



A Liberty Mutual Company

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

March 18, 2024

Policy Number: OX6892911

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
SUZIE 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 homeowners 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 \$2,264.00 for the May 12, 2024 to May 12, 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

10999 0000072LAVR0B114529521999



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 \$1,103.00. OUR PREMIUM FOR THIS COVERAGE IS \$2,264.00.

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.

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LIMITED HOME DAY CARE COVERAGE
ADVISORY NOTICE TO POLICYHOLDERS

CAUTION: This is a summary of the limited coverage provided in your Homeowners Policy for Home Day Care services. No coverage is provided by this summary nor can it be construed to replace any provision of your policy. You should read your policy and review your Declarations Page for complete information on the coverage you are provided. If there is any conflict between the policy and this summary, **THE PROVISIONS OF YOUR POLICY SHALL PREVAIL. PLEASE READ YOUR POLICY CAREFULLY.**

Dear Policyholder,

- A.** If you or any other insured regularly provides home day care services to a person or persons other than you or any other insureds for economic gain, that enterprise is a business. Mutual exchange of home day care services, however, is not considered economic gain. The rendering of home day care services by you or any other insured to your relative or a relative of any other insured is not considered a business.
- B.** Therefore, with respect to a home day care enterprise which is considered to be a business, this policy
- 1.** Does not provide:
 - a.** Section II coverages. This is because your business or the business of an insured is excluded under Section II — Exclusions;
 - b.** Coverage, under Section I, for other structures from which any business is conducted; and
 - 2.** Limits Section I coverage, under Coverage C — Special Limits Of Liability, for business property:
 - a.** On the residence premises for the home day care business to \$2,500. This is because Coverage C — Special Limits Of Liability imposes that limit on business property on the residence premises;
 - b.** Away from the residence premises for the home day care business to \$1,500. This is because Coverage C — Special Limits Of Liability imposes that limit on business property away from the residence premises. This limit does not apply to antennas, tapes, wires, records, disks or other media that are:
 - (1)** Used with electronic equipment that reproduces, receives or transmits audio, visual or data signals; and
 - (2)** In or upon a motor vehicle.

Thank you for entrusting us with your insurance needs. We appreciate having you as a customer. If you have any questions about your policy, please contact the independent agent or broker listed on the Declarations.

No coverage is provided by this summary. If there is any conflict between the policy and this summary, the provisions of the policy, including endorsements, shall prevail.

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Ask yourself: Do you have enough insurance coverage?

How much would it take to reconstruct your home?

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

Each home is unique. You know your home 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 home and replace all of your personal belongings in the event of total loss.

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

They will assist you in determining how much insurance would be needed to fully protect your home and belongings.

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

Things to consider:

- Your home's age (older homes 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)
- A basement you may have finished or a room you may have added

How much is enough to replace the structures surrounding your home at today's prices?

Things to consider:

- Your fence, detached garage, gazebo, barn or storage shed
- If you have an in-ground swimming pool or just repaved your driveway or sidewalk

What would it take to replace your personal belongings at today's prices?

Things to consider:

- All your basics (furniture, rugs, linens, kitchenware, tools) and every electronic gadget
- Your entire wardrobe, your jewelry, medicines and personal effects
- Have you made any big purchases lately?
- If you have a garage full of tools, are passionate about the latest gadgets or collect just about anything, you should seriously consider getting more personal belongings coverage than the standard policy provides.

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

Your agent uses replacement cost estimation tools to establish a starting point for your insurance coverage. But you know your home best. And we look to you to give your agent the most complete, up-to-date information in order to protect your home and lifestyle. 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 home in the event of total loss.) If you're not sure, call your agent for help.
2. **Take inventory.** Compare the value of your personal belongings to the Coverage C amount on your coverage statement page. Safeco has created a form that can help you get started. You'll find it at [Safeco.com/homeinventory](https://www.safeco.com/homeinventory).

It's important to know: your home's market value is totally different from what it 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 — the amount needed to get you back home quickly — is based almost exclusively on the cost of materials and labor as well as demand for contractor services. In the event of total loss, a properly insured Safeco policyholder can rebuild with the same quality of materials and workmanship in their current home (unless a functional replacement cost policy was deliberately selected). Of course, we hope you'll never need these services. But we'll all sleep better knowing you're fully insured.

Thank you for trusting Safeco with your home insurance needs.

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.)

Insurance Information and the Use of Credit

Thank you for being a Safeco Insurance customer. We appreciate your business and the trust you have placed with us.

Like most insurance companies, we use credit information as a factor in determining the cost of your insurance. We do so because research studies have shown it to be an accurate predictor of the probability of future insurance losses. Studies also show that a majority of customers benefit from the use of credit information.

It's important to understand that many factors are used to determine the cost of insurance such as driving history for auto insurance, the year your home was built for home insurance, previous insurance and claims history, discounts and coverage limits. Your credit history is also part of the overall calculation that determines your premium. We look at credit history very differently than a financial institution because we're not evaluating your credit-worthiness. We're using credit-based information in combination with other factors to help us properly price insurance risks.

FREQUENTLY ASKED QUESTIONS

Why do you use my credit information?

Insurance companies often use credit information because it is a predictor of the probability of future losses. Its use is an objective way to assess and price potential risk and enables us to more accurately price policies and equitably distribute insurance costs among our policyholders.

Is my credit history the only factor that determines my rate?

No. Many factors such as previous insurance, claims history, discounts and coverage limits go into determining what you pay for your insurance. In addition, the information you provided when you purchased your policy and the verification of that information is used to determine your rate.

How do I know if I'm getting the best possible rate?

One of the benefits of buying insurance through an independent agent is their ability to advise you on your options and ways to save money. Between the guidance of your local independent agent and a vast array of Safeco options, you can be sure you're getting the coverage you want at a competitive rate. If you have any questions, we encourage you to contact your independent Safeco agent and ask for an insurance checkup.

How is credit information used in determining my rate?

Safeco, like most insurance companies, calculates an insurance score based on information from your credit report. Different values or weights are assigned to the information contained in your credit report, such as payment history, amounts owed or the number of applications for new credit lines. The total sum of these weights creates your insurance score. As a result, it is likely that some of your credit information helped to improve your insurance score, and some lowered it. The calculation process and weights used by each insurance company and/or its service providers are proprietary and confidential. As a result, we do not disclose your specific score or the details of how it was calculated.

How did my credit information affect my rate?

Your rate was adversely affected because either we were unable to obtain an insurance score for you, or because of your credit information. If it was due to your credit information, the reasons are explained in this document under "What factors affected my insurance score?"

What can I do to improve my insurance score?

Safeco and independent insurance agents are not credit counselors or financial advisors, so we are not in a position to provide specific advice on how to improve your credit or insurance score. However, we can tell you that the areas that have the biggest impact on your credit report are: payment history, amounts owed, length of credit history, new credit applications and type of credit accounts. To get a copy of your current credit report, contact TransUnion and follow the instructions under "How do I get a copy of my credit report?"

How do I get a copy of my credit report?

The Fair Credit Reporting Act allows you to request a free copy of your credit report within 60 days of receipt of this letter. To get a copy of your report, call TransUnion at 1-800-645-1938 or write to TransUnion Consumer Disclosure Center, PO Box 1000, Chester, PA 19022. TransUnion can give you information about your credit report. However, they did not make any decisions about your insurance premium or how your policy was rated, and they are unable to answer questions about those decisions.



What can I do if I think my credit report is not accurate?

If you believe your report is incomplete or incorrect, you may contact TransUnion to dispute the accuracy or completeness of the information. At your request, they will review your credit information and if corrections are made, they will send you an updated report.

Can I get my policy re-rated if corrections are made to my credit report?

Yes. If you would like us to re-evaluate your policy after your credit report has been corrected, please send us a copy of the documentation from the credit reporting agency indicating the report has been corrected. Include your name, policy number and address, and ask for a credit-based insurance score re-evaluation. Mail your request to: Safeco ATTN: UW Verification & Policy Support, PO Box 704000, Salt Lake City, UT 84170-4000 or fax it to 877-344-5107.

Where can I go to learn more about credit and how it is used in insurance?

To learn more about credit scores visit <http://www.myfico.com/CreditEducation/CreditScores.aspx>. For more information about how Safeco uses information from your credit report go to <http://www.safeco.com/insurancescores>.

Who is sending me this notice?

This notice is provided to you by SAFECO INSURANCE COMPANY OF AMERICA who underwrites your homeowners policy OX6892911.

What factors affected my insurance score?

Below is more information about the factors that affected your insurance score and what you can do to improve them:

CN-7278/EP 8/13

Number of open accounts reported as 'paid as agreed'

What information is this message derived from? The score considers the number of open accounts on the consumer's credit file that have been paid as agreed.

How does this affect my insurance risk score? Research shows that consumers with multiple active accounts that are paid as agreed have fewer insurance losses.

What can I do to improve this aspect of my score? If you only have a few accounts, keeping them active and making payments on time shows that you manage your credit obligations responsibly.

(Reason Code 324)

CN-7300/EP 7/12

Number of accounts ever past due

What information is this message derived from? The score considers the number of accounts that were ever 30 days or more past due, reported in the last five (5) years.

How does this affect my insurance score? Research shows that consumers with missed payments have more insurance losses.

What can I do to improve this aspect of my score? Avoid letting accounts get to a delinquent status. Delinquencies remain on your credit report for seven years. Pay any accounts that are past due as soon as possible.

(Reason Code 310)

CN-7288/EP 7/12

Average amount of time accounts have been established

What information is this message derived from? The score considers the average age of all of your accounts. Recently opened accounts will lower the average age of your accounts.

How does this affect my insurance risk score? Research shows that consumers who have a long established account history have fewer insurance losses.

What can I do to improve this aspect of my score? Open new accounts only when necessary. As accounts age this component of your score will likely improve.

(Reason Code 322)

CN-7298/EP 7/12

No auto accounts reported as 'paid as agreed' in the last five (5) years

What information is this message derived from? The score considers the number of open and closed, or absence of, auto accounts reported in the last five (5) years, that are reported as 'paid as agreed.'

How does this affect my insurance score? The insurance score considers a number of factors, including the mix of types of accounts on your credit file. Auto accounts showing a history of on time payments, or recent paid off and closed auto accounts, reflect responsible management of debt.

What can I do to improve this aspect of my score? Continue to manage your credit obligations responsibly by making payments on time.

(Reason Code 330)

CN-7305/EP 7/12

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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.

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SAFECO INSURANCE COMPANY OF AMERICA

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

QUALITY-PLUS HOMEOWNERS POLICY DECLARATIONS**INSURED:**SCOTT SODEN
SUZIE SODEN
152 OWENBY COVE RD
FAIRVIEW NC 28730-8638**POLICY NUMBER:** 0X6892911**POLICY PERIOD FROM:** MAY 12 2024**AT:** 12:01 A.M.**TO:** MAY 12 2025**RESIDENCE PREMISES:**

Same

AGENT:CREDIBLE INS, INC. BR
1700 MARKET ST STE 1005
PHILADELPHIA PA 19103-3920**TELEPHONE:** (215) 586-5055**IMPORTANT NOTICES**

- Your new policy is effective May 12, 2024.

COVERAGES	LIMIT	PREMIUM
SECTION I - PROPERTY COVERAGES		
A - Dwelling	\$ 365,000	Included
B - Other Structures	36,500	Included
C - Personal Property	199,655	Included
D - Loss of Use	73,000	Included
SECTION II - LIABILITY COVERAGES		
E - Personal Liability (each occurrence)	500,000	Included
F - Medical Payments (each person)	5,000	Included
INCLUDED COVERAGES		
Ord or Law Coverage-10% Cov A		Included
Personal Property Repl Cost Loss Settlement		Included
Credit Card	1,000	Included
Business Pursuits		Included

OPTIONS	LIMIT	PREMIUM
Specified Addl Insurance for Cov A - Dwelling		Included
Option BC - Landlord Furnishings		\$ 10.00
Supplemental Loss Assessment	\$ 11,000	6.00
Option ID - Identity Recovery - \$250 deductible	25,000	12.00

CREDITS	PERCENTAGE	SAVINGS
Policy Transfer		Included

DEDUCTIBLE(S)	PERCENTAGE	AMOUNT
Section I	N/A	\$ 1,000

TOTAL ANNUAL PREMIUM	\$ 2,264.00
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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

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**SAFECO INSURANCE COMPANY OF AMERICA
QUALITY-PLUS HOMEOWNERS POLICY DECLARATIONS**

POLICY NUMBER: 0X6892911

CONTINUED

POLICY FORMS APPLICABLE TO THIS POLICY:

CHO-4241/NCEP 4/14, CHO-4170/NCEP 1/19, CHO-6545/NCEP 1/21, CHO-6232/NCEP 1/19,
CHO-6389/NCEP 9/07

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

HOME-SHARING HOST ACTIVITIES AMENDATORY ENDORSEMENT — NORTH CAROLINA

DEFINITIONS

A. The following definitions are added:

- 1. Home-sharing host activities** means:
 - a.** The:
 - (1) Rental or holding for rental; or
 - (2) Mutual exchange of services; of the **residence premises**, in whole or in part, by an **insured** to a **home-sharing occupant** through the use of a **home-sharing network platform**; and
 - b.** Any other related property or services made available by an **insured** for use during such:
 - (1) Rental; or
 - (2) Mutual exchange of services; except those property or services provided by another party.
- 2. Home-sharing network platform** means an online-enabled application, web site or digital network that:
 - a.** Is used for the purpose of facilitating, for money, mutual exchange of services or other compensation, the rental of a dwelling or other structure, in whole or in part; and
 - b.** Allows for the agreement and compensation with respect to such rental to be transacted through such online-enabled application, web site or digital network.
- 3. Home-sharing occupant** means a person, other than an **insured**, who:
 - a.** Has entered into an agreement or arranged compensation with an **insured** through the use of a **home-sharing network platform** for **home-sharing host activities**; or
 - b.** Is accompanying or staying with a person described in Paragraph **3.a.**

of this provision under such **home-sharing host activities**.

B. In this Policy, the terms:

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

do not include a **home-sharing occupant**.

SECTION I — PROPERTY COVERAGES

C. Coverage C — Personal Property

Paragraphs **f.** and **g.** of **4. Property Not Covered** are replaced by the following:

We do not cover:

f. Property of:

- (1) A **home-sharing occupant**;
- (2) Any other person occupying the **residence premises** as a result of any **home-sharing host activities**; and
- (3) Roomers, boarders and other tenants, except property of roomers and boarders related to an **insured**;

g. Property in:

- (1) A space while rented or primarily held for rental to a **home-sharing occupant**; or
- (2) Subject to Paragraph **C.4.g.(1)**, property in an apartment regularly rented or held for rental to others by an **insured** except as provided in **E.10. Landlord's Furnishings** under Section I — Property Coverages;

The following provision is added to **4. Property Not Covered**:

We do not cover property used primarily for **home-sharing host activities**.

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D. Coverage D — Loss Of Use

Paragraph D.2. **Fair Rental Value** is replaced by the following:

2. Fair Rental Value

If a loss covered under Section I makes that part of the **residence premises** rented to others or held for rental by you not fit to live in, we cover the fair rental value of such premises less any expenses that do not continue while it is not fit to live in.

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

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

SECTION I — PERILS INSURED AGAINST

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

Paragraph A.2.c.(3) is replaced by the following:

(3) Theft:

- (a) If such loss arises out of or results from **home-sharing host activities**; or
- (b) In or to a dwelling under construction, or of materials and supplies for use in the construction until the dwelling is finished and occupied;

Paragraph A.2.c.(4) is replaced by the following:

- (4) Vandalism and malicious mischief, and any ensuing loss caused by any intentional and wrongful act committed in the course of the vandalism or malicious mischief, if:
 - (a) The loss arises out of or results from **home-sharing host activities**; or
 - (b) The dwelling has been vacant for more than 60 consecutive days immediately before the loss. A dwelling being constructed is not considered vacant;

B. Coverage C — Personal Property

Paragraph B.8. is replaced by the following:

8. Vandalism Or Malicious Mischief

This peril does not include loss caused by vandalism or malicious mischief to property arising out of or resulting from **home-sharing host activities**.

Paragraph B.9. is replaced by the following:

9. Theft

- a. This peril includes attempted theft and loss of property from a known place when it is likely that the property has been stolen.
- b. This peril does not include loss caused by theft:
 - (1) Committed by an **insured**;
 - (2) In or to a dwelling under construction, or of materials and supplies for use in the construction until the dwelling is finished and occupied;
 - (3) From that part of a **residence premises** rented by an **insured** to someone other than another **insured**;
 - (4) That occurs off the **residence premises** of:
 - (a) Trailers, semitrailers and campers;
 - (b) Watercraft of all types, and their furnishings, equipment and outboard engines or motors;
 - (c) Property while at any other residence owned by, rented to or occupied by an **insured**, except while an **insured** is temporarily living there. Property of an **insured** who is a student is covered while at the residence the student occupies to attend school as long as the student has been there at any time during the 90 days immediately before the loss; or
 - (5) If such loss arises out of or results from **home-sharing host activities**.

SECTION II — EXCLUSIONS

Exclusion G.4. is replaced by the following:

Coverage F does not apply to **bodily injury**:

4. To:
 - a. A **home-sharing occupant**; or
 - b. Any person, other than a **residence employee** of an **insured**, regularly residing on any part of the **insured location**.

The following provision is added:

Personal Injury Coverage

If the Personal Injury Coverage endorsement is made a part of this Policy, Exclusion 1.g. is replaced by the following:

This insurance does not apply to:

1. **Personal injury**:
 - g. Arising out of or in connection with a **business** conducted from an **insured location** or engaged in by an **insured**, whether or not the **business** is owned or operated by an **insured** or employs an **insured**. This exclusion applies but is not limited to an act or omission, regardless of its nature or circumstance, involving a service or duty

rendered, promised, owed, or implied to be provided because of the nature of the **business**.

With respect to other than **home-sharing host activities**, this exclusion does not apply to:

- (1) The rental or holding for rental of an **insured location**:
 - (a) On an occasional basis if used only as a residence;
 - (b) In part for use only as a residence, unless a single-family unit is intended for use by the occupying family to lodge more than two roomers or boarders; or
 - (c) In part, as an office, school, studio or private garage; and
- (2) An **insured** under the age of 21 years involved in a part-time or occasional, self-employed **business** with no employees;

All other provisions of this Policy apply.

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NORTH CAROLINA QUALITY-PLUS HOMEOWNERS POLICY COINSURANCE CONTRACT

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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

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. 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 your care or the care of a resident of your household who is your relative;
- b. a student enrolled in school full time, as defined by the school, who was a resident of your household before moving out to attend school, provided the student is under the age of:
 - (1) 24 and your relative; or



- (2) 21 and in your care or the care of a resident of your household who is your relative; or
- c. under Section II:
 - (1) with respect to animals or watercraft to which this policy applies, any person or organization legally responsible for these animals or watercraft which are owned by you or any person described in 5.a. or b. **Insured** does not mean a person or organization using or having custody of these animals or watercraft in the course of any **business** or without consent of the owner; or
 - (2) with respect to a **motor vehicle** to which this policy applies:
 - (a) persons while engaged in your employ or that of any person described included in 5.a. or b.; or
 - (b) other persons using the vehicle on an **insured location** with your consent.

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

- 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 in 6.a. or 6.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 farmland, owned by or rented to an **insured**;
 - f. land owned by or rented to an **insured** on which a one-, two-, three- or four-family dwelling is being built as a residence for an **insured**;

- g. individual or family cemetery plots or burial vaults of an **insured**; or
- h. any part of a premises occasionally rented to an **insured** for other than **business** use.

- 7. “**motor vehicle**” means:
 - a. a self-propelled land or amphibious vehicle; or
 - b. any trailer or semitrailer which is being carried on, towed by or hitched for towing by a vehicle described in a. above.
- 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.

SECTION I — PROPERTY COVERAGES

COVERAGE A — DWELLING

We cover:

1. the dwelling on the **residence premises** shown in the Declarations, including structures attached to the dwelling; and
2. materials and supplies located on or next to the **residence premises** used to construct, alter or repair the dwelling or other structures on the **residence premises**.

This coverage does not apply to land, including land on which the dwelling is located.

COVERAGE B — OTHER STRUCTURES

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

This coverage does not apply to land, including land on which the other structures are located.

We do not cover other structures:

1. rented or held for rental to any person not a tenant of the dwelling, unless used solely as a private garage;
2. from which any **business** is conducted; or
3. used to store **business** property. However, we do cover a structure that contains **business** property solely owned by an **insured** or a tenant of the dwelling provided that **business** property does not include gaseous or liquid fuel, other than fuel in a permanently installed fuel tank of a vehicle or craft parked or stored in the structure.

The limit of liability for this coverage will not be more than 10% of the limit of liability that applies to Coverage A. Use of this coverage does not reduce the Coverage A limit of liability.

COVERAGE C — PERSONAL PROPERTY

1. We cover personal property owned or used by an **insured** while it is anywhere in the world. After a loss and at your request, we will cover personal property owned by:
 - a. others while the property is on the part of the **residence premises** occupied by an **insured**;
 - b. a guest or a **residence employee**, while the property is in any residence occupied by an **insured**.

2. Limit for Property at Other Locations

a. Other Residences

Our limit of liability for personal property usually located at an **insured's** residence, other than the **residence premises**, is 10% of the limit of liability for Coverage C, or \$1,000, whichever is greater. However, this limitation does not apply to personal property:

- (1) moved from the **residence premises** because it is being repaired, renovated or rebuilt and is not fit to live in or store property in; or
- (2) in a newly acquired principal residence for 30 days from the time you begin to move the property there.

b. Self-storage Facilities

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

- (1) moved from the **residence premises** because it is:
 - (a) being repaired, renovated or rebuilt; and
 - (b) not fit to live in or store property in; or
- (2) usually located in an **insured's** residence, other than the **residence premises**.

3. **Special Limits of Liability.** These limits do not increase the Coverage C limit of liability. The special limit for each numbered category below is the total limit for each loss for all property in that category.

- a. \$200 on money, bank notes, bullion, gold other than goldware, silver other than silverware, platinum other than platinumware, coins, medals, scrip, stored value cards and smart cards.
- b. \$1,500 on securities, accounts, deeds, evidences of debt, letters of credit, notes other than bank notes, manuscripts, personal records, passports, tickets and stamps. This dollar limit applies to these categories regardless of the medium

(such as paper or computer software) on which the material exists.

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

- c. \$1,500 on watercraft of all types, including their trailers, furnishings, equipment and outboard engines or motors.
- d. \$1,500 on trailers or semitrailers not used with watercraft of all types.
- e. \$1,500 for loss by theft of jewelry, watches, furs, precious and semiprecious stones.
- f. \$2,500 for loss by theft of firearms and related equipment.
- g. \$2,500 for loss by theft of silverware, silver-plated ware, gold-ware, gold-plated ware, platinumware, platinum-plated ware and pewterware. This includes flatware, hollowware, tea sets, trays and trophies made of or including silver, gold or pewter.
- h. \$2,500 on property, on the **residence premises**, used primarily for **business** purposes.
- i. \$1,500 on property, away from the **residence premises**, used primarily for **business** purposes. However, this limit does not apply to antennas, tapes, wires, records, disks or other media that are:
 - (1) used with electronic equipment that reproduces, receives or transmits audio, visual or data signals; and
 - (2) on or upon a **motor vehicle**.
- j. \$1,500 on portable electronic equipment that:
 - (1) reproduces, receives or transmits audio, visual or data signals;
 - (2) is designed to be operated by more than one power source, one of which is a **motor vehicle's** electrical system; and
 - (3) is in or upon a **motor vehicle**.
- k. \$250 for antennas, tapes, wires, records, disks or other media that are:
 - (1) used with electronic equipment that reproduces, receives or transmits audio, visual or data signals; and
 - (2) on or upon a **motor vehicle**.

Property Not Covered. We do not cover:

- 1. articles separately described and specifically insured, regardless of the limit for which they are insured, in this or other insurance;
- 2. animals, birds or fish;
- 3. **motor vehicles**.

This includes a motor vehicle's equipment and parts.

However, this Paragraph 3. does not apply to:

- a. Portable electronic equipment that:
 - (1) reproduces, receives or transmits audio, visual or data signals; and
 - (2) is designed so that it may be operated from a power source other than a **motor vehicle's** electrical system.
- b. **motor vehicles** not required to be registered for use on public roads or property which are:
 - (1) used solely to service a residence; or
 - (2) designed to assist the handicapped;
- 4. aircraft, meaning any contrivance used or designed for flight, aircraft, 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;
- 5. hovercraft and parts. Hovercraft means a self-propelled motorized ground effect vehicle and includes, but is not limited to, flarecraft and air cushion vehicles;
- 6. property of roomers, boarders and other tenants, except property of roomers and boarders related to an **insured**;
- 7. property in an apartment regularly rented or held for rental to others by an **insured**, except as provided in Additional Coverage 10. Landlord's Furnishings under Section I — Property Coverages;
- 8. property rented or held for rental to others off the **residence premises**;
- 9. **business** data, including such data stored in:
 - a. books of account, drawings or other paper records; or
 - b. 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;

10. credit cards, electronic fund transfer cards or access devices used solely for deposit, withdrawal or transfer of funds except as provided in Additional Coverage 6. Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money under Section I — Property Coverages; or
11. water or steam.

COVERAGE D — LOSS OF USE

The limit of liability for Coverage D is the total limit for the three coverages that follow.

1. Additional Living Expense

If a loss covered under Section I makes that part of the **residence premises** where you reside not fit to live in, we cover any necessary increase in living expenses incurred by you so that your household can maintain its normal standard of living.

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

2. Fair Rental Value

If a loss covered under Section I makes that part of the **residence premises** rented to others or held for rental by you not fit to live in, we cover the fair rental value of such premises less any expenses that do not continue while the premises is not fit to live in.

Payment will be for the shortest time required to repair or replace that part of the premises rented or held for rental.

3. Civil Authority Prohibits Use

If a civil authority prohibits you from use of the **residence premises** as a result of direct damage to neighboring premises by a Peril Insured Against, we cover the loss as provided in 1. Additional Living Expense and 2. Fair Rental Value above for no more than two weeks.

4. Loss Or Expense Not Covered

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

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

ADDITIONAL COVERAGES

1. Debris Removal

We will pay your reasonable expense for the removal of:

- a. debris of covered property if a Peril Insured Against that applies to the damaged property 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. If the amount to be paid for the actual damage to the property plus the debris removal expense is more than the limit of liability for the damaged property, an additional 5% of that limit of liability is available for such expense.

We will also pay your reasonable expense, up to \$1,000, for the removal from the **residence premises** of:

- a. your trees felled by the peril of Wind-storm or Hail;
- b. your trees felled by the peril of Weight of Ice, Snow or Sleet; or
- c. a neighbor's trees felled by a Peril Insured Against under Coverage C;

provided the trees:

- d. damage a covered structure; or
- e. do not damage a covered structure, but:
 - (1) block a driveway on the **residence premises** which prevent a **motor vehicle**, that is registered for use on public roads or property, from entering or leaving the **residence premises**; or
 - (2) block a ramp or other fixture designed to assist a handicapped person to enter or leave the dwelling building.

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

This coverage is additional insurance.

2. Reasonable Repairs

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



- b. If the measures taken involve repair to other damaged property, we will only pay if that property is covered under this policy and the damage is caused by a Peril Insured Against. This coverage 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, as set forth in Section I Condition 3.d.

3. Trees, Shrubs and Other Plants

We cover trees, shrubs, plants or lawns, on the **residence premises**, for loss caused by the following Perils Insured Against: Fire or lightning, Explosion, Riot or civil commotion, Aircraft, Vehicles not owned or operated by a resident of the **residence premises**, Vandalism or malicious mischief or Theft.

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

This coverage is additional insurance.

4. Fire Department Service Charge

We will pay up to \$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.

5. 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.

6. Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery and Counterfeit Money

- a. We will pay up to \$1,000 for:

- (1) the legal obligation of an **insured** to pay because of the theft or unauthorized use of credit cards issued

to or registered in an **insured's** name;

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

All loss resulting from a series of acts committed by any one person or in which any one person is concerned or implicated is considered to be one loss.

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

- b. We do not cover:

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

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

- (1) we may investigate and settle any claim or suit that we decide is appropriate. Our duty to defend a claim or suit ends when the amount we pay for the loss equals our limit of liability.
- (2) if a suit is brought against an **insured** for liability under a.(1) or (2) above, we will provide a defense at our expense by counsel of our choice.
- (3) we have the option to defend at our expense an **insured** or an **insured's** bank against any suit for

the enforcement of payment under a.(3) above.

7. Loss Assessment

- a. We will pay up to \$1,000 for your share of loss assessment charged during the policy period against you, as owner or tenant of the **residence premises**, by a corporation or association of property owners. The assessment must be made as a result of direct loss to property, owned by all members collectively, of the type that would be covered by this policy if owned by you, caused by a Peril Insured Against under Coverage A, other than:

- (1) Earthquake; or
- (2) Land shock waves or tremors before, during or after a volcanic eruption.

The limit of \$1,000 is the most we will pay with respect to any one loss, regardless of the number of assessments. We will only apply one deductible, per unit, to the total amount of any one loss to the property described above, regardless of the number of assessments.

This coverage applies only to loss assessments charged against you as owner or tenant of the **residence premises**.

- b. We do not cover assessments charged against you or a corporation or association of property owners by any governmental body.
- c. Condition 17. Policy Period, under Section I Conditions, does not apply to this coverage.

This coverage is additional insurance.

8. Collapse.

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

- (2) a part of a building that is standing, even if it has separated from another part of the building; or

- (3) a building or any part of a building that is standing even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

- d. We insure for direct physical loss to covered property involving abrupt collapse of a building or any part of a building if such collapse was caused by one or more of the following:

- (1) the Perils Insured Against 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 an **insured** prior to collapse;
- (3) insect or vermin damage, to a building or any part of a building, that is hidden from view, unless the presence of such damage is known to an **insured** prior to collapse;
- (4) weight of contents, equipment, animals or people;
- (5) weight of rain which collects roof; or
- (6) use of defective material or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation.

- e. Loss to an awning, fence, patio, deck, pavement, swimming pool, underground pipe, flue, drain, cesspool, septic tank, foundation, retaining wall, bulkhead, pier, wharf or dock is not included under d.(2) through (6) above, unless the loss is a direct result of the collapse of a building or any part of a building.

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

9. Glass or Safety Glazing Material

- a. We cover:
- (1) the breakage of glass or safety glazing material which is part of a covered building, storm door or storm window;
 - (2) the breakage of glass or safety glazing material which is part of a covered building, storm door or

storm window when caused directly by earth movement; and

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

b. This coverage does not include loss:

- (1) to covered property which results because the glass or safety glazing material has been broken, except as provided in **a.(3)** above; or
- (2) on the **residence premises** if the dwelling has been vacant for more than 60 consecutive days immediately before the loss, except when the breakage results directly from earth movement as provided 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.

10. Landlord's Furnishings

We will pay up to \$2,500 for your appliances, carpeting and other household furnishings, in each apartment on the **residence premises** regularly rented or held for rental to others by an **insured**, for loss caused by a Perils Insured Against in Coverage C — Personal Property, other than Theft.

This limit is the most we will pay in any one loss regardless of the number of appliances, carpeting or other household furnishings involved in the loss.

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

11. Ordinance or Law

a. You may use up to 10% of the limit of liability that applies to Coverage A for 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. 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.

c. 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 any **insured** or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, pollutants 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.

12. Grave Markers

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

This coverage does not increase the limits of liability that apply to the damaged covered property.

SECTION I — PERILS INSURED AGAINST

COVERAGE A — DWELLING AND COVERAGE B — OTHER STRUCTURES

We insure against direct physical loss to property described in Coverages A and B; however, we do not insure loss:

1. excluded under Section I — Exclusions;
2. involving collapse, including any of the following conditions of property or any part of the property:
 - (a) an abrupt falling down or caving in;
 - (b) loss of structural integrity, including separation of parts of the property or property in danger of falling down or caving in; or
 - (c) any cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion as such condition relates to (1) or (2) above;

except as provided in Additional Coverage 8. Collapse under Section I — Property Coverages, or;

3. caused by:
 - a. freezing of a plumbing, heating, air conditioning or automatic fire protective sprinkler system or of a household appliance, or by discharge, leakage or overflow from within the system or appliance caused by freezing. This provision does not apply if you have used reasonable care to:
 - (1) maintain heat in the building; or
 - (2) shut off the water supply and drain all systems and appliances of water;

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

- b. freezing, thawing, pressure or weight of water or ice, whether driven by wind or not, to a:
 - (1) fence, pavement, patio or swimming pool;
 - (2) footing, foundation, bulkhead, wall, or any other structure or device that supports all or part of a building, or other structure;
 - (3) retaining wall or bulkhead that does not support all or part of a building or other structure; or
 - (4) pier, wharf or dock;
 - c. theft in or to a dwelling under construction, or of materials and supplies for use in the construction until the dwelling is finished and occupied;
 - d. vandalism and malicious mischief, and any ensuing loss caused by any intentional and wrongful act committed in the course of the vandalism or malicious mischief, if the dwelling has been vacant for more than 60 consecutive days immediately before the loss. A dwelling being constructed is not considered vacant;
 - e. mold, fungus or wet rot. However, we do insure for loss caused by mold, fungus or wet rot that is hidden within the walls or ceilings or beneath the floors or above the ceilings of a structure if such loss results from the accidental discharge or overflow of water or steam from within:
 - (1) a plumbing, heating, air conditioning or automatic fire protective sprinkler system, or a household appliance, on the **residence premises**; or
 - (2) a storm drain, or water, steam or sewer pipes, off the **residence premises**.
- 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; or
- f. Any of the following:
 - (1) wear and tear, marring, deterioration;



- (2) mechanical breakdown, latent defect, inherent vice, or any quality in property that causes it to damage or destroy itself;
- (3) smog, rust or other corrosion, or dry rot;
- (4) smoke from agriculture smudging or industrial operations;
- (5) discharge, dispersal, seepage, migration, release or escape of pollutants unless the discharge, dispersal, seepage, migration, release or escape is itself caused by 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;
- (6) settling, shrinking, bulging or expansion, including resultant cracking, of bulkheads, pavements, patios, footings, foundations, walls, floors, roofs or ceilings;
- (7) birds, rodents or insects;
- (8) nesting or infestation, or discharge or release of waste products or secretions, by any animals; or
- (9) animals owned or kept by an insured.

Exception To 3.f.

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 **residence premises**; or
- ii. plumbing, heating, air conditioning or automatic fire protective sprinkler system or household appliance on the **residence premises**. This includes the cost to tear out and replace any part of a building, or other structure, on the **residence premises**, but only when necessary to repair the system or appliance. However, such tear out and replacement coverage only applies to other

structures if the water or steam causes actual damage to a building on the **residence premises**.

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

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

Section I — Exclusion 1.c. Water Paragraphs (1) and (3) that apply to surface water and water below the surface of the ground do not apply to loss by water covered under 3.e. and f. above.

Under 2. and 3. above, any ensuing loss to property described in Coverages A and B not precluded by any other provision in this policy is covered.

COVERAGE C — PERSONAL PROPERTY

We insure for direct physical loss to the property described in Coverage C caused by any of the following perils unless the loss is excluded in Section I — Exclusions.

1. **Fire Or Lightning**
2. **Windstorm Or Hail**

This peril does not include loss to the property contained in a building caused by rain, snow, sleet, sand or dust unless the direct force of wind or hail damages the building causing an opening in a roof or wall and the rain, snow, sleet, sand or dust enters through this opening.

This peril includes loss to watercraft of all types and their trailers, furnishings, equipment, and outboard motors, only while inside a fully enclosed building.

3. **Explosion**
4. **Riot Or Civil Commotion**
5. **Aircraft**
6. **Vehicles**
7. **Smoke**

This peril includes self-propelled missiles and spacecraft.

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

9. Theft

- a. This peril includes attempted theft and loss of property from a known place when it is likely that the property has been stolen.
- b. This peril does not include loss caused by theft:
 - (1) committed by an **insured**;
 - (2) in or to a dwelling under construction, or of materials and supplies for use in the construction until the dwelling is finished and occupied;
 - (3) from that part of a **residence premises** rented by an **insured** to other than an **insured**; or
 - (4) that occurs off the **residence premises** of:
 - (a) trailers, semitrailers and campers;
 - (b) watercraft of all types, and their furnishings, equipment and outboard motors; or
 - (c) property while at any other residence owned by, rented to, or occupied by an **insured**, except while an **insured** is temporarily living there. Property of an **insured** who is a student is covered while at the residence the student occupies to attend school as long as the student has been there at any time during the 90 days immediately before the loss.

10. Falling Objects

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

11. Weight Of Ice, Snow Or Sleet

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

12. 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.

This peril does not include loss:

- 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**;
 - (3) on the **residence premises** caused by accidental discharge or overflow which occurs away from the building where the **residence premises** is located; or
 - (4) caused by mold, fungus or wet rot unless hidden within the walls or ceilings or beneath the floors or above the ceilings of a structure.

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.

Section I — Exclusion **1.c. Water**, Paragraphs (1) and (3) 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 under this peril.

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.

SECTION I — EXCLUSIONS

- 1. 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.

- a. **Ordinance or Law** means any ordinance or law:

- (1) requiring or regulating the construction, demolition, remodeling, renovation or repair of property, including removal of any resulting debris. This exclusion 1.a.(1) does not apply to the amount of coverage that may be provided for under Additional Coverage 11. Ordinance or Law;
- (2) the requirements of which result in a loss in value to property; or
- (3) requiring any **insured** or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, pollutants.

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 applies whether or not the property has been physically damaged.

- b. **Earth Movement**

Earth Movement means:

- (1) earthquake, including land shock waves or tremors before, during or after a volcanic eruption;

- (2) landslide, mudslide or mudflow;

- (3) subsidence or sinkhole; or

- (4) any other earth movement including earth sinking, rising or shifting.

This Exclusion 1.b. applies regardless of whether any of the above, in b. (1) through b.(4), is caused by an act of nature or is otherwise caused.

However, direct loss by fire, explosion or theft resulting from any of the above, in b.(1) through b.(4), is covered.

- c. **Water**

This means:

- (1) 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;

- (2) water which backs up through sewers or drains or overflows or is otherwise discharged from a sump, sump pump or related equipment;

- (3) 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

- (4) waterborne material carried or otherwise moved by any of the water referred to in 1. c. (1) through 1.c.(3) of this exclusion.

This Exclusion 1.c. applies regardless of whether any of the above, in 1.c. (1) through 1.c. (4), is caused by an act of nature or is otherwise caused.

This Exclusion **1.c.** 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, explosion or theft resulting from any of the above, in **1.c.(1)** through **1.c.(4)** is covered.

d. Power Failure

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

e. Neglect

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

f. War

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

- (1) undeclared war, civil war, insurrection, rebellion or revolution;
- (2) warlike act by a military force or military personnel; or
- (3) destruction, seizure or use for a military purpose.

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

g. Nuclear Hazard

This Exclusion **g.** pertains to Nuclear Hazard to the extent set forth in **14. Nuclear Hazard Clause** under Section I Conditions.

h. Intentional Loss

Intentional Loss means any loss arising out of any act an **insured** commits or

conspires to commit with the intent to cause a loss. In the event of such loss, no **insured** is entitled to coverage, even **insureds** who did not commit or conspire to commit the act causing the loss.

i. 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.

- 2.** 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.

- a. Weather conditions.** However, this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in **1.** above to produce the loss;

- b. Acts or decisions,** including the failure to act or decide, of any person, group, organization or governmental body; or

c. Faulty, inadequate or defective:

- (1) planning, zoning, development, surveying, siting;
- (2) design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
- (3) materials used in repair, construction, renovation or remodeling; or
- (4) maintenance;

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

SECTION I — CONDITIONS

1. 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:

- a.** to an **insured** for more than the amount of such **insured's** interest at the time of loss; or

- b.** for more than the applicable limit of liability.



2. Deductible

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

With respect to any one loss:

- a. 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.
- b. if two or more deductibles under this policy apply to the loss, only the highest deductible amount will apply.

3. 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 by either you, an **insured** seeking coverage, or a representative of either:

- a. give prompt notice to us or our agent;
- b. notify the police in case of loss by theft;
- c. notify the credit card, electronic fund transfer card or access device company in case of loss as provided for in Additional Coverage 6. Credit Card, Electronic Fund Transfer Card or Access Device, Forgery and Counterfeit Money under Section I — Property Coverages;
- d. protect the property from further damage. If repairs to the property are required, you must:
 - (1) make reasonable and necessary repairs to protect the property; and
 - (2) keep an accurate record of repair expenses;
- e. cooperate with us in the investigation of a claim;
- f. 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;
- g. as often as we reasonably require:
 - (1) show the damaged property;
 - (2) provide us with records and documents we request and permit us to make copies; and

- (3) submit to examination under oath, while not in the presence of any **insured**, and sign the same;

- h. 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:

- (1) the time and cause of loss;
- (2) the interests of all **insureds** and all others in the property involved and all liens on the property;
- (3) other insurance which may cover the loss;
- (4) changes in title or occupancy of the property during the term of the policy;
- (5) specifications of damaged buildings and detailed repair estimates;
- (6) the inventory of damaged personal property described in 2.f. above;
- (7) receipts for additional living expenses incurred and records that support the fair rental value loss; and
- (8) evidence or affidavit that supports a claim under Additional Coverage 6. Credit Card, Electronic Fund Transfer Card or Access Device, Forgery and Counterfeit Money under Section I — Property Coverages, stating the amount and cause of loss.

4. Loss Settlement

In this Condition 4., 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 Additional Coverage 11. Ordinance Or Law under Section I — Property Coverages. Covered property losses are settled as follows:

- a. property of the following types:
 - (1) personal property;
 - (2) awnings, carpeting, household appliances, outdoor antennas and outdoor equipment, whether or not attached to buildings;
 - (3) structures that are not buildings; and
 - (4) grave markers, including mausoleums;

at actual cash value at the time of loss but not more than the amount required to repair or replace.

b. Buildings under Coverage A or B at replacement cost without deduction for depreciation, subject to the following:

(1) 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:

- (a)** the limit of liability under this policy that applies to the building;
- (b)** the replacement cost of that part of the building damaged with material of like kind and quality and for like use; or
- (c)** the necessary amount actually spent to repair or replace the damaged building.

(2) 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:

- (a)** the actual cash value of that part of the building damaged; or
- (b)** 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.

(3) 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:

- (a)** 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;

(b) those supports in **(a)** above which are below the surface of the ground inside the foundation walls, if there is no basement; and

(c) underground flues, pipes, wiring and drains.

(4) 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 according to the provisions of **b.(1)** and **b.(2)** above.

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

(a) less than 5% of the amount of insurance in this policy on the building; and

(b) less than \$2,500;

we will settle the loss as noted in **b.(1)** and **b.(2)** above whether or not actual repair or replacement is complete.

(5) you may disregard the replacement cost loss settlement provisions and make claim under this policy for loss to buildings on an actual cash value basis. You may then make claim for any additional liability according to the Provisions of this Condition 4. Loss Settlement, provided you notify us, within 180 days after the date of loss, of your intent to repair or replace the damaged building.

5. Loss To A Pair or Set

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

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

6. Appraisal

If you and we fail to agree on the amount of loss, either may demand an appraisal of the loss. In this event, each party will choose a competent and impartial appraiser within 20 days after receiving a written request from the other. The two appraisers will choose an



umpire. If they cannot agree upon an umpire within 15 days, you or we may request that the choice be made by a judge of a court of record in the state where the **residence premises** is located. The appraisers will separately set the amount of 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:

- a. pay its own appraiser; and
- b. bear the other expenses of the appraisal and umpire equally.

7. Other Insurance And Service Agreement

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

- a. other insurance, we will pay only the proportion of the loss that the limit of liability that applies under this policy bears to the total amount of insurance covering the loss; or
- b. 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.

8. Suit Against Us

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

9. 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.

10. Loss Payment

We will adjust all losses with you. We will pay you unless some other person is named in the policy or is legally entitled to receive payment. Loss will be payable 60 days after we receive your proof of loss and:

- a. reach an agreement with you;
- b. there is an entry of a final judgment; or
- c. there is a filing of an appraisal award with us.

11. Abandonment Of Property

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

12. Mortgage Clause

- a. 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.
- b. If we deny your claim, that denial will not apply to a valid claim of the mortgagee, if the mortgagee:
 - (1) notifies us of any change in ownership, occupancy or substantial change in risk of which the mortgagee is aware;
 - (2) pays any premium due under this policy on demand if you have neglected to pay the premium; and
 - (3) 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 Appraisal, Suit Against Us and Loss Payment apply to the mortgagee.
- c. If we decide to cancel or nonrenew this policy, the mortgagee will be notified at least 10 days before the date cancellation or nonrenewal takes effect.
- d. If we pay the mortgagee for any loss and deny payment to you:
 - (1) we are subrogated to all the rights of the mortgagee granted under the mortgage on the property; or
 - (2) 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.
- e. Subrogation will not impair the right of the mortgagee to recover the full amount of the mortgagee's claim.

13. No Benefit To Bailee

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

14. Nuclear Hazard Clause

- a. "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.
- b. 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 in Section I.
- c. this policy does not apply under Section I to loss caused directly or indirectly by nuclear hazard, except that direct loss by fire resulting from the nuclear hazard is covered.

15. 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.

16. Volcanic Eruption Period

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

17. Policy Period

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

18. Concealment Or Fraud

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

- a. intentionally concealed or misrepresented any material fact or circumstance;
- b. engaged in fraudulent conduct; or
- c. made false statements;

relating to this insurance.

19. Loss Payable Clause

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

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

SECTION II — LIABILITY COVERAGES

COVERAGE E — PERSONAL LIABILITY

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.

COVERAGE F — MEDICAL PAYMENTS TO OTHERS

We will pay the necessary medical expenses that are incurred or medically ascertained within three

years from the date of an accident causing **bodily injury**. Medical expenses means reasonable charges for medical, surgical, X-ray, dental, ambulance, hospital, professional nursing, prosthetic devices and funeral services. This coverage does not apply to you or regular residents of your household except **residence employees**. As to others, this coverage applies only:

1. to a person on the **insured location** with the permission of 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**.

SECTION II — EXCLUSIONS

1. Motor Vehicle Liability

- a. Coverages E and F do not apply to any **motor vehicle liability** if, at the time and place of an **occurrence**, the involved **motor vehicle**:

- (1) is registered for use on public roads or property;
- (2) 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
- (3) is being:
 - (a) operated in, or practicing for, any prearranged or organized race, speed contest or other competition;
 - (b) rented to others;
 - (c) used to carry persons or cargo for a charge; or
 - (d) used for any **business** purpose except for a motorized golf cart while on a golfing facility.

- b. If Exclusion 1.a. does not apply, there is still no coverage for **motor vehicle liability**, unless the **motor vehicle** is:

- (1) in dead storage on an **insured location**;
- (2) used solely to service a residence;
- (3) designed to assist the handicapped and, at the time of an **occurrence**, it is:
 - (a) being used to assist a handicapped person; or
 - (b) parked on an **insured location**;
- (4) designed for recreational use off public roads and:
 - (a) not owned by an **insured**; or
 - (b) owned by an **insured** provided the **occurrence** takes place:
 - i. on an **insured location** as defined in Definitions paragraphs 6.a., b., d., e. or h.; or

- ii. off an **insured location** and the **motor vehicle** is:

- (i) designed as a toy vehicle for use by children under seven years of age;
- (ii) powered by one or more batteries; and
- (iii) not built or modified after manufacture to exceed a speed of five miles per hour on level ground;

- (5) a motorized golf cart that is owned by an **insured**, designed to carry up to four persons, not built or modified after manufacture to exceed a speed of 25 miles per hour on level ground and, at the time of an **occurrence**, is within the legal boundaries of:

- (a) a golfing facility and is parked or stored there, or being used by an **insured** to:

- i. play the game of golf or for other recreational or leisure activity allowed by the facility;
- ii. travel to or from an area where **motor vehicles** or golf carts are parked or stored; or
- iii. cross public roads at designated points to access other parts of the golfing facility; or

- (b) a private residential community, including its public roads upon which a motorized golf cart can legally travel, which is subject to the authority of a property owners association and contains an **insured's** residence.

2. Watercraft Liability

- a. Coverages E and F do not apply to any **watercraft liability** if, at the time of an **occurrence**, the involved watercraft is being:

- (1) 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;

- (2) rented to others;
- (3) used to carry persons or cargo for a charge; or
- (4) used for any **business** purpose.

b. If Exclusion 2.a. does not apply, there is still no coverage for **watercraft liability** unless, at the time of the **occurrence**, the watercraft:

- (1) is stored;
- (2) is a sailing vessel, with or without auxiliary power, that is:
 - (a) less than 26 feet in overall length; or
 - (b) 26 feet or more in overall length and not owned by or rented to an **insured**; or
- (3) is not a sailing vessel and is powered by:
 - (a) an inboard or inboard-outdrive engine or motor, including those that power a water jet pump, of:
 - i. 50 horsepower or less and not owned by an **insured**; or
 - ii. more than 50 horsepower and not owned by or rented to an **insured**; or
 - (b) one or more outboard engines or motors with:
 - i. 25 total horsepower or less;
 - ii. more than 25 horsepower if the outboard engine or motor is not owned by an **insured**;
 - iii. more than 25 horsepower if the outboard engine or motor is owned by an **insured** who acquired it during the policy period; or
 - iv. 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 iii. and iv. above apply for the policy period.

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

3. Aircraft Liability

This policy does not cover **aircraft liability**.

4. Hovercraft Liability

This policy does not cover **hovercraft liability**.

5. Coverage E — Personal Liability And Coverage F — Medical Payments To Others

Coverages E and F do not apply to the following:

a. 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 or property, than initially expected or intended

However, this Exclusion 5.a. does not apply to **bodily injury or property damage** resulting from the use of reasonable force by an **insured** to protect persons or property;

b. Business

- (1) **Bodily injury or property damage** arising out of or in connection with a **business** conducted from an **insured location** or engaged in by an **insured**, whether or not the **business** is owned or operated by an **insured** or employs an **insured**.

This Exclusion 5.b. applies but is not limited to an act or omission, regardless of its nature or circumstance, involving a service or duty



rendered, promised, owed, or implied to be provided because of the nature of the **business**.

(2) this Exclusion 5.b. does not apply to:

(a) the rental or holding for rental of an **insured location**;

- i. on an occasional basis if used only as a residence;
- ii. in part for use only as a residence, unless a single-family unit is intended for use by the occupying family to lodge more than two roomers or boarders; or
- iii. in part, as an office, school, studio or private garage; and

(b) an **insured** under the age of 21 years involved in a part-time or occasional, self-employed **business** with no employees;

c. Professional Services

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

d. Insured's Premises Not An Insured Location

Bodily injury or property damage arising out of a premises:

- (1) owned by an **insured**;
- (2) rented to an **insured**; or
- (3) rented to others by an **insured**;

that is not an **insured location**;

e. War

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

- (1) undeclared war, civil war, insurrection, rebellion or revolution;
- (2) warlike act by a military force or military personnel; or
- (3) destruction, seizure or use for a military purpose.

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

f. Communicable Disease

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

g. 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

h. 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 lawful orders of a licensed health care professional.

Exclusions 1., 2., 3., 4., and 5.d. 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**.

6. Coverage E — Personal Liability

Coverage E does not apply to:

a. liability:

(1) for any loss assessment charged against you as a member of an association, corporation or community of property owners except as provided in Section II — Additional Coverage 4. Loss Assessment;

(2) under any contract or agreement entered into by an **insured**. However, this exclusion does not apply to written contracts:

(a) that directly relate to the ownership, maintenance or use of an **insured location**; or

(b) where the liability of others is assumed by you prior to an **occurrence**;

unless excluded in (1) above or elsewhere in this policy;

b. **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**.

- c. **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;
- d. **bodily injury** to any person eligible to receive any benefits voluntarily provided or required to be provided by an **insured** under any:
 - (1) workers' compensation law;
 - (2) non-occupational disability law; or
 - (3) occupational disease law;
- e. **bodily injury** or **property damage** for which an **insured** under this policy:
 - (1) is also an **insured** under a nuclear energy liability issued by the:
 - (a) Nuclear Energy Liability Insurance Association;
 - (b) Mutual Atomic Energy Liability Underwriters;
 - (c) Nuclear Insurance Association of Canada;or any of their successors; or
 - (2) would be an **insured** under that policy but for the exhaustion of its limit of liability.
- f. **bodily injury** to you or an **insured** as defined under Definition 5.a. or b.

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

 - (1) repay; or

(2) share damages with;
another person who may be obligated to pay damages because of **bodily injury** to an **insured**.

7. Coverage F — Medical Payments to Others

Coverage F does not apply to **bodily injury**:

- a. to a **residence employee** if the **bodily injury**:
 - (1) occurs off the **insured location**; and
 - (2) does not arise out of or in the course of the **residence employee's** employment by an **insured**;
- b. to any person eligible to receive benefits voluntarily provided or required to be provided under any:
 - (1) workers' compensation law;
 - (2) non-occupational disability law; or
 - (3) occupational disease law;
- c. from any:
 - (1) nuclear reaction;
 - (2) nuclear radiation; or
 - (3) radioactive contamination;all whether controlled or uncontrolled or however caused; or
 - (4) any consequence of any of these.
- d. to any person, other than a **residence employee** of an **insured**, regularly residing on any part of the **insured location**.

SECTION II — ADDITIONAL COVERAGES

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

1. Claim Expenses

We pay:

- a. expenses we incur and costs taxed against an **insured** in any suit we defend;
- b. premiums on bonds required in a suit we defend, but not for bond amounts

more than the limit of liability for Coverage E. We need not apply for or furnish any bond;

- c. reasonable expenses incurred by 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
- d. interest on the entire judgment which accrues after entry of the judgment and before we pay or tender, or deposit in

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

2. 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**.

3. Damage To Property Of Others

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

We will not pay for **property damage**:

- a. to the extent of any amount recoverable under Section I of this policy;
 - b. caused intentionally by an **insured** who is 13 years of age or older;
 - c. to property owned by an **insured**;
 - d. to property owned by or rented to a tenant of an **insured** or a resident in your household; or
 - e. arising out of:
 - (1) a **business** engaged in by an **insured**;
 - (2) any act or omission in connection with a premises 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 e.(3) does not apply to a **motor vehicle** that:
- i. is designed for recreational use off public roads;
 - ii. is not owned by an **insured**; and
 - iii. 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.

4. Loss Assessment

- a. We will pay up to \$1,000 for your share of any loss assessment charged during the policy period against you as owner or tenant of the **residence premises** by a corporation or association of property owners, when the assessment is made as a result of:
 - (1) **bodily injury** or **property damage** not excluded under Section II of this policy; or
 - (2) liability for an act of a director, officer or trustee in the capacity as a director, officer or trustee, provided:
 - (a) the director, officer or trustee is elected by the members of a corporation or association of property owners; and
 - (b) the director, officer or trustee serves without deriving any income from the exercise of duties which are solely on behalf of a corporation or association of property owners.
- b. Condition 9. Policy Period, under Section II — Conditions does not apply to this coverage.
- c. Regardless of the number of assessments, the limit of \$1,000 is the most we will pay for loss arising out of:
 - (1) one accident, including continuous or repeated exposure to substantially the same general harmful conditions; or
 - (2) a covered act of a director, officer or trustee. An act involving more than one director, officer or trustee is considered to be a single act.
- d. We do not cover assessments charged against you or a corporation or association of property owners by any governmental body.

SECTION II — CONDITIONS

1. Limit Of Liability

Our total liability under Coverage E for all damages resulting from any one **occurrence** will not be more than the Coverage E Limit of Liability shown in the Declarations. This limit

is the same regardless of the number of **insureds**, claims made 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 F for all medical expense payable for **bodily injury** to one person as the result of one accident will not be more than the Coverage F Limit Of Liability shown in the Declarations.

2. Severability Of Insurance

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

3. 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:

- a. give written notice to us or our agent as soon as is practical, which sets forth:
 - (1) the identity of the policy and the **named insured** shown in the Declarations;
 - (2) reasonably available information on the time, place and circumstances of the **occurrence**; and
 - (3) names and addresses of any claimants and witnesses;
- b. cooperate with us in the investigation, settlement or defense of any claim or suit;
- c. promptly forward to us every notice, demand, summons or other process relating to the **occurrence**;
- d. at our request, help us:
 - (1) to make settlement;
 - (2) to enforce any right of contribution or indemnity against any person or organization who may be liable to an **insured**;
 - (3) with the conduct of suits and attend hearings and trials;
 - (4) to secure and give evidence and obtain the attendance of witnesses;
- e. With respect to 3. Damage To Property Of Others under Section II — Additional Coverages, submit to us within 60 days after the loss a sworn statement of loss and show the damaged property, if in an **insured's** control;

- f. 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**.

4. Duties Of An Injured Person — Coverage F — Medical Payments To Others

The injured person or someone acting for the injured person will:

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

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

5. Payment Of Claim — Coverage F — Medical Payments To Others

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

6. Suit Against Us

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

No one will have the right to join us as a party to any action against such **insured**.

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

7. Bankruptcy Of An Insured

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

8. 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.

9. Policy Period

This policy applies only to **bodily injury** or **property damage** which occurs during the policy period.

10. Concealment Or Fraud

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

- a. intentionally concealed or misrepresented any material fact or circumstance;



- b. engaged in fraudulent conduct; or relating to this insurance.
- c. made false statements;

SECTIONS I AND II — CONDITIONS

1. Liberalization Clause

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

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

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

2. 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.

3. Cancellation

- a. 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.
- b. We may cancel this policy only for the reasons stated below by letting you know in writing of the date cancellation takes effect. This cancellation notice may be delivered to you, or mailed to you at your mailing address shown in the Declarations.

Proof of mailing will be sufficient proof of notice.

- (1) When you have not paid the premium, we may cancel at any time by letting you know at least 10 days before the date cancellation takes effect.
- (2) When this policy has been in effect for less than 60 days and is not a renewal with us, we may cancel for any reason by letting you know at least 10 days before the date cancellation takes effect.

- (3) When this policy has been in effect for 60 days or more, or at any time if it is a renewal with us, we may cancel:

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

- (4) 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.

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

4. 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.

5. Assignment

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

6. Subrogation

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

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

Subrogation does not apply to Coverage F.

3. Damage To Property Of Others under Section II — Additional Coverages.

7. Death

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

- a. we insure the legal representative of the deceased but only with respect to the

premises and property of the deceased covered under the policy at the time of death; and

- b. **insured** includes:

- (1) 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
- (2) with respect to your property, the person having proper temporary custody of the property until appointment and qualification of a legal representative.

MANDATORY ENDORSEMENTS

INFLATION GUARD

(HO 32 18 06 12)

The Limits Of Liability for Coverages **A, B, C** and **D** are shown in the Declarations. These limits will be adjusted at the same rate as the change in the Index shown in the Declarations or billing notice.

To find the limits on any date:

1. divide the latest Index level by the Index level as of the effective date of this endorsement; and
2. multiply the result obtained in 1. by each limit of liability.

The premium for this policy at the next anniversary date will be based on the Coverage **A** limit of liability determined on that date by the provisions of this endorsement.

If the Coverage **A** Limit Of Liability shown in the Declaration is revised during the policy term, the effective date of this endorsement, for the purpose of calculating the change in the Index level, will be deemed to be the same as the effective date of the Coverage **A** revision.

The limits of liability will not be reduced during the current policy term below that for which premium was paid.

All other provisions of this policy apply.

BUSINESS PURSUITS

(HO 24 71 10 00)

SECTION II — LIABILITY COVERAGES

Coverage **E** — Personal Liability and Coverage **F** — Medical Payments to Others apply to the **business** pursuits of the **insured** as stated:

Name	Business
Any Insured	Teacher*
	Clerical Office Employee
	Salesperson

Collector
Messenger

*Liability for corporal punishment included.

SECTION II — EXCLUSIONS

Coverages **E** and **F** do not apply:

1. to **bodily injury** or **property damage** arising out of the **business** pursuits of the **insured** in connection with a **business** owned or financially controlled by the **insured** or by a partnership of which the **insured** is a partner or member;
2. to **bodily injury** or **property damage** arising out of the rendering of or failure to render professional services of any nature other than teaching, including but not limited to any:
 - a. architectural, engineering or industrial design services;
 - b. medical, surgical, dental or other services or treatment conducive to the health of persons or animals; and
 - c. beauty or barber services or treatment;
3. to **bodily injury** to a fellow employee of the **insured** injured in the course of employment;
4. when the **insured** is a member of the faculty or teaching staff of any school or college; to **bodily injury** or **property damage** arising out of the ownership, maintenance, occupancy, operation, use, loading, unloading, of, or entrustment by the **insured** to any person, of, or the failure to supervise or negligent supervision of any person involving:
 - a. draft or saddle animals; or vehicles for use therewith;
 - b. aircraft;

- c. hovercraft;
- d. motor vehicles; or
- e. watercraft;

owned or operated, or hired by or for the insured or employer or used by the insured

for the purpose of instruction in the use thereof.

All other provisions of this policy apply.

OPTIONAL COVERAGES

AGREEMENT: WE WILL PROVIDE THE INSURANCE DESCRIBED IN EACH OF THE FOLLOWING OPTIONAL COVERAGES ONLY IF INDICATED IN THE DECLARATIONS.

OPTION A

SPECIFIED ADDITIONAL AMOUNT OF INSURANCE FOR COVERAGE A — DWELLING

NORTH CAROLINA

(HO 32 20 06 12)

To the extent that coverage is provided, we agree to provide an additional amount of insurance in accordance with the following provisions:

A. if you have:

1. allowed us to adjust the Coverage A limit of liability and the premium in accordance with:
 - a. the property evaluations we make; and
 - b. any increases in inflation; and
2. notified us, within 30 days of completion, of any improvements, alterations or additions to the dwelling building which increase the replacement cost of the dwelling building by 5% or more;

The provisions of this endorsement will apply after a loss, provided you elect to repair or replace the damaged or destroyed dwelling building.

B. if there is a loss to the dwelling building that exceeds the Coverage A Limit Of Liability shown in the Declarations, for the purpose of settling that loss only:

1. we will provide an additional amount of insurance, up to 25% of the Coverage A limit of liability; and
2. Section I Condition 4. Loss Settlement paragraph b. is replaced by paragraphs b., c., and d. as follows:
 - b. the dwelling building under Coverage A at replacement cost without deduction for depreciation. We will pay no more than the smallest of

the following amounts for like construction and use on the same premises:

- (1) the replacement cost of that part of the dwelling building damaged or destroyed;
- (2) the necessary amount actually spent to repair or replace the damaged or destroyed dwelling building on the **residence premises** or some other premises within the state of North Carolina; or
- (3) the limit of liability under this policy that applies to the dwelling building, plus any additional amount provided by this endorsement.

- c. we will pay no more than the actual cash value of the damage until actual repair or replacement is complete.
- d. you may disregard the replacement cost loss settlement provisions and make claim under this policy for loss or damage to the dwelling building on an actual cash value basis. You may then make claim within 180 days after loss for any additional liability on a replacement cost basis.

All other provisions of this policy apply.

PERSONAL PROPERTY REPLACEMENT COST LOSS SETTLEMENT (OPTION B)

(HO 04 90 05 11)

A. Eligible Property

1. Covered losses to the following property are settled at replacement cost at the time of loss:
 - a. Coverage C — Personal Property; and

- b. if covered in this policy:
 - (1) awnings, outdoor antennas and outdoor equipment; and
 - (2) carpeting and household appliances;
 whether or not attached to buildings.

2. This method of loss settlement will also apply to the following articles or classes of property if they are separately described and specifically insured in this policy and not subject to agreed value loss settlement:

- a. jewelry;
- b. furs and garments:
 - (1) trimmed with fur; or
 - (2) consisting principally of fur;
- c. cameras, projection machines, films and related articles of equipment;
- d. musical equipment and related articles of equipment;
- e. silverware, silver-plated ware, goldware, gold-plated ware and pewterware, but excluding:
 - (1) pens or pencils;
 - (2) flasks;
 - (3) smoking implements; or
 - (4) jewelry; and
- f. golfers equipment meaning golf clubs, golf clothing and golf equipment.

Personal Property Replacement Cost loss settlement will not apply to other classes of property separately described and specifically insured.

B. Ineligible Property

Property listed below is not eligible for replacement cost loss settlement. Any loss will be settled at actual cash value at the time of loss but not more than the amount required to repair or replace.

- 1. antiques, fine arts, paintings and similar articles of rarity or antiquity which cannot be replaced.
- 2. memorabilia, souvenirs, collectors items and similar articles whose age or history contribute to their value.
- 3. articles not maintained in good or workable condition.

- 4. articles that are outdated or obsolete and are stored or not being used.

C. Replacement Cost Loss Settlement Condition

The following loss settlement condition applies to all property described in A. above:

- 1. We will pay no more than the least of the following amounts:
 - a. replacement cost at the time of loss without deduction for depreciation;
 - b. the full cost of repair at the time of loss;
 - c. the limit of liability that applies to Coverage C, if applicable;
 - d. any special limits of liability stated in this policy; or
 - e. for loss to any item described in A.2.a. — f. above, the limit of liability that applies to the item.
- 2. If the cost to repair or replace the property described in A. above is more than \$500, we will pay no more than the actual cash value for the loss until the actual repair or replacement is complete.
- 3. You may make claim for loss on an actual cash value basis and then make claim for any additional liability in accordance with this endorsement provided you notify us, within 180 days after the date of the loss, of your intent to repair or replace the damaged property.

All other provisions of this policy apply.

OPTION E — SCHEDULED PERSONAL PROPERTY

(HO 04 61 05 11)

We cover the classes of personal property indicated by an amount of insurance on the **Scheduled Personal Property Endorsement**. This coverage is subject to the DEFINITIONS, SECTION I — CONDITIONS, SECTIONS I AND II — CONDITIONS in the policy and all provisions of this endorsement. Any deductible stated in this policy does not apply to this coverage.

1. CLASSES OF PERSONAL PROPERTY

- a. **Jewelry**, as scheduled.
- b. **Furs** and garments trimmed with fur or consisting principally of fur, as scheduled.



- c. **Cameras**, projection machines, films and related articles of equipment, as listed.
- d. **Musical Instruments** and related articles of equipment, as listed.

You agree not to perform with these instruments for pay unless specifically provided under this policy.
- e. **Silverware**, silver-plated ware, goldware, gold-plated ware and pewterware, but excluding pens, pencils, flasks, smoking implements or jewelry.
- f. **Golfer's Equipment**, meaning golf clubs, golf clothing and golf equipment.
- g. **Fine Arts**, as scheduled. This premium is based on your statement that the property insured is located at the address indicated in the Declarations.
- h. **Postage Stamps**
- i. **Rare And Current Coins**

THE AMOUNTS SHOWN FOR EACH ITEM IN THE **SCHEDULED PERSONAL PROPERTY ENDORSEMENT** ARE LIMITED BY THE LOSS SETTLEMENT CONDITION IN PARAGRAPH 7.b.

2. NEWLY ACQUIRED PROPERTY — Jewelry, Furs, Cameras and Musical Instruments Only

We cover newly acquired property of a class of property already insured. The lesser of the following limits applies:

- a. 25% of the amount of insurance for that class of property; or
- b. \$10,000.

When you acquire new property, you must:

- a. report these objects to us within 30 days; and
- b. pay the additional premium from the date acquired.

3. NEWLY ACQUIRED FINE ARTS

When Fine Arts are scheduled, we cover objects of art acquired during the policy period for their actual cash value. However, we will pay no more than 25% of the amount of insurance for fine arts scheduled. For coverage to apply for newly acquired fine arts, you must:

- a. report these objects to us within 90 days; and
- b. pay the additional premium from the date acquired.

4. PERILS INSURED AGAINST

We insure against direct loss to property described only if that loss is a physical loss to property; however, we do not insure loss caused by any of the following:

- a. wear and tear, gradual deterioration or inherent vice;
- b. insects or vermin.
- c. war, including the following and any consequence of any of the following:
 - (1) undeclared war, civil war, insurrection, rebellion or revolution;
 - (2) warlike act by a military force or military personnel; or
 - (3) destruction, seizure or use for a military purpose.

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

- d. nuclear hazard, to the extent set forth in item 13. Nuclear Hazard Clause of Section I — Conditions.
- e. if Fine Arts are covered:
 - (1) repairing, restoration or retouching process;
 - (2) breakage of art glass windows, glassware, statuary, marble, bric-a-brac, porcelains and similar fragile articles. We cover loss by breakage if caused by:
 - (a) fire or lightning;
 - (b) explosion, aircraft or collision;
 - (c) windstorm, earthquake or flood;
 - (d) malicious damage or theft;
 - (e) derailment or overturn of a conveyance.

We do not insure loss, from any cause, to property on exhibition at fairsgrounds or premises of national or international expositions unless the premises are covered by this policy.

- f. if Postage Stamps Or Rare And Current Coins collections are covered:
 - (1) fading, creasing, denting, scratching, tearing or thinning;
 - (2) transfer of colors, inherent defect, dampness, extremes of temperature, or depreciation;
 - (3) being handled or worked on;

(4) the disappearance of individual stamps, coins or other articles unless the item is:

- (a) described and scheduled with a specific amount of insurance; or
- (b) mounted in a volume and the page it is attached to is also lost;

(5) shipping by mail other than registered mail; or

We do not insure loss, from any cause, to property:

- (1) in the custody of transportation companies; or
- (2) not part of a stamp or coin collection.

5. TERRITORIAL LIMITS

We cover the property described worldwide.

6. SPECIAL PROVISIONS

- a. Fine Arts: You agree that the covered property will be handled by competent packers.
- b. Golfer's Equipment includes your other clothing while contained in a locker when you are playing golf. We cover golf balls for loss by fire or burglary provided there are visible marks of forcible entry into the building, room or locker.
- c. Postage Stamps includes the following owned by or in the custody or control of the **insured**:
 - (1) due, envelope, official, revenue, match and medicine stamps;
 - (2) covers, locals, reprints, essays, proofs and other philatelic property; or
 - (3) books, pages and mountings of items in (1) and (2).
- d. Rare And Current Coins includes the following owned by or in custody or control of the **insured**:
 - (1) medals, paper money, bank notes;
 - (2) tokens of money and other numismatic property; or
 - (3) coin albums, containers, frames, cards and display cabinets in use with such collection.

7. CONDITIONS

a. Loss Clause:

The amount of insurance under this endorsement will not be reduced except for

a total loss of a scheduled article. We will refund the unearned premium applicable to such article after the loss or you may apply it to the premium due for the replacement of the scheduled article.

b. Loss Settlement:

Covered property losses are settled as follows:

(1) Fine Arts

- (a) we will pay, for each article designated in the Schedule, the full amount shown in the Schedule which is agreed to be the value of that article or property. At our request, you will surrender that article or property. At our request, you will surrender that article or property to us if not lost or stolen.
- (b) if the scheduled article or property is a pair or set, or consists of several parts when complete, we will pay the full amount shown in the Schedule for that pair, set or complete article. At our request, you will surrender that article or property to us if not lost or stolen.
- (c) in the event lost or stolen property is recovered and we have paid you the full amount shown in the Schedule for that property, you will surrender that property to us.
- (d) we will, at your request, sell back to you, at a price you and we agree upon, any class of property or scheduled article you surrendered to us to comply with the terms in (a), (b) or (c) above.

(2) POSTAGE STAMPS OR RARE AND CURRENT COIN COLLECTION — IN CASE OF LOSS TO ANY SCHEDULED ITEM, THE AMOUNT TO BE PAID WILL BE DETERMINED IN ACCORDANCE WITH PARAGRAPH b.(3) OTHER PROPERTY.

WHEN COINS OR STAMPS ARE COVERED ON A BLANKET BASIS, WE WILL PAY THE CASH MARKET VALUE AT TIME OF LOSS BUT NOT MORE THAN \$1,000 ON ANY UNSCHEDULED COIN COLLECTION NOR MORE

THAN \$250 FOR ANY ONE STAMP, COIN OR INDIVIDUAL ARTICLE OR ANY ONE PAIR, STRIP, BLOCK, SERIES SHEET, COVER, FRAME OR CARD.

WE WILL NOT PAY A GREATER PROPORTION OF ANY LOSS ON BLANKET PROPERTY THAN THE AMOUNT INSURED ON BLANKET PROPERTY BEARS TO THE CASH MARKET VALUE AT TIME OF LOSS.

(3) OTHER PROPERTY

(a) THE VALUE OF THE PROPERTY INSURED IS NOT AGREED UPON BUT WILL BE ASCERTAINED AT THE TIME OF LOSS OR DAMAGE. WE WILL NOT PAY MORE THAN THE LEAST OF THE FOLLOWING AMOUNTS:

- i. THE ACTUAL CASH VALUE OF THE PROPERTY AT THE TIME OF LOSS OR DAMAGE;
- ii. THE AMOUNT FOR WHICH YOU COULD REASONABLY BE EXPECTED TO HAVE THE PROPERTY REPAIRED TO ITS CONDITION IMMEDIATELY PRIOR TO LOSS;
- iii. THE AMOUNT FOR WHICH YOU COULD REASONABLY BE EXPECTED TO REPLACE THE ARTICLE WITH ONE SUBSTANTIALLY IDENTICAL TO THE ARTICLE LOST OR DAMAGED; OR
- iv. THE AMOUNT OF INSURANCE.

(b) THE ACTUAL CASH VALUE CONDITION IN PARAGRAPH (1)(a) ABOVE DOES NOT APPLY IF, AT THE TIME OF LOSS, COVERAGE C — PERSONAL PROPERTY COVERED IN THE POLICY TO WHICH THIS ENDORSEMENT IS ATTACHED IS SUBJECT TO REPLACEMENT COST LOSS SETTLEMENT.

c. PAIR, SET OR PARTS OTHER THAN FINE ARTS:

(1) LOSS TO A PAIR OR SET

IN CASE OF A LOSS TO A PAIR OR SET WE MAY ELECT TO:

- (a) REPAIR OR REPLACE ANY PART TO RESTORE THE PAIR OR SET TO ITS VALUE BEFORE THE LOSS; OR
- (b) PAY THE DIFFERENCE BETWEEN ACTUAL CASH VALUE OF THE PROPERTY BEFORE AND AFTER THE LOSS.

(2) PARTS

IN CASE OF A LOSS TO ANY PART OF COVERED PROPERTY, CONSISTING OF SEVERAL PARTS WHEN COMPLETE, WE WILL PAY FOR THE VALUE OF THE PART LOST OR DAMAGED.

All other provisions of this policy apply.

OPTION F — FINE ARTS BREAKAGE COVERAGE

(HO 04 61 05 11)

For an additional premium, the Fine Arts breakage exclusion, item **e.(2)** under Perils Insured Against of **Option E — Scheduled Personal Property** is deleted.

All other provisions of this policy apply.

OPTION G — INCREASED SPECIAL LIMITS — JEWELRY

(HO 32 27 06 12)

The Section I — Perils Insured Against for Coverage C and the applicable limit of liability are increased with respect to jewelry, watches, furs, precious and semi-precious stones, as described below:

1. We insure against risks of direct physical loss to the property listed above, physical loss to property; however, we do not insure against loss:
 - a. excluded under Section I — Exclusions, except that:
 - (1) the Earth Movement Exclusion does not apply to coverage under this endorsement; and
 - (2) the Water Exclusion does not apply to property which is covered under

this endorsement if the loss occurs away from a premises or location owned, rented, occupied or controlled by an **insured**;

b. caused by:

- (1) wear and tear, marring, deterioration;
- (2) mechanical breakdown, latent defect, inherent vice or any quality in property that causes it to damage or destroy itself;
- (3) birds, rodents or insects;
- (4) nesting or infestation, or discharge or release of waste products or secretions, by any animals; or
- (5) animals owned or kept by an **insured**.

2. The Limit Of Liability under this endorsement is shown in the Declarations. This limit applies as follows:

For loss caused by:

- a. a Coverage **C** peril named in the policy, other than Theft, the Limit Of Liability under this endorsement is an addition to the Coverage **C** Limit Of Liability.
- b. the peril of Theft, the Limit Of Liability under this endorsement is the total limit of liability and therefore includes the limit of liability granted under Section I — Property Coverages — Coverage **C** Special Limit Of Liability. However, we will not pay more than \$1,500 for any one article.
- c. any peril other than those in paragraph a. or b. above, the Limit Of Liability under this endorsement is the total limit of liability. However, we will not pay more than \$1,500 for any one article.

For any one loss event, our total limit of liability will not exceed the limit for the appropriate category, a., b. or c.

All other provisions of this policy apply.

OPTION I — INCREASED LIMITS ON BUSINESS PROPERTY

(HO 04 12 05 11)

SECTION I — PROPERTY COVERAGES

Coverage **C** — Personal Property

3. Special Limits of Liability

1. The Special Limit Of Liability Category **3.h.** that applies to **business** property on the **residence premises** is increased to the limit of liability shown in the Declarations.

The Increase in Limit of Liability does not apply to **business** property:

- a. in storage or held as a sample or for sale or delivery after sale;
- b. pertaining to a **business** actually conducted on the **residence premises**.

2. The Coverage **C** — Personal Property Special Limit Of Liability item **3.i.** that applies to **business** property away from the **residence premises** is increased to an amount that is 60 percent of the Total Limit Of Liability for Special Limit of Liability item **3.h.** shown in paragraph 1. above.

This endorsement does not increase the limit of liability for Coverage **C**.

All other provisions of this policy apply.

OPTION JJ — PREMISES ALARM OR FIRE PROTECTION SYSTEM

(HO 04 16 10 00)

We acknowledge the installation of an alarm system or automatic sprinkler system approved by us on the **residence premises**. You agree to maintain this system in working order and to notify us promptly of any change made to the system or if it is removed.

All other provisions of the policy apply.

OPTION TT — SPECIAL COMPUTER COVERAGE

(HO 32 37 06 12)

DEFINITIONS

With respect to the coverage provided by this endorsement, **computer equipment** means:

1. Computer hardware, software, operating systems or networks; and
2. Other electronic parts, equipment or systems solely designed for use with or connected to equipment in 1. above.

SECTION I — PERILS INSURED AGAINST

With respect to **computer equipment** defined above, the Perils Insured Against which apply to Coverage **C** — Personal Property are replaced by the following:

1. We cover an **insured's computer equipment**, as defined in this endorsement, against direct physical loss.



2. We do not insure, however, for loss:

a. Excluded under Section I — Exclusions.

b. 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) theft in or to a dwelling under construction, until the dwelling is finished and occupied;
- (3) vandalism and malicious mischief, and any ensuing loss caused by any intentional and wrongful act committed in the course of the vandalism or malicious mischief, if the dwelling has been vacant for more than 60 consecutive days immediately before the loss. A dwelling being constructed is not considered vacant;
- (4) dampness of atmosphere or extremes of temperature unless the direct cause of loss is rain, snow, sleet or hail;
- (5) refinishing, renovating or repairing property;
- (6) collision, other than collision with a land vehicle, sinking, swamping or stranding of watercraft of all types, including their trailers, furnishings, equipment and outboard engines or motors; or

- (7) acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.

However, any ensuing loss not excluded or excepted in this policy is covered; or

- (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 one or more of the Perils Insured Against that would apply under Coverage C of the policy form if this endorsement were not attached to the policy form.
- 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 pavements, patios, footings, foundations, walls, floors, roofs, ceilings or bulkheads;
- (g) birds, rodents or insects
- (h) nesting or infestation, or discharge or release of waste products or secretions, by any animals; or
- (i) animals owned or kept by an insured.

Exception to b.(8)

Unless the loss is otherwise excluded, we cover loss to **computer equipment**

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 **residence premises**; or
- (ii) plumbing, heating, air conditioning or automatic fire protective sprinkler system or household appliance on the **residence premises**.

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 a roof drain, gutter, downspout or similar fixtures or equipment.

Section I — Water Exclusion — Damage, paragraphs (1) and (3) in the policy, that apply to surface water and water below the surface of the ground do not apply to loss by water covered under **b.(8)** above.

With respect to the precluded perils in **2.b.(1)**, **2.b.(2)** and **(2) b.(8)**, any ensuing loss not precluded by any other provision in this policy is covered.

SPECIAL CONDITIONS

The coverage provided by this endorsement does not:

- 1. increase the Coverage **C** Limit Of Liability.
- 2. modify the Coverage **C** Special Limits Of Liability; or
- 3. modify any provision that applies to Coverage **C** Property Not Covered.

All other provisions of this policy apply.

OPTION BBB — WATERCRAFT

(HO 24 75 10 00)

Coverage **E** — Personal Liability and Coverage **F** — Medical Payments to Others apply to watercraft liability arising out of a watercraft described below:

- a. watercraft with one or more outboard engines or motors of more than 25 total horsepower; or other watercraft with inboard or inboard-outdrive engines or motors; or
- b. sailing vessel 26 feet or more overall length, with or without auxiliary power.

SECTION II — EXCLUSIONS

With respect to the watercraft described in **a.** and **b.**, Exclusion **2. Watercraft Liability** is deleted and replaced by the following:

2. Watercraft Liability

- a. Coverages **E** and **F** do not apply to any **watercraft liability** if, at the time of an **occurrence** the involved watercraft is being:
 - (1) 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;
 - (2) rented to others;
 - (3) used to carry persons or cargo for a charge; or
 - (4) used for any **business** purpose.
- b. Coverages **E** and **F** do not apply to **bodily injury** to any **employee** arising out of and in the course of employment by an **insured** if the employee's principal duties are in connection with the maintenance, operation or use of a watercraft described in the Schedule, that is:
 - (1) a sailing vessel; or
 - (2) powered by an inboard or inboard-outdrive engine or motor, including those that power a water jet pump.

All other provisions of this policy apply.

OPTION CCC — PERMITTED INCIDENTAL OCCUPANCIES — RESIDENCE PREMISES

(HO 04 42 10 00)

We cover the **business** described in the Declarations conducted at or from the **residence premises**, subject to the provisions of this endorsement.

SECTION I — PROPERTY COVERAGES

Coverage **C** — Personal Property — Item **h.** under **3.** Special Limits of Liability is deleted and replaced by the following:

- h. \$2,500 on property, on the **residence premises**, used primarily for **business** purposes, other than furnishings, supplies and equipment of the **business** described in the Declarations.

The Coverage **C** limit of liability applies to property of the **business** described in the Declarations.

SECTION II — EXCLUSIONS

1. Exclusion **5.b. Business** does not apply to the necessary or incidental use of the **residence premises** to conduct the **business** described above.
2. Coverage **E — Personal Liability** and Coverage **F — Medical Payments To Others** do not apply to **bodily injury** to any **employee** arising out of the **business** described above.

All other provisions of this policy apply.

OPTION FFF — SUPPLEMENTAL LOSS ASSESSMENT COVERAGE

(HO 04 35 05 11)

Additional Insurance — Residence Premises

We will pay, up to the additional amount of insurance shown in **A.** in the Declarations for one or more assessments arising out of a single loss covered under:

1. Section **I — Additional Coverage 7. Loss Assessment**;
2. Section **II — Additional Coverage 4. Loss Assessment**; or
3. both Section **I** and Section **II**.

Section II — Exclusion

Section **II — Exclusion 6.a.(1)** does not apply to this coverage.

All other provisions of this policy apply.

OPTION GGG — HOME DAY CARE COVERAGE

(HO 04 97 05 11)

We cover the home day care **business** described below, conducted by an **insured** on the **residence premises**, subject to the following:

Description of Business

Number of persons receiving day care services: Not more than **3**. **Business** is conducted in the dwelling as described in the Declarations.

SECTION I — PROPERTY COVERAGES

Coverage **C — Personal Property, Special Limit of Liability 3.h.** is replaced by the following:

- h. \$2,500 on property, on the **residence premises**, used primarily for **business** purpose, other than furnishings, supplies and equipment of the **business** described above.

The Coverage **C** limit of liability applies to property of the **business** described above.

SECTION II — LIABILITY COVERAGES

Coverage **E — Personal Liability** and Coverage **F — Medical Payments to Others** apply to **bodily injury** and **property damage** arising out of home day care services regularly provided by an **insured** and for which an **insured** receives money or other compensation.

SECTION II — EXCLUSIONS

Section **II — Exclusion 5.b. Business** does not apply to the coverage provided under this endorsement. However, the coverage provided under this endorsement does not apply:

1. to **bodily injury** or **property damage** arising out of the:
 - a. ownership of;
 - b. maintenance or occupancy of;
 - c. operation or use of;
 - d. loading or unloading of;
 - e. entrustment by an **insured** to any person of;
 - f. negligent supervision of; or
 - g. failure to supervise any person involving any of the following:
 - (1) draft or saddle animals;
 - (2) vehicles for use with draft or saddle animals;
 - (3) motor vehicles;
 - (4) aircraft or hovercraft; or
 - (5) watercraft;

owned or operated, or hired by or for an **insured** or **employee** or used by an **insured** for the purpose of instruction in the use thereof; or

2. to **bodily injury** to any **employee** arising out of the **business** described above.

SECTION II — CONDITIONS

With respect to the coverage provided by this endorsement, Section **II — Conditions, 1. Limit Of Liability** and **2. Severability Of Insurance** are replaced by the following:

1. Limit Of Liability

The following limits apply:

Aggregate Limit of Liability

Our total limit of liability in an annual policy period for the sum of damages payable under Coverage E and medical expense payable under Coverage F will be an annual aggregate limit of liability equal to the dollar amount shown in the Declarations for Coverage E. This is the most we will pay regardless of the number of **occurrences**, **insureds**, claims made or persons injured.

Sub-limit of Liability

Subject to the annual aggregate limit of liability described above, our total liability under Coverage F for all medical expense payable for **bodily injury** to one person as the result of one accident will not be more than the dollar amount shown in the Declarations for Coverage F. This Sub-limit of Liability does not increase the Aggregate Limit of Liability.

The limits described above apply regardless of any provision to the contrary contained in this policy, including the policy Declarations.

2. Severability Of Insurance

This insurance applies separately to each **insured** except with respect to the Limit of Liability. Therefore, this condition will not increase the Annual Aggregate Limit of Liability regardless of the number of **insureds**.

All other provisions of this policy apply.

PERSONAL INJURY COVERAGE

(HO 32 82 06 12)

DEFINITIONS

The following definition is added:

Personal injury means injury arising out of one or more of the following offenses, but only if the offense was committed during the policy period:

1. false arrest, detention or imprisonment;
2. malicious prosecution;
3. the wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;
4. oral or written publication, in any manner, of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services; or
5. oral or written publication, in any manner, of material that violates a person's right of privacy.

SECTION II — LIABILITY COVERAGES

Coverage E — Personal Liability

The following is added to Coverage E — Personal Liability:

3. Personal Injury Coverage

If a claim is made or suit is brought against an **insured** for damages resulting from an offense, defined under **personal injury**, to which this coverage applies, we will:

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

SECTION II — EXCLUSIONS

With respect to the coverage provided by this endorsement, Section II — Exclusions is replaced by the following:

This insurance does not apply to:

1. Personal Injury:

- a. caused by or at the direction of an **insured** with the knowledge that the act would violate the rights of another and would inflict **personal injury**;
- b. arising out of oral or written publication of material, if done by or at the direction of an **insured** with knowledge of its falsity;
- c. arising out of oral or written publication of material whose first publication took place before the beginning of the policy period;
- d. arising out of a criminal act committed by or at the direction of an **insured**;
- e. arising out of liability assumed by an **insured** under any contract or agreement except any indemnity obligation assumed by an **insured** under a written contract directly relating to the ownership, maintenance or use of the premises;
- f. sustained by any person as a result of an offense directly or indirectly related to the employment of this person by an **insured**;

- g. arising out of or in connection with a **business** engaged in by an **insured**. This exclusion applies but is not limited to an act or omission regardless of its nature or circumstance, involving a service or duty rendered, promised, owed, or implied to be provided because of the nature of the **business**.

This exclusion does not apply to:

- (1) the rental or holding for rental of an **insured location**;
 - (a) on an occasional basis if used only as a residence;
 - (b) in part for use only as a residence, unless a single-family unit is intended for use by the occupying family to lodge more than two roomers or boarders; or
 - (c) in part, as an office, school, studio or private garage; and
- (2) an **insured** minor involved in part-time, self-employed **business** pursuits normally undertaken by minors, unless the minor is employed by a **business**. A minor means a person who has not attained his or her 19th birthday (or age 23 if a full-time student);
- h. arising out of civic or public activities performed for pay by an **insured**;
- i. to you or an **insured** as defined under Definition 5.a. or 5.b.

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

- (1) repay; or
- (2) share damages with;

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

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

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

- k. arising directly or indirectly, in whole or in part, out of the actual, alleged or

threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of any **fungi**, wet or dry rot, or bacteria.

- 2. any loss, cost or expense arising out of any:
 - a. request, demand or order that an **insured** or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, pollutants; or
 - b. claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, clean up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, pollutants.

SECTION II — ADDITIONAL COVERAGES

With respect to the coverage provided by this endorsement, Paragraph 4. Loss Assessment is replaced by the following:

4. Loss Assessment

We will pay up to \$1,000 for your share of loss assessment charged against you, as an owner or tenant of the **residence premises**, during the policy period by a corporation or association of property owners, when the assessment is made as a result of **personal injury** not excluded under this endorsement.

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

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

SECTION II — CONDITIONS

With respect to the coverage provided by this endorsement, Section II — Condition 9. Policy Period does not apply and Conditions 1. Limit Of Liability, 2. Severability Of Insurance and 3. Duties After Occurrence, are replaced by the following:

1. Limit Of Liability

Our total liability under **Personal Injury** Coverage for all damages resulting from any one offense will not be more than the Limit Of Liability shown in the Declarations for Coverage E. This limit is the same regardless of the number of **insureds**, claims made or suits brought.

2. Severability Of Insurance

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

3. Duties After Offense

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

- a. give written notice to us or our agent as soon as is practical, which sets forth:
 - (1) the identity of the policy and **named insured**;
 - (2) reasonably available information on the time, place and circumstances of the offense; and
 - (3) names and addresses of any claimants and witnesses;

- b. cooperate with us in the investigation, settlement or defense of any claim or suit;
- c. promptly forward to us every notice, demand, summons or other process relating to the offense;
- d. at our request, help us:
 - (1) to make settlement;
 - (2) to enforce any right of contribution or indemnity against any person or organization who may be liable to an **insured**;
 - (3) with the conduct of suits and attend hearings and trials; and
 - (4) to secure and give evidence and obtain the attendance of witnesses;
- e. 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 **personal injury**.

All other provisions of this policy apply.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SPECIAL PROVISIONS — NORTH CAROLINA

DEFINITIONS

Definition 3. is replaced by the following:

3. Business includes:

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

The following definitions are added:

12. Fungi

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

Actual Cash Value

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

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

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

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

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

4. Obsolescence.

SECTION I — PROPERTY COVERAGES

COVERAGE C — PERSONAL PROPERTY

3. Special Limits Of Liability.

Paragraphs **f.** and **g.** are replaced by the following:

- f. 10% of the Coverage **C** limit, subject to a maximum of \$10,000, for loss by theft of firearms and related equipment.
- g. 25% of the Coverage **C** limit, subject to a maximum of \$10,000, for loss by theft of silverware, silver-plated ware, goldware, gold-plated ware, platinumware, platinum-plated ware and pewterware. This includes flatware, hollowware, tea sets, trays and trophies made of or including silver, gold or pewter.

Property Not Covered

Paragraph **3.b.(1)** is replaced by the following:

- (1) Used to service an "insured's" residence; or

ADDITIONAL COVERAGES

Paragraph **1. Debris Removal** is replaced by the following:

1. Debris Removal

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

This expense is included in the limit of liability that applies to the damaged property. If the amount to be paid for the actual damage to the property plus the debris removal expense is more than the limit of liability for the damaged property, an additional 5% of that limit of

liability is available for debris removal expense.

- b. We will also pay your reasonable expense, up to \$500, for the removal from the **residence premises** of:

- (1) Your trees felled by the peril of Windstorm or Hail, or Weight of Ice, Snow or Sleet; or
- (2) A neighbor's trees felled by a Peril Insured Against under Coverage C;

provided the trees:

- (3) Damage a covered structure; or
- (4) Do not damage a covered structure, but:
 - (a) Block a driveway on the **residence premises** which prevents a **motor vehicle**, that is registered for use on public roads or property, from entering or leaving the **residence premises**; or
 - (b) Block a ramp or other fixture designed to assist a handicapped person to enter or leave the dwelling building.

The \$500 limit is the most we will pay in any one loss, regardless of the number of fallen trees.

This coverage is additional insurance.

Paragraph 2. **Reasonable Repairs** is replaced by the following:

2. Reasonable Repairs

- a. We will pay the reasonable cost incurred by you for the necessary measures taken solely to protect covered property that is damaged by a Peril Insured Against from further damage.
- b. If the measures taken involve repair to other damaged property, we will only pay if that property is covered under this Policy and the damage is caused by a Peril Insured Against.
- c. Coverage provided under a. and b. does not:
 - (1) Increase the limit of liability that applies to the covered property; or
 - (2) Relieve you of your duties, in case of a loss to covered property, described in Section I — Conditions, 3.d. Duties After Loss; and

is limited to the greater of:

- (3) \$3,000; or
- (4) 1% of our 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.

The following Additional Coverage is added:

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 Section I — 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 **residence premises** is uninhabitable due to a loss caused by, resulting from, or consisting of **fungi**, wet or dry rot, or bacteria which is the direct result of a Peril Insured Against.

The coverage provided above is the only coverage under Section I — Coverage A — Dwelling, Coverage B — Other Structures, Coverage C — Personal Property and Coverage D — Loss Of Use for loss caused by, resulting from, or consisting of **fungi**, wet or dry rot, or bacteria caused directly or indirectly regardless of any other cause or event contributing concurrently or in any sequence.

- b. The amount in **a.** above is the most we will pay for the cost:
- (1) To remove **fungi**, wet or dry rot, or bacteria from covered property;
 - (2) To tear out and replace any part of the building or other covered property as needed to gain access to the **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 to covered property, not caused, in whole or in part, by **fungi**, wet or dry rot, or bacteria, loss payment will not be limited by the terms of this Additional Coverage, except to the extent that **fungi**, wet or dry rot, or bacteria causes an increase in the loss. Any such increase in the loss will be subject to the terms of this Additional Coverage.

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

SECTION I — PERILS INSURED AGAINST

Coverage A — Dwelling And Coverage B — Other Structures

Paragraph **3.e.** is replaced by the following:

- e. Constant or repeated discharge, seepage or leakage of water or the presence or condensation of humidity, moisture or vapor, over a period of weeks, months or years; or

Paragraph **3.f.(3)** is replaced by the following:

- (3) Smog, rust or other corrosion;

Coverage C — Personal Property

12. Accidental discharge or overflow of water or Steam

Paragraph **b.(4)** is replaced by the following:

- (4) Caused by constant or repeated seepage or leakage of water or the presence or condensation of humidity, moisture or vapor, over a period of weeks, months or years.

SECTION I — EXCLUSIONS

Paragraph **1.b. Earth Movement** is replaced by the following:

b. Earth Movement

Earth Movement means:

- (1) Earthquake, including land shock waves or tremors before, during or after a volcanic eruption;
- (2) Landslide, mudslide or mudflow;
- (3) Subsidence or sinkhole; or
- (4) Any other earth movement including earth sinking, rising or shifting.

This Exclusion **b.** applies regardless of whether any of the above, in **b.(1)** through **b.(4)**, is caused by an act of nature, an act of man or is otherwise caused.

However, direct loss by fire, explosion or theft resulting from any of the above, in **b.(1)** through **b.(4)** is covered.

Paragraph **1.c. Water** is replaced by the following:

c. Water

This means:

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

- (3) 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
- (4) waterborne material carried or otherwise moved by any of the water referred to in c.(1) through c.(3) of this Exclusion.

This Exclusion c. applies regardless of whether any of the above, in c.(1) through c.(4), is caused by an act of nature, an act of man or is otherwise caused.

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

However, direct loss by fire, explosion or theft resulting from any of the above, in c.(1) through c.(4), is covered.

Paragraph h. **Intentional Loss** is replaced by the following:

h. **Intentional Loss**

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

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

The following exclusion is added:

j. **Fungi, Wet or Dry Rot, or Bacteria**

Fungi, Wet or Dry Rot, or Bacteria means the presence, growth, proliferation, spread or any activity of **fungi, wet or dry rot, or bacteria** other than as provided in Additional Coverage 13. **Fungi, Wet or Dry Rot, or Bacteria**.

SECTION I — CONDITIONS

3. **Duties After Loss**

The following is added to the end of Paragraph h.:

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 the expiration of the commissioner's order.

4. **Loss Settlement**

Subparagraph b.(1) is replaced by the following:

- (1) Buildings covered 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:
 - (i) The limit of liability under this policy that applies to the building;
 - (ii) The replacement cost of that part of the building damaged with material of like kind and quality and for like use; or
 - (iii) The necessary amount actually spent to repair or replace the damaged building on the **residence premises** or some other premises within the State of North Carolina.

Paragraph 6. **Appraisal** is replaced by the following:

6. **Appraisal**

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

made by a judge of a court of record in the state where the **residence premises** is located. The appraisers will separately set the amount of loss. If the appraisers submit a written report of an agreement to us, the amount agreed upon will be the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will set the amount of loss. Each party will:

- a. Pay its own appraiser; and
- b. 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.

Paragraph 8. **Suit Against Us** is replaced by the following:

8. **Suit Against Us**

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

Paragraph 10. **Loss Payment** is replaced by the following:

10. **Loss Payment**

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

- a. Reaching an agreement with you;
- b. Entry of a final judgment; or
- c. The filing of an appraisal award with us.

SECTION II — EXCLUSIONS

1. **Motor Vehicle Liability**

Item **b.(2)** is replaced by the following:

- (2) used to service an **insured's** residence;

5. **Coverage E — Personal Liability And Coverage F — Medical Payments To Others**

Paragraph **a. Expected Or Intended Injury** is replaced by the following:

- a. **Expected Or Intended Injury**
Bodily injury or property damage which is intended by or which may

reasonably be expected to result from the intentional acts or omissions or criminal acts or omissions of one or more **insured** persons. This exclusion applies even if:

- (1) The **insured** persons lack the mental capacity to govern their own conduct;
- (2) The **bodily injury or property damage** is of a different kind, quality or degree than intended or reasonably expected; or
- (3) The **bodily injury or property damage** is sustained by a different person or entity than intended or reasonably expected.

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

If the Broadened Home-sharing Host Activities Coverage Endorsement is not made a part of this Policy, paragraph **b. Business** is replaced by the following:

b. **Business**

- (1) **Bodily injury or property damage** arising out of or in connection with a **business** engaged in by an **insured**.

This Exclusion **5.b.** applies but is not limited to an act or omission, regardless of its nature or circumstance, involving a service or duty rendered, promised, owed, or implied to be provided because of the nature of the **business**.

- (2) With respect to other than **home-sharing host activities**, this Exclusion **5.b.** does not apply to:
 - (a) The rental or holding for rental of an **insured location**:
 - (i) On an occasional basis if used only as a residence;
 - (ii) In part, for use only as a residence, unless a single-family unit is intended for use by the occupying family to lodge more than two roomers or boarders; or
 - (iii) In part, as an office, school, studio or private garage; and

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

If the Broadened Home-sharing Host Activities Coverage Endorsement is made a part of this Policy, Paragraph 5.b. "Business" is replaced by the following:

b. "Business"

- (1) **Bodily injury or property damage** arising out of or in connection with a **business** engaged in by an **insured**.

This Exclusion 5.b. applies but is not limited to an act or omission, regardless of its nature or circumstance, involving a service or duty rendered, promised, owed, or implied to be provided because of the nature of **business**.

- (2) This Exclusion 5.b. does not apply to:

- (a) **Home-sharing host activities**;
- (b) With respect to other than **Home-sharing host activities**:

- i. The rental or holding for rental of an **insured location**:
 - (i) On an occasional basis if used only as a residence;
 - (ii) In part, for use only as a residence, unless a single family unit is intended for use by the occupying family to lodge more than two roomers or boarders; or
 - (iii) In part, as an office, school, studio or private garage; and

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

The following exclusion is added:

i. Fungi, Wet Or Dry Rot, Or Bacteria

Bodily injury or property damage arising directly or indirectly, in whole or in part, out of the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of or presence of any **fungi, wet or dry rot, or bacteria**.

SECTIONS I AND II — CONDITIONS

Paragraph 5. **Assignment** is replaced by the following:

5. Assignment

- a. Assignment of this Policy will not be valid unless we give our written consent.
- b. The benefits of this Policy that may be available to you following a covered loss may not be assigned unless:
 - (1) All duties listed in Section I — Conditions, 3. Duties After Loss are performed by you, and;
 - (2) An inspection of the damage has been conducted by an adjuster authorized by us, or we give our written consent.

The following condition is added:

8. 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.

All other provisions of this Policy apply.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

OPTION BC — RENTED PERSONAL PROPERTY — NORTH CAROLINA

Subject to the Coverage C limit of liability that applies at the time of loss, Section I — Additional Coverage 10. Landlord's Furnishings, is extended as follows:

Description of Rented Unit*	Increase in Limit of Liability*	Total Limit of Liability*	Theft Coverage (check box)
1.	\$	\$	<input checked="" type="checkbox"/>
2.	\$	\$	<input type="checkbox"/>
3.	\$	\$	<input type="checkbox"/>

When Theft Coverage is checked off in the box above, the peril of Theft is added, but only applies when it is probable that the property has been stolen from a known location within a building on the **residence premises** and there is also visible evidence of forcible entry to or forcible exit from that building. This peril does not include loss caused by theft:

1. Committed by an **insured** or renter;
2. Committed by a **home-sharing occupant** if the Broadened Home-sharing Host Activities

Coverage Endorsement is not made a part of this policy; or

3. In or to a dwelling under construction, or of materials or supplies for use in the construction until the dwelling is finished and occupied.

* Entries may be left blank is shown elsewhere in this policy for this coverage.

All other provisions of this policy apply.

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OPTION ID — IDENTITY RECOVERY COVERAGE

ID THEFT CASE MANAGEMENT SERVICE AND EXPENSE REIMBURSEMENT

Service and coverage under this endorsement applies to any **insured** as defined in this policy.

DEFINITIONS

The following definitions are added with respect to this endorsement only:

1. “**ID Recovery Case Manager**” means a person assigned by us to help an **insured** to recover control over his or her personal identity (ID). This help may include contacting authorities, credit bureaus, creditors and businesses. Such contacts will take place with the permission and cooperation of the **insured**.
2. “**ID Theft**” means the fraudulent use of the Social Security number or other method of identifying an **insured**. This includes the fraudulent use of the personal identity of an insured to establish credit accounts, secure loans, enter into contracts or commit crimes.

ID theft does not include the fraudulent use of a business name, d/b/a or any other method of identifying a business activity.

ID theft does not include the unauthorized use of a valid credit card, credit account or bank account. However, **ID theft** does include the fraudulent alteration of account profile information, such as the address to which statements are sent.

3. “**ID Theft Expenses**” means any of the following when they are reasonable and necessary expenses that are incurred in the United States or Canada as a direct result of an ID theft.
 - a. Costs for re-filing applications for loans, grants or other credit instruments.
 - b. Costs for notarizing affidavits or other similar documents, long distance telephone calls and postage.
 - c. Costs for up to 12 credit reports from established credit bureaus dated within 12 months after discovery of the **ID theft**.
 - d. Fees and expenses for an attorney approved by us for the following.
 - (1) The defense of any civil suit brought against an **insured** by a creditor or entity acting on behalf of a creditor for non-payment of goods or services or default on a loan.
 - (2) The removal of any civil judgment wrongfully entered against an **insured**.
 - e. Actual lost wages of the **insured** for time reasonably and necessarily taken away from work and away from the work premises. Time away from work includes partial or whole work days. Actual lost wages may include payment for vacation days, discretionary days, floating holidays and paid personal days. Actual lost wages does not include sick days or any loss arising from time taken away from self employment. Necessary time off does not include time off to do tasks that could reasonably have been done during non-working hours.
 - f. Actual costs for supervision of children or elderly or infirm relatives or dependants of the **insured** during time reasonably and necessarily taken away from such supervision. Such care must be provided by a professional care provider who is not a relative of the **insured**.

The following Additional Coverage is added under **Section I**:

IDENTITY RECOVERY COVERAGE

We will provide the Case Management Service and Expense Reimbursement Coverage indicated below if all of the following requirements are met.

1. There has been an **ID theft** involving the personal identity of an **insured** under this policy; and
2. Such **ID theft** is first discovered by the **insured** during the policy period for which this Identity Recovery coverage is applicable; and
3. Such **ID theft** is reported to us within 60 days after it is first discovered by you.

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If all three of the requirements listed above have been met, then we will provide the following to the **insured**:

1. Case Management Service

Services of an **ID recovery case manager** as needed to respond to the **ID theft**.

2. Expense Reimbursement

Reimbursement of necessary and reasonable **ID theft expenses** incurred as a direct result of the **ID theft**.

This coverage is additional insurance.

LIMITS

Case Management Service is available as needed for any one **ID theft** for up to 12 months in a row from the inception of the service. Expenses we incur to provide Case Management Service do not reduce the amount of limit available for Expense Reimbursement coverage.

Expense Reimbursement coverage is subject to a limit of \$25,000 annual aggregate per **insured**. This limit is the most we will pay for the total of all loss or expense arising out of all **ID thefts** to any one **insured** which are first discovered by the **insured** during the present annual policy period. This limit applies regardless of the number of claims during that period.

An **ID theft** may be first discovered by the **insured** in one policy period and continue into other policy periods. If so, all loss and expense arising from such **ID theft** will be subject to the aggregate limit applicable to the policy period when the **ID theft** was first discovered by the **insured**.

Coverage for legal costs is found under item **d.** of the definition of **ID theft expenses**. Such legal costs are part of, and not in addition to, the Expense Reimbursement coverage limit.

Item **e.** Lost Wages and item **f.** Child and Elder Care Expenses of the definition of **ID theft expenses** are jointly subject to a sub-limit of \$250 per day, not to exceed \$5,000 in total. This sub-limit is part of, and not in addition to, the Expense Reimbursement coverage limit. Coverage is limited to wages lost and expenses incurred within 12 months after the first discovery of the **ID theft** by the **insured**.

DEDUCTIBLE

Case Management Service is not subject to a deductible.

Expense Reimbursement coverage is subject to a deductible as shown on your Declarations page. You shall be responsible for only one deductible under this endorsement during any one policy period.

EXCLUSIONS

The following additional exclusions apply to this coverage. These exclusions apply to both Case Management Service and Expense Reimbursement.

We do not cover loss or expense arising from any of the following.

1. The theft of a professional or business identity.
2. Any fraudulent, dishonest or criminal act by an **insured**. This includes any such act by a person aiding or abetting an **insured**. This also includes any such act by an authorized representative of an **insured**. In all these cases, it does not matter whether the individual is acting alone or in collusion with others.
3. Loss other than **ID theft expenses**. Account balances which arise out of fraudulent charges would be one example of loss other than **ID theft expenses**.
4. An **ID theft** first discovered by the **insured** prior to or after the period for which this coverage applies. This exclusion applies whether or not such **ID theft** began or continued during the period of coverage.
5. An **ID theft** that is not reported to us within 60 days after it is first discovered by the **insured**.
6. An **ID theft** that is not reported in writing to the police.

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CONDITIONS

The following additional Conditions apply to this coverage.

A. Assistance and Claims

If you have questions or need help, please call the **ID Recovery Help Line** at **1 (800) 631-9073**.

The **ID Recovery Help Line** is available to provide you with the following.

1. Information on how to respond to a possible **ID theft**.
2. Instructions for how to submit a service request for Case Management Service and/or a claim form for Expense Reimbursement Coverage.

In some cases, we may provide Case Management services at our expense to an **insured** prior to a determination that a covered **identity theft** has occurred. Our provision of such services is not an admission of liability under the policy. We reserve the right to deny further coverage or service if, after investigation, we determine that a covered **identity theft** has not occurred.

As respects Expense Reimbursement Coverage, you must send to us receipts, bills or other records that support your claim for **ID theft expenses**. Such records must be sent to us within 60 days after our request.

B. Computer Security

Each **insured** has the responsibility to use and maintain security for his or her computer system. This includes the use of personal firewalls and anti-virus software. This also includes the proper disposal of used hard drives.

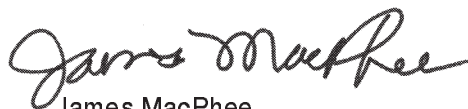
C. Services

The following conditions apply as respects any services provided by us or our designees to you or any **insured** under this endorsement.

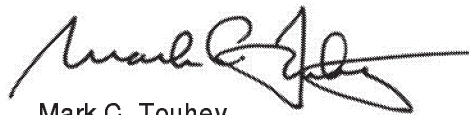
1. Our ability to provide helpful services in the event of an **ID theft** depends on your cooperation, permission and assistance.
2. All services may not be available or applicable to all individuals. For example, **insureds** who are minors or foreign nationals may not have credit records that can be provided or monitored. Service in Canada will be different from service in the United States and Puerto Rico in accordance with local conditions.
3. We do not warrant that our services will end or solve all problems associated with an **ID theft**. We do not warrant that our services will prevent future **ID thefts**.

All other provisions of this policy apply.

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

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