesspool, septic tank, foundation, retaining wall, bulkhead, pier, wharf or dock is not

included under **d.(2)** through **(6)** above unless the loss is a direct result of the collapse of a building or any part of a building.

- f. This coverage does not increase the limit of liability that applies to the damaged covered property.

11. Glass Or Safety Glazing Material

- a. We cover:
 - (1) The breakage of glass or safety glazing material which is part of a covered building, storm door or storm window;
 - (2) The breakage of glass or safety glazing material which is part of a covered building, storm door or storm window when caused directly by earth movement; and
 - (3) The direct physical loss to covered property caused solely by the pieces, fragments or splinters of broken glass or safety glazing material which is part of a building, storm door or storm window.
- b. This coverage does not include loss:
 - (1) To covered property which results because the glass or safety glazing material has been broken, except as provided in **a.(3)** above; or
 - (2) On the Described Location if the dwelling has been vacant for more than 60 consecutive days immediately before the loss, except when the breakage results directly from earth movement as provided for in **a.(2)** above. A dwelling being constructed is not considered vacant.
- c. This coverage does not increase the limit of liability that applies to the damaged property.

12. Ordinance Or Law

- a. The Ordinance Or Law limit of liability determined in **b.** or **c.** below will apply with respect to the increased costs you incur due to the enforcement of any ordinance or law which requires or regulates:
 - (1) The construction, demolition, remodeling, renovation or repair of that part of a covered building or other structure damaged by a Peril Insured Against;
 - (2) The demolition and reconstruction of the undamaged part of a covered building or other structure, when that building or other structure must be totally demolished because of damage by a Peril Insured Against to another part of that covered building or other structure; or
 - (3) The remodeling, removal or replacement of the portion of the undamaged part of a covered building or other structure necessary to complete the remodeling, repair or replacement of that part of the covered building or other structure damaged by a Peril Insured Against.
- b. If you are an owner of a Described Location, and that location:
 - (1) Is insured for Coverage **A** or Unit-owners Building Items, you may use up to 10% of the limit of liability that applies to Coverage **A** or Unit-owners Building Items at each Described Location; or
 - (2) Is not insured for Coverage **A** or Unit-owners Building Items, you may use up to 10% of the total limit of liability that applies to Coverage **B** at each Described Location.
- c. If you are a tenant of a Described Location, you may use up to 10% of the limit of liability that applies to Improvements, Alterations And Additions at each Described Location. Also, the words "covered building" used throughout this Other Coverage **12. Ordinance Or Law**, refer to property at such a Described Location covered under Other Coverage **3. Improvements, Alterations And Additions**.
- d. You may use all or part of this ordinance or law coverage to pay for the increased costs you incur to remove debris resulting from the construction, demolition, remodeling, renovation, repair or replacement of property as stated in **a.** above.

e. We do not cover:

- (1)** The loss in value to any covered building or other structure due to the requirements of any ordinance or law; or
- (2)** The costs to comply with any ordinance or law which requires you or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, pollutants in or on any covered building or other structure.

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

This coverage is additional insurance.

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

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

- (1)** Direct physical loss to property covered under Coverage **A** — Dwelling, Coverage **B** — Other Structures and Coverage **C** — Personal Property caused by, resulting from, or consisting of "fungi", wet or dry rot, or bacteria if the direct result of a Peril Insured Against; and
- (2)** The necessary increase in costs which you incur to maintain your normal standard of living when the Described Location is uninhabitable due to a loss caused by, resulting from, or consisting of "fungi", wet or dry rot, or bacteria which is the direct result of a Peril Insured Against.

The coverage provided above is the only coverage under Coverage **A** — Dwelling, Coverage **B** — Other Structures, Coverage **C** — Personal Property, and if provided in this Policy, Coverage **D** — Fair Rental Value and Coverage **E** — Additional Living Expenses, for damage or loss caused by, resulting from, or consisting of "fungi", wet or dry rot, or bacteria caused directly or indirectly regardless of any other cause or event contributing concurrently or in any sequence.

b. The \$5,000 limit is the most we will pay for the cost:

- (1)** To remove "fungi", wet or dry rot, or bacteria from covered property;
- (2)** To tear out and replace any part of the building or other covered property as needed to gain access to the "fungi", wet or dry rot, or bacteria; and
- (3)** Of any testing of air or property to confirm the absence, presence or level of "fungi", wet or dry rot, or bacteria whether performed prior to, during or after removal, repair, restoration or replacement. The cost of such testing will be provided only to the extent that there is a reason to believe that there is the presence of "fungi", wet or dry rot, or bacteria.

c. The coverage provided above applies only when such loss or costs are the result of a Peril Insured Against that occurs during the policy period and only if all reasonable means were used to save and protect the property from further damage at or after the time of the occurrence of that Peril Insured Against.

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

This is additional insurance and is the most we will pay for the total of all loss or costs payable under this Other Coverage regardless of the number of locations insured or the number of claims made. No deductible applies to this coverage.

PERILS INSURED AGAINST

A. Coverage A — Dwelling And Coverage B — Other Structures

1. We insure against direct physical loss to property described in Coverages A and B.
2. We do not insure, however, for loss:
 - a. Excluded under General Exclusions;
 - b. Involving collapse, including any of the following conditions of property or any part of the property:
 - (1) An abrupt falling down or caving in;
 - (2) Loss of structural integrity, including separation of parts of the property or property in danger of falling down or caving in; or
 - (3) Any cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion as such relates to (1) or (2) above;
 - c. Caused by:
 - (1) Freezing of a plumbing, heating, air conditioning or automatic fire protective sprinkler system or of a household appliance, or by discharge, leakage or overflow from within the system or appliance caused by freezing. This provision does not apply if you have used reasonable care to:
 - (a) Maintain heat in the building; or
 - (b) Shut off the water supply and drain all systems and appliances of water;

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

For purposes of this provision a plumbing system or household appliance does not include a sump, sump pump or related equipment or a roof drain, gutter, downspout or similar fixtures or equipment.
 - (2) Freezing, thawing, pressure or weight of water or ice, whether driven by wind or not, to a:
 - (a) Fence, pavement, patio or swimming pool;
 - (b) Footing, foundation, bulkhead, wall, or any other structure or device, that supports all or part of a building or other structure;
 - (c) Retaining wall or bulkhead that does not support all or part of a building or other structure; or
 - (d) Pier, wharf or dock;
 - (3) Theft of property not part of a covered building or structure;
 - (4) Theft in or to a dwelling or structure under construction;
 - (5) Wind, hail, ice, snow or sleet to:
 - (a) Outdoor radio and television antennas and aerials including their lead-in wiring, masts or towers; or
 - (b) Trees, shrubs, plants or lawns;
 - (6) Vandalism and malicious mischief, theft or attempted theft, and any ensuing loss caused by any intentional and wrongful act committed in the course of the vandalism or malicious mischief, theft or attempted theft, if the dwelling has been vacant for more than 60 consecutive days immediately before the loss. A dwelling being constructed is not considered vacant;

- (7) Constant or repeated seepage or leakage of water or steam over a period of weeks, months or years from within a plumbing, heating, air conditioning or automatic fire protective sprinkler system or from within a household appliance.

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

- (8) Any of the following:

- (a) Wear and tear, marring, deterioration;
- (b) Mechanical breakdown, latent defect, inherent vice, or any quality in property that causes it to damage or destroy itself;
- (c) Smog, rust or other corrosion;
- (d) Smoke from agricultural smudging or industrial operations;
- (e) Discharge, dispersal, seepage, migration release or escape of pollutants unless the discharge, dispersal, seepage, migration, release or escape is itself caused by a Peril Insured Against named under Coverage C.

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

- (f) Settling, shrinking, bulging or expansion, including resultant cracking, of bulkheads, pavements, patios, footings, foundations, walls, floors, roofs or ceilings; or
- (g) Birds, rodents, insects or domestic animals; or
- (h) Nesting or infestation, or discharge or release of waste products or secretions, by any animals.

Exception To c.(8)

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

- (i) Storm drain, or water, steam or sewer pipe, off the Described Location; or
- (ii) Plumbing, heating, air conditioning or automatic fire protective sprinkler system or household appliance on the Described Location. This includes the cost to tear out and replace any part of a building, or other structure, on the Described Location, but only when necessary to repair the system or appliance. However, such tear out and replacement coverage only applies to other structures if the water or steam causes actual damage to a building on the Described Location.

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

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

General Exclusion A.3., Paragraphs a. and c. that apply to surface water and water below the surface of ground do not apply to loss by water covered under c.(8) above.

Under 2.b. and c. above, any ensuing loss to property described in Coverages A and B not excluded or excepted in this Policy is covered.

B. Coverage C — Personal Property

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

1. Fire Or Lightning

2. Windstorm Or Hail

This peril does not include loss:

- a. To property contained in a building caused by rain, snow, sleet, sand or dust unless the direct force of wind or hail damages the building causing an opening in a roof or wall and the rain, snow, sleet, sand or dust enters through this opening;
- b. To plants, shrubs or trees; or
- c. Caused by frost or cold weather, or ice (other than hail), snow or sleet, whether driven by wind or not.

3. Explosion

4. Riot Or Civil Commotion

5. Aircraft

This peril includes self-propelled missiles and spacecraft.

6. Vehicles

7. Smoke

This peril means sudden and accidental damage from smoke, including the emission or puffback of smoke, soot, fumes or vapors from a boiler, furnace or related equipment.

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

8. Vandalism Or Malicious Mischief

This peril does not include loss by pilferage, theft, burglary or larceny; or

9. Damage By Burglars

- a. This peril means damage to covered property caused by burglars.
- b. This peril does not include:
 - (1) Theft of property; or
 - (2) Damage caused by burglars to property on the Described Location if the dwelling has been vacant for more than 60 consecutive days immediately before the damage occurs. A dwelling being constructed is not considered vacant.

10. Falling Objects

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

11. Weight Of Ice, Snow Or Sleet

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

12. Accidental Discharge Or Overflow Of Water Or Steam

- a. This peril means accidental discharge or overflow of water or steam from within a plumbing, heating, air conditioning or automatic fire protective sprinkler system or from within a household appliance.
- b. This peril does not include loss:
 - (1) To the system or appliance from which the water or steam escaped;
 - (2) Caused by or resulting from freezing except as provided in Peril Insured Against **14**. Freezing below; or
 - (3) On the Described Location caused by accidental discharge or overflow which occurs off the Described Location.

- c. In this peril, a plumbing system or household appliance does not include a sump, sump pump or related equipment; or a roof drain, gutter, downspout or similar fixtures or equipment.
- d. General Exclusion **A.3.** Water, Paragraphs **a.** and **c.** that apply to surface water and water below the surface of the ground do not apply to loss by water covered under this peril.

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

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

We do not cover loss caused by or resulting from freezing except as provided in the peril of freezing below.

14. Freezing

- a. This peril means freezing of a plumbing, heating, air conditioning or automatic fire protective sprinkler system or of a household appliance but only if you have used reasonable care to:

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

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

- b. In this peril, a plumbing system or household appliance does not include a sump, sump pump or related equipment; or a roof drain, gutter, downspout or similar fixtures or equipment.

15. Sudden And Accidental Damage From Artificially Generated Electrical Current

This peril does not include loss to tubes, transistors, electronic components or circuitry that is a part of appliances, fixtures, computers, home entertainment units or other types of electronic apparatus.

16. Volcanic Eruption

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

GENERAL EXCLUSIONS

- A.** We do not insure for loss caused directly or indirectly by any of the following. Such loss is excluded regardless of any other cause or event contributing concurrently or in any sequence to the loss. These exclusions apply whether or not the loss event results in widespread damage or affects a substantial area.

1. Ordinance Or Law

Ordinance Or Law means any ordinance or law:

- a. Requiring or regulating the construction, demolition, remodeling, renovation or repair of property, including removal of any resulting debris. This Exclusion **A.1.a.** does not apply to the amount of coverage that may be provided under Other Coverage **12.** Ordinance Or Law;
- b. The requirements of which result in a loss in value to property; or
- c. Requiring you or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, pollutants.

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

This Exclusion **A.1.** applies whether or not the property has been physically damaged.

2. Earth Movement

Earth Movement means:

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

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

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

3. Water

This means:

- a. Flood, surface water, waves, including tidal wave and tsunami, tides, tidal water, overflow of any body of water or spray from any of these, all whether or not driven by wind, including storm surge;
- b. Water which:
 - (1) Backs up through sewers or drains; or
 - (2) Overflows or is otherwise discharged from a sump, sump pump or related equipment;
- c. Water below the surface of the ground, including water which exerts pressure on, or seeps, leaks or flows through a building, sidewalk, driveway, patio, foundation, swimming pool or other structure; or
- d. Waterborne material carried or otherwise moved by any of the water referred to in **A.3.a.** through **A.3.c.** of this exclusion.

This Exclusion **A.3.** applies regardless of whether any of the above, in **A.3.a.** through **A.3.d.**, is caused by an act of nature or is otherwise caused.

This Exclusion **A.3.** applies to, but is not limited to, escape, overflow or discharge, for any reason, of water or waterborne material from a dam, levee, seawall or any other boundary or containment system.

However, direct loss by fire or explosion resulting from any of the above, in **A.3.a.** through **A.3.d.**, is covered.

4. Power Failure

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

5. Neglect

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

6. War

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

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

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

7. Nuclear Hazard

This Exclusion **A.7.** pertains to Nuclear Hazard to the extent set forth in the Nuclear Hazard Clause of the Conditions.

8. Intentional Loss

Intentional loss means any loss arising out of any act you or any person or organization named as an additional insured commits or conspires to commit with the intent to cause a loss.

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

9. Governmental Action

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

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

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

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

11. Windstorm Or Hail To Certain Property When Outside Of The Building

This exclusion applies to the following property when outside of the building unless specifically shown on Endorsement **DP 32 19** or the Declarations:

- a. Signs or cloth awnings, including their supports;
- b. Swimming pools;
- c. Screens, including their supports, around a swimming pool, patio or other areas;
- d. Fences, property line and similar walls, including seawalls;
- e. Bathhouses, cabanas, greenhouses, hothouses, pergolas, slathouses, trellises;
- f. Outdoor equipment used to service the Described Location; or
- g. Structures located over water, whether or not permanently attached to the ground, including the property in or on the structure.

- B.** We do not insure for loss to property described in Coverages **A** and **B** caused by any of the following. However, any ensuing loss to property described in Coverages **A** and **B** not precluded by any other provision in this Policy is covered.

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

CONDITIONS

A. Insurable Interest And Limit Of Liability

Even if more than one person has an insurable interest in the property covered, we will not be liable in any one loss:

1. For an amount greater than the interest of a person insured under this Policy at the time of loss; or
2. For more than the applicable limit of liability.

B. Deductible

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

With respect to any one loss:

1. Subject to the applicable limit of liability, we will pay only that part of the total of all loss payable that exceeds the deductible amount shown in the Declarations.
2. If two or more deductibles under this Policy apply to the loss, only the highest deductible amount will apply.

C. Concealment Or Fraud

We provide coverage to no persons insured under this Policy if, whether before or after a loss, one or more persons insured under this Policy have:

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

relating to this insurance.

D. Duties After Loss

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

1. Give prompt notice to us or our agent;
2. Protect the property from further damage. If repairs to the property are required, you must:
 - a. Make reasonable and necessary repairs to protect the property; and
 - b. Keep an accurate record of repair expenses;
3. Cooperate with us in the investigation of a claim;
4. Prepare an inventory of damaged personal property showing the quantity, description, actual cash value and amount of loss. Attach all bills, receipts and related documents that justify the figures in the inventory;
5. As often as we reasonably require:
 - a. Show the damaged property;
 - b. Provide us with records and documents we request and permit us to make copies; and
 - c. Submit to examination under oath, while not in the presence of any other insured under the Policy, and sign the same;
6. Send to us, within 60 days after our request, your signed, sworn proof of loss which sets forth to the best of your knowledge and belief:
 - a. The time and cause of loss;
 - b. Your interest and that of all others in the property involved and all liens on the property;
 - c. Other insurance which may cover the loss;

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- d. Changes in title or occupancy of the property during the term of the Policy;
- e. Specifications of damaged buildings and detailed repair estimates;
- f. The inventory of damaged personal property described in **D.4.**; and
- g. Receipts for additional living expenses incurred and records that support the fair rental value loss.

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

E. Loss Settlement

In this Condition **E.**, the terms "cost to repair or replace" and "replacement cost" do not include the increased costs incurred to comply with the enforcement of any ordinance or law except to the extent that coverage for these increased costs is provided in Other Coverages **F.12. Ordinance Or Law**. Covered property losses are settled as follows:

1. Property of the following types:
 - a. Personal property;
 - b. Awnings, carpeting, household appliances, outdoor antennas and outdoor equipment, whether or not attached to buildings; and
 - c. Structures that are not buildings;

at actual cash value at the time of loss but not more than the amount required to repair or replace.
2. Buildings under Coverage **A** or **B** at replacement cost without deduction for depreciation, subject to the following:
 - a. If, at the time of loss, the amount of insurance in this Policy on the damaged building is 80% or more of the full replacement cost of the building immediately before the loss, we will pay the cost to repair or replace, without deduction for depreciation, but not more than the least of the following amounts:
 - (1) The limit of liability under this Policy that applies to the building;
 - (2) The replacement cost of that part of the building damaged with material of like kind and quality and for like use; or
 - (3) The necessary amount actually spent to repair or replace the damaged building on the premises described in the Policy or some other location within the State of North Carolina.
 - b. If, at the time of loss, the amount of insurance in this Policy on the damaged building is less than 80% of the full replacement cost of the building immediately before the loss, we will pay the greater of the following amounts, but not more than the limit of liability under this Policy that applies to the building:
 - (1) The actual cash value of that part of the building damaged; or
 - (2) That proportion of the cost to repair or replace, without deduction for depreciation, that part of the building damaged, which the total amount of insurance in this Policy on the damaged building bears to 80% of the replacement cost of the building.
 - c. To determine the amount of insurance required to equal 80% of the full replacement cost of the building immediately before the loss, do not include the value of:
 - (1) Excavations, footings, foundations, piers or any other structures or devices that support all or part of the building, which are below the undersurface of the lowest basement floor;
 - (2) Those supports in (1) above which are below the surface of the ground inside the foundation walls, if there is no basement; and

(3) Underground flues, pipes, wiring and drains.

- d. We will pay no more than the actual cash value of the damage until actual repair or replacement is complete. Once actual repair or replacement is complete, we will settle the loss as noted in **2.a.** and **b.** above.

However, if the cost to repair or replace the damage is both:

- (1) Less than 5% of the amount of insurance in this Policy on the building; and
- (2) Less than \$2,500;

we will settle the loss as noted in **2.a.** and **b.** above whether or not actual repair or replacement is complete.

- e. You may disregard the replacement cost loss settlement provisions and make claim under this Policy for loss to buildings on an actual cash value basis. You may then make claim for any additional liability according to the provisions of this Condition **E. Loss Settlement**, provided you notify us, within 180 days after the date of loss, of your intent to repair or replace the damaged building.

F. Loss To A Pair Or Set

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

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

G. Appraisal

If you and we fail to agree on the value or amount of any item or loss, either may demand an appraisal of such item or loss. In this event, each party will choose a competent and disinterested appraiser within 20 days after receiving a written request from the other. The two appraisers will choose a competent and impartial umpire. If they cannot agree upon an umpire within 15 days, you or we may request that a choice be made by a judge of a court of record in the state where the dwelling on the Described Location shown in the Declarations is located. The appraisers will separately set the amount of loss. If the appraisers submit a written report of an agreement to us, the amount agreed upon will be the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will set the amount of loss. Each party will:

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

In no event will an appraisal be used for the purpose of interpreting any policy provision, determining causation or determining whether any item or loss is covered under this Policy. If there is an appraisal, we still retain the right to deny the claim.

H. Other Insurance And Service Agreement

If property covered by this Policy is also covered by:

- 1. Other fire insurance, we will pay only the proportion of a loss caused by any peril insured against under this Policy that the limit of liability applying under this Policy bears to the total amount of fire insurance covering the property; or
- 2. A service agreement, this insurance is excess over any amounts payable under any such agreement. Service agreement means a service plan, property restoration plan, home warranty or other similar service warranty agreement, even if it is characterized as insurance.

I. Subrogation

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

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

J. Suit Against Us

No action can be brought against us unless there has been full compliance with all of the terms under this Policy and the action is started within three years after the date of loss.

K. Our Option

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

L. Loss Payment

We will adjust all losses with you. We will pay you unless some other person is named in the Policy or is legally entitled to receive payment. We will pay within 60 days after the amount is finally determined.

This amount may be determined by:

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

M. Abandonment Of Property

We need not accept any property abandoned by you.

N. Mortgage Clause

1. If a mortgagee is named in this Policy, any loss payable under Coverage **A** or **B** will be paid to the mortgagee and you, as interests appear. If more than one mortgagee is named, the order of payment will be the same as the order of precedence of the mortgages.
2. If we deny your claim, that denial will not apply to a valid claim of the mortgagee, if the mortgagee:
 - a. Notifies us of any change in ownership, occupancy or substantial change in risk of which the mortgagee is aware;
 - b. Pays any premium due under this Policy on demand if you have neglected to pay the premium; and
 - c. Submits a signed, sworn statement of loss within 60 days after receiving notice from us of your failure to do so. Policy conditions relating to:
 - (1) Appraisal;
 - (2) Suit Against Us; and
 - (3) Loss Payment;
 also apply to the mortgagee.
3. If we decide to cancel or not to renew this policy, the mortgagee will be notified at least 10 days before the date cancellation or nonrenewal takes effect.
4. If we pay the mortgagee for any loss and deny payment to you:
 - a. We are subrogated to all the rights of the mortgagee granted under the mortgage on the property; or
 - b. At our option, we may pay to the mortgagee the whole principal on the mortgage plus any accrued interest. In this event, we will receive a full assignment and transfer of the mortgage and all securities held as collateral to the mortgage debt.
5. Subrogation will not impair the right of the mortgagee to recover the full amount of the mortgagee's claim.

O. No Benefit To Bailee

We will not recognize any assignment or grant any coverage that benefits a person or organization holding, storing or moving property for a fee regardless of any other provision of this Policy.

P. Cancellation

1. You may cancel this Policy at any time by returning it to us or by letting us know in writing of the date cancellation is to take effect.
2. We may cancel this Policy only for the reasons stated below by letting you know in writing of the date cancellation takes effect. This cancellation notice may be delivered to you, or mailed to you

at your mailing address shown in the Declarations. Proof of mailing will be sufficient proof of notice.

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

This can be done by letting you know at least 30 days before the date cancellation takes effect.
- d. When this Policy is written for a period of more than one year, we may cancel for any reason at anniversary by letting you know at least 30 days before the date cancellation takes effect.
3. When this Policy is canceled, the premium for the period from the date of cancellation to the expiration date will be refunded pro rata.
4. If the return premium is not refunded with the notice of cancellation or when this Policy is returned to us, we will refund it within a reasonable time after the date cancellation takes effect.

Q Nonrenewal

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

R. Liberalization Clause

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

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

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

S. Waiver Or Change Of Policy Provisions

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

T. Assignment

1. Assignment of this Policy will not be valid unless we give our written consent.
2. The benefits of this Policy that may be available to you following a covered loss may not be assigned unless:
 - a. All duties listed in Conditions, **D. Duties After Loss** are performed by you, and
 - b. An inspection of the damage has been conducted by an adjuster authorized by us, or we give our written consent.

U. Death

If you die, we insure:

1. Your legal representatives but only with respect to the property of the deceased covered under the Policy at the time of death;

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

V. Nuclear Hazard Clause

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

W. Recovered Property

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

X. Volcanic Eruption Period

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

Y. Loss Payable Clause

If the Declarations shows a loss payee for certain listed insured personal property, that person is considered an insured in this Policy with respect to that property.

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

Z. Policy Period

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

The following condition is added and applies to all risks located in Protection Class 9, 9E, 9S or 10 in the State of North Carolina:

AA. Vacancy And/Or Unoccupancy (Unprotected Dwellings)

1. Coverage is extended for the described dwelling while it is vacant for not more than 60 consecutive days immediately before the loss; or unoccupied for not more than 90 consecutive days immediately before the loss.
2. If the vacancy or unoccupancy exceeds the respective period stated above, coverage must be extended for an additional period of vacancy and/or unoccupancy by use of Endorsement **DP 32 52**, otherwise all coverage on such dwelling shall be suspended during the period of vacancy or unoccupancy.
3. "Unoccupied" means the dwelling is entirely furnished but with personal habitants temporarily absent, provided the dwelling is secured against intrusion during this period; except as otherwise provided in this Policy for certain specified perils.
4. A building being constructed shall not be considered vacant.

BB. Choice Of Law

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

SPECIAL CONDITIONS

When this Policy insures real property of a condominium association, the following Provisions 1. through 3. apply:

1. **Conditions, Other Insurance And Service Agreement** is replaced by the following:

Other Insurance And Service Agreement

If, at the time of loss, there is other insurance or a service agreement, in the name of a unit-owner, covering the same property covered by this Policy, this Policy shall provide primary insurance.

2. Under **Conditions**, Paragraph **I. Subrogation**, the following sentence is added:

However, we waive any rights of recovery against a unit-owner or member of the unit-owner's household.

3. An act or omission by a unit-owner, unless acting within the scope of his authority on behalf of the condominium association, will **not** preclude recovery by you under this Policy.

All other provisions of this Policy apply.

(DP 00 03 07 14 and DP 32 32 01 21)



NORTH CAROLINA PREMISES LIABILITY POLICY

SAFECO INSURANCE COMPANY OF AMERICA
Home Office: Safeco Plaza, Seattle, WA 98185-0001

(A stock insurance company.)

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This policy is a legal contract between you and us.

The new policy is:

Designed for your easy reference;

Simplified, to make it more understandable; and

Arranged to better display the available coverages.

READ YOUR POLICY CAREFULLY

AGREEMENT

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

DEFINITIONS

- A.** In this policy, “you” and “your” refer to the “named insured” shown in the Declarations and the spouse if a resident of the same household. “We”, “us” and “our” refer to the Company providing this insurance.
- B.** In addition, certain words and phrases are defined as follows:
- 1.** “Aircraft Liability”, “Hovercraft Liability”, “Motor Vehicle Liability” and “Watercraft Liability”, subject to the provisions in **b.** below, mean the following:
 - a.** Liability for “bodily injury” or “property damage” arising out of the:
 - (1)** Ownership of such vehicle or craft by an “insured”;
 - (2)** Maintenance, occupancy, operation, use, loading or unloading of such vehicle or craft by any person;
 - (3)** Entrustment of such vehicle or craft by an “insured” to any person;
 - (4)** Failure to supervise or negligent supervision of any person involving such vehicle or craft by an “insured”; or
 - (5)** Vicarious liability, whether or not imposed by law, for the actions of a child or minor involving such vehicle or craft.
 - b.** For the purpose of this definition:
 - (1)** Aircraft means any contrivance used or designed for flight except model or hobby aircraft not used or designed to carry people or cargo;
 - (2)** Hovercraft means a self-propelled motorized ground effect vehicle and includes, but is not limited to, flarecraft and air cushion vehicles;
 - (3)** Watercraft means a craft principally designed to be propelled on or in water by wind, engine power or electric motor; and
 - (4)** Motor vehicle means a “motor vehicle” as defined in **7.** below.
 - 2.** “Bodily injury” means bodily harm, sickness or disease, including required care, loss of services and death that results.
 - 3.** “Business” means:
 - a.** A trade, profession or occupation engaged in on a full-time, part-time or occasional basis; or
 - b.** Any other activity engaged in for money or other compensation, except the following:
 - (1)** One or more activities, not described in **(2)** through **(4)** below, for which no “insured” receives more than \$2,000 in total compensation for the 12 months before the beginning of the policy period;
 - (2)** Volunteer activities for which no money is received other than payment for expenses incurred to perform the activity;
 - (3)** Providing home day care services for which no compensation is received, other than the mutual exchange of such services; or
 - (4)** The rendering of home day care services to a relative of an “insured”.
 - 4.** “Employee” means an employee of an “insured”, or an employee leased to an “insured” by a labor leasing firm under an agreement between an “insured” and the labor leasing firm, whose duties are other than those performed by a “residence employee”.

5. "Insured" means:

- a.** You and residents of your household who are:
 - (1)** Your relatives; or
 - (2)** Other persons under the age of 21 and in the care of any person named above;
- b.** A student enrolled in school full time, as defined by the school, who was a resident of your household before moving out to attend school, provided the student is under the age of:
 - (1)** 24 and your relative; or
 - (2)** 21 and in your care or the care of a person described in **a.(1)** above;
- c.** With respect to animals or watercraft to which this policy applies, any person or organization legally responsible for these animals or watercraft which are owned by you or any person included in **a.** or **b.** above. "Insured" does not mean a person or organization using or having custody of these animals or watercraft in the course of any "business" or without consent of the owner; or
- d.** With respect to a "motor vehicle" to which this policy applies:
 - (1)** Persons while engaged in your employ or that of any person included in **a.** or **b.** above; or
 - (2)** Other persons using the vehicle on an "insured location" with your consent.

Throughout this policy, when the word an immediately precedes the word "insured", the words an "insured" together mean one or more "insureds".

6. "Insured location" means:

- a.** The "residence premises";
- b.** The part of other premises, other structures and grounds used by you as a residence; and
 - (1)** Which is shown in the Declarations; or
 - (2)** Which is acquired by you during the policy period for your use as a residence;
- c.** Any premises used by you in connection with a premises described in **a.** and **b.** above;
- d.** Any part of a premises:
 - (1)** Not owned by an "insured"; and
 - (2)** Where an "insured" is temporarily residing;
- e.** Vacant land, other than farm land, owned by or rented to an "insured";
- f.** Land owned by or rented to an "insured" on which a one, two, three or four family dwelling is being built as a residence for an "insured";
- g.** Individual or family cemetery plots or burial vaults of an "insured";
- h.** Any part of a premises occasionally rented to an "insured" for other than "business" use, or
- i.** The premises which is shown on the Declarations.

7. "Motor vehicle" means:

- a.** A self-propelled land or amphibious vehicle; or
- b.** Any trailer or semi-trailer which is being carried on, towed by or hitched for towing by a vehicle described in **a.** above.

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

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

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

10. "Residence employee" means:

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

related to the maintenance or use of the "residence premises", including household or domestic services; or

- b. One who performs similar duties elsewhere not related to the "business" of an "insured".

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

11. "Residence premises" means:

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

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

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

LIABILITY COVERAGES

A. Coverage L — Premises Liability

We cover the "insured's" liability for "bodily injury" or "property damage" caused by an "occurrence" arising out of the ownership, maintenance, occupancy or use of the premises shown on the Declarations.

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

1. Pay up to our limit of liability for the damages for which an "insured" is legally liable. Damages include prejudgment interest awarded against an "insured"; and
2. Provide a defense at our expense by counsel of our choice, even if the suit is groundless, false or fraudulent. We may investigate and settle any claim or suit that we decide is appropriate. Our duty to settle or defend ends when our limit of liability for the "occurrence" has been exhausted by payment of a judgment or settlement.

B. Coverage M — Medical Payments To Others

We will pay the necessary medical expenses that are incurred or medically ascertained within three years from the date of an accident causing "bodily injury". Medical expenses means reasonable charges for medical, surgical, x-ray, dental, ambulance, hospital, professional nursing, prosthetic devices and funeral services. This coverage does not apply to any "insured" except "residence employees". As to others, this coverage applies only:

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

EXCLUSIONS

A. "Motor Vehicle Liability"

1. Coverages **L** and **M** do not apply to any "motor vehicle liability" if, at the time and place of an "occurrence", the involved "motor vehicle":
 - a. Is registered for use on public roads or property;

- b. Is not registered for use on public roads or property, but such registration is required by a law, or regulation issued by a government agency, for it to be used at the place of the "occurrence"; or
 - c. Is being:
 - (1) Operated in, or practicing for, any prearranged or organized race, speed contest or other competition;
 - (2) Rented to others;
 - (3) Used to carry persons or cargo for a charge; or
 - (4) Used for any "business" purpose except for a motorized golf cart while on a golfing facility.
- 2. If Exclusion **A.1.** does not apply, there is still no coverage for "motor vehicle liability" unless the "motor vehicle" is:
 - a. In dead storage on an "insured location";
 - b. Used solely to service an "insured's" residence;
 - c. Designed to assist the handicapped and, at the time of an "occurrence", it is:
 - (1) Being used to assist a handicapped person; or
 - (2) Parked on an "insured location";
 - d. Designed for recreational use off public roads and:
 - (1) Not owned by an "insured"; or
 - (2) Owned by an "insured" provided the "occurrence" takes place on an "insured location" as defined in Definitions **B. 6.a., b., d., e. or h.;** or
 - e. A motorized golf cart that is owned by an "insured", designed to carry up to 4 persons, not built or modified after manufacture to exceed a speed of 25 miles per hour on level ground and, at the time of an "occurrence", is within the legal boundaries of:
 - (1) A golfing facility and is parked or stored there, or being used by an "insured" to:
 - (a) Play the game of golf or for other recreational or leisure activity allowed by the facility;
 - (b) Travel to or from an area where "motor vehicles" or golf carts are parked or stored; or
 - (c) Cross public roads at designated points to access other parts of the golfing facility; or
 - (2) A private residential community, including its public roads upon which a motorized golf cart can legally travel, which is subject to the authority of a property owners association and contains an "insured's" residence.

B. "Watercraft Liability"

- 1. Coverages **L** and **M** do not apply to any "watercraft liability" if, at the time of an "occurrence", the involved watercraft is being:
 - a. Operated in, or practicing for, any prearranged or organized race, speed contest or other competition. This exclusion does not apply to a sailing vessel or a predicted log cruise;
 - b. Rented to others;
 - c. Used to carry persons or cargo for a charge; or
 - d. Used for any "business" purpose.
- 2. If Exclusion **B.1.** does not apply, there is still no coverage for "watercraft liability" unless, at the time of the "occurrence", the watercraft:
 - a. Is stored;
 - b. Is a sailing vessel, with or without auxiliary power, that is:
 - (1) Less than 26 feet in overall length; or
 - (2) 26 feet or more in overall length and not owned by or rented to an "insured"; or

c. Is not a sailing vessel and is powered by:

- (1)** An inboard or inboard-outdrive engine or motor, including those that power a water jet pump, of:
 - (a)** 50 horsepower or less and not owned by an “insured”; or
 - (b)** More than 50 horsepower and not owned by or rented to an “insured”; or
- (2)** One or more outboard engines or motors with:
 - (a)** 25 total horsepower or less;
 - (b)** More than 25 horsepower if the outboard engine or motor is not owned by an “insured”;
 - (c)** More than 25 horsepower if the outboard engine or motor is owned by an “insured” who acquired it during the policy period; or
 - (d)** More than 25 horsepower if the outboard engine or motor is owned by an “insured” who acquired it before the policy period, but only if:
 - (i)** You declare them at policy inception; or
 - (ii)** Your intent to insure them is reported to us in writing within 45 days after you acquire them.

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

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

C. “Aircraft Liability”

This policy does not cover “aircraft liability”.

D. “Hovercraft Liability”

This policy does not cover “hovercraft liability”.

E. Coverage L — Premises Liability And Coverage M — Medical Payments To Others

Coverages **L** and **M** do not apply to the following:

1. Expected Or Intended Injury

“Bodily injury” or “property damage” which is expected or intended by an “insured” even if the resulting “bodily injury” or “property damage”:

- a.** Is of a different kind, quality or degree than initially expected or intended; or
- b.** Is sustained by a different person, entity, real or personal property, than initially expected or intended.

However, this Exclusion **E.1.** does not apply to “bodily injury” resulting from the use of reasonable force by an “insured” to protect persons or property;

2. Professional Services

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

3. “Insured’s” Premises Not An “Insured Location”

“Bodily injury” or “property damage” arising out of a premises:

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

4. War

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

- a.** Undeclared war, civil war, insurrection, rebellion or revolution;

- b. Warlike act by a military force or military personnel; or
- c. Destruction, seizure or use for a military purpose.

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

5. Communicable Disease

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

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

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

7. Controlled Substance

"Bodily injury" or "property damage" arising out of the use, sale, manufacture, delivery, transfer or possession by any person of a Controlled Substance as defined by the Federal Food and Drug Law at 21 U.S.C.A. Sections 811 and 812. Controlled Substances include but are not limited to cocaine, LSD, marijuana and all narcotic drugs. However, this exclusion does not apply to the legitimate use of prescription drugs by a person following the orders of a licensed physician.

Exclusions **A.** "Motor Vehicle Liability", **B.** "Watercraft Liability", **C.** "Aircraft Liability", **D.** "Hovercraft Liability" and **E.3.** "Insured's" Premises Not An "Insured Location" do not apply to "bodily injury" to a "residence employee" arising out of and in the course of the "residence employee's" employment by an "insured".

F. Coverage L — Premises Liability

Coverage **L** does not apply to:

1. Liability:
 - a. For any loss assessment charged against you as a member of an association, corporation or community of property owners;
 - b. Under any contract or agreement entered into by an "insured". However, this exclusion does not apply to written contracts:
 - (1) That directly relate to the ownership, maintenance or use of an "insured location"; or
 - (2) Where the liability of others is assumed by you prior to an "occurrence";
 unless excluded in **a.** above or elsewhere in this policy;
2. "Property damage" to property owned by an "insured". This includes costs or expenses incurred by an "insured" or others to repair, replace, enhance, restore or maintain such property to prevent injury to a person or damage to property of others, whether on or away from an "insured location";
3. "Property damage" to property rented to, occupied or used by or in the care of an "insured". This exclusion does not apply to "property damage" caused by fire, smoke or explosion;
4. "Bodily injury" to any person eligible to receive any benefits voluntarily provided or required to be provided by an "insured" under any:
 - a. Workers compensation law;
 - b. Non-occupational disability law; or
 - c. Occupational disease law;
5. "Bodily injury" or "property damage" for which an "insured" under this policy:
 - a. Is also an insured under a nuclear energy liability policy issued by the:
 - (1) Nuclear Energy Liability Insurance Association;
 - (2) Mutual Atomic Energy Liability Underwriters;
 - (3) Nuclear Insurance Association of Canada;
 or any of their successors; or
 - b. Would be an insured under such a policy but for the exhaustion of its limit of liability; or

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

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

- a. To repay; or
- b. Share damages with;

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

G. Coverage M — Medical Payments To Others

Coverage **M** does not apply to "bodily injury":

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

all whether controlled or uncontrolled or however caused; or

 - d. Any consequence of any of these; or
- 4. To any person, other than a "residence employee" of an "insured", regularly residing on any part of the "insured location".

ADDITIONAL COVERAGES

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

A. Claim Expenses

We pay:

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

B. First Aid Expenses

We will pay expenses for first aid to others incurred by an "insured" for "bodily injury" covered under this policy. We will not pay for first aid to an "insured".

C. Damage To Property Of Others

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

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

- a.** Caused intentionally by an "insured" who is 13 years of age or older;
- b.** To property owned by an "insured";
- c.** To property owned by or rented to a tenant of an "insured" or a resident in your household; or
- d.** Arising out of:
 - (1)** A "business" engaged in by an "insured";
 - (2)** Any act or omission in connection with a premises owned, rented or controlled by an "insured", other than the "insured location"; or
 - (3)** The ownership, maintenance, occupancy, operation, use, loading or unloading of aircraft, hovercraft, watercraft or "motor vehicles".

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

- (a)** Is designed for recreational use off public roads;
- (b)** Is not owned by an "insured"; and
- (c)** At the time of the "occurrence", is not required by law, or regulation issued by a government agency, to have been registered for it to be used on public roads or property.

CONDITIONS

A. Limit Of Liability

Our total liability under Coverage **L** for all damages resulting from any one "occurrence" will not be more than the Coverage **L** limit of liability shown in the Declarations. This limit is the same regardless of the number of "insureds", claims made or persons injured. All "bodily injury" and "property damage" resulting from any one accident or from continuous or repeated exposure to substantially the same general harmful conditions shall be considered to be the result of one "occurrence".

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

B. Severability Of Insurance

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

C. Duties After "Occurrence"

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

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

- c. With the conduct of suits and attend hearings and trials; and
 - d. To secure and give evidence and obtain the attendance of witnesses;
- 5. With respect to **C. Damage To Property Of Others** under Additional Coverages, submit to us within 60 days after the loss, a sworn statement of loss and show the damaged property, if in an "insured's" control;
- 6. No "insured" shall, except at such "insured's" own cost, voluntarily make payment, assume obligation or incur expense other than for first aid to others at the time of the "bodily injury".
- D. Duties Of An Injured Person — Coverage M — Medical Payments To Others**
 - 1. The injured person or someone acting for the injured person will:
 - a. Give us written proof of claim, under oath if required, as soon as is practical; and
 - b. Authorize us to obtain copies of medical reports and records.
 - 2. The injured person will submit to a physical exam by a doctor of our choice when and as often as we reasonably require.
- E. Payment Of Claim — Coverage M — Medical Payments To Others**
Payment under this coverage is not an admission of liability by an "insured" or us.
- F. Suit Against Us**
 - 1. No action can be brought against us unless there has been full compliance with all of the terms under this policy.
 - 2. No one will have the right to join us as a party to any action against an "insured".
 - 3. Also, no action with respect to Coverage **L** can be brought against us until the obligation of such "insured" has been determined by final judgment or agreement signed by us.
- G. Bankruptcy Of An "Insured"**
Bankruptcy or insolvency of an "insured" will not relieve us of our obligations under this policy.
- H. Other Insurance**
This insurance is excess over other valid and collectible insurance except insurance written specifically to cover as excess over the limits of liability that apply in this policy.
- I. Policy Period**
This policy applies only to "bodily injury" or "property damage" which occurs during the policy period.
- J. Subrogation**
An "insured" may waive in writing before a loss all rights of recovery against any person. If not waived, we may require an assignment of rights of recovery for a loss to the extent that payment is made by us.

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

Subrogation does not apply to Coverage **M** or Paragraph **C. Damage To Property Of Others** under Additional Coverages.
- K. Concealment Or Fraud**
We do not provide coverage to an "insured" who, whether before or after a loss, has:
 - 1. Intentionally concealed or misrepresented any material fact or circumstance;
 - 2. Engaged in fraudulent conduct; or
 - 3. Made false statements;
 relating to this insurance.

ADDITIONAL POLICY CONDITIONS

The following conditions are added to this policy:

A. Liberalization Clause

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

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

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

B. Waiver Or Change Of Policy Provisions

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

C. Assignment

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

D. Death

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

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

E. Cancellation

1. You may cancel this policy at any time by returning it to us or by letting us know in writing of the date cancellation is to take effect.
2. We may cancel this policy only for the reasons stated below by letting you know in writing of the date cancellation takes effect and the precise reason for cancellation. This cancellation notice may be delivered to you, or mailed to you at your mailing address shown in the Declarations or your last known address. Proof of mailing will be sufficient proof of notice.
 - a. If this policy has been in effect for less than 60 days and is not a renewal with us, we may cancel this policy for any reason by mailing or delivering written notice of cancellation to you at least 15 days before the effective date of cancellation.
 - b. If this policy has been in effect for 60 days or more, or is a renewal with us, we may cancel this policy prior to the expiration of the policy term, or the anniversary date stated in the policy only for one or more of the following reasons:
 - (1) Nonpayment of premium;
 - (2) An act or omission by the "insured" or his or her representative that constitutes material misrepresentation or nondisclosure of a material fact in obtaining this policy, continuing this policy or presenting a claim under this policy;
 - (3) Increased hazard or material change in the risk assumed that could not have been reasonably contemplated by the parties at the time of assumption of the risk;
 - (4) Substantial breach of contractual duties, conditions or warranties that materially affects the insurability of the risk;
 - (5) A fraudulent act against us by the "insured" or his or her representative that materially affects the insurability of the risk;

- (6) Willful failure by the "insured" or his or her representative to institute reasonable loss control measures that materially affect the insurability of the risk after written notice by us;
- (7) Loss of facultative reinsurance, or loss of or substantial changes in applicable reinsurance as provided in G.S. 58-41-30;
- (8) Conviction of the "insured" of a crime arising out of acts that materially affect the insurability of the risk;
- (9) A determination by the Commissioner of Insurance that the continuation of the policy would place us in violation of the laws of North Carolina; or
- (10) You fail to meet the requirements contained in our corporate charter, articles of incorporation or bylaws when we are a company organized for the sole purpose of providing members of an organization with insurance coverage in North Carolina.

We will mail or deliver written notice of cancellation to you at least 15 days before the effective date of cancellation if we cancel for any of the above reasons.

We will also send this notice to any designated mortgagee or loss payee, and the agent or broker of record, at their mailing addresses shown in the Declarations, or their last known addresses.

Failure to send this notice to:

- (a) Any designated mortgagee or loss payee invalidates the cancellation only as to the mortgagee's or loss payee's interest.
 - (b) The agent or broker of record does not invalidate the cancellation.
 - (c) Cancellation for nonpayment of premium will not become effective if you pay the premium amount due before the effective date of cancellation.
 - (d) We may also cancel this policy for any reason not stated above provided we obtain your prior written consent.
- 3. When this policy is canceled, the premium for the period from the date of cancellation to the expiration date will be refunded pro rata.
 - 4. If the return premium is not refunded with the notice of cancellation or when this policy is returned to us, we will refund it within a reasonable time after the date cancellation takes effect.

F. Nonrenewal

- 1. We may elect not to renew this policy. We may do so by mailing or delivering written notice of nonrenewal, and the precise reason for nonrenewal, to you at your mailing address shown in the Declarations or your last known address. This notice will be sent to you at least 45 days prior to the:
 - a. Expiration of the policy if this policy has been written for one year or less; or
 - b. Anniversary date of the policy if this policy has been written for more than one year or for an indefinite term.

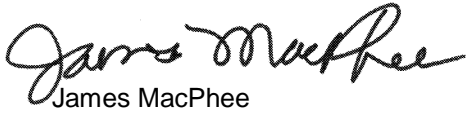
We will also send this notice to any designated mortgagee or loss payee, and the agent or broker of record, at their mailing addresses shown in the Declarations, or their last known addresses.

Proof of mailing will be sufficient proof of notice.

Failure to send this notice to:

- (1) Any designated mortgagee or loss payee invalidates the nonrenewal only as to the mortgagee's or loss payee's interest.
 - (2) The agent or broker of record does not invalidate the nonrenewal.
- 2. We need not mail or deliver the notice of nonrenewal if you have:
 - a. Insured property covered under this policy, under any other insurance policy;
 - b. Accepted replacement coverage; or
 - c. Requested or agreed to nonrenewal of this policy.

IN WITNESS WHEREOF, this company has executed and attested these presents; but this policy shall not be valid unless countersigned by the duly authorized agent of this company at the agency hereinbefore mentioned.



James MacPhee
President



Mark C. Touhey
Vice President and Secretary