

## FARMERS MUTUAL INSURANCE ASSOCIATION

PLEASE READ THIS ENDORSEMENT CAREFULLY, AS IT MODIFIES THE POLICY.

### MS-2 AMENDATORY

With respect to the coverage provided by this endorsement, **your** policy is amended as indicated.

#### DEFINITIONS

The following Definitions are added:

14. **Vermin** means an animal of a type that is prone to enter or burrow into or under a structure to seek food and shelter, including their waste and odors. **Vermin** includes but is not limited to:
  - a. armadillos;
  - b. bats;
  - c. opossums;
  - d. porcupines;
  - e. raccoons;
  - f. skunks;
  - g. snakes;
  - h. squirrels; or
  - i. woodchucks.
15. **Smog** means a fog or a haze combined with smoke or other atmospheric **pollutant**; this includes but is not limited to:
  - a. Smoke from agricultural or industrial operations;
  - b. smoke from wildfires or forest fires; and
  - c. exhaust fumes from machinery or automobiles.

#### PROPERTY DAMAGES

Under **Coverage C – Personal Property**, paragraph 4. Limitations on Certain Property is amended to include the following:

- o. \$250 on loss involving virtual currency of any kind, by whatever name known, whether actual or fictitious, including but not limited to, digital currency, crypto currency or any other type of electronic currency. Virtual currency means a virtual or digital representation of value that is not issued by a central bank or public authority, but may be accepted as a means of payment and can be transferred, stored or traded electronically.

Under **Additional Property Coverages**, paragraph 3. Fire Department Mutual Aid Charge is deleted and replaced with the following:

3. Fire Department Mutual Aid Charge – We will pay up to \$1,000 per loss to fire departments located outside the fire protection tax district or jurisdiction of where the loss occurs and/or neighbors who help out when their assistance is necessary to protect or save insured property from a peril we insure against.

#### EXCLUSIONS THAT APPLY TO ALL COVERAGES

Exclusion 5. Water Damage is deleted and replaced with the following:

5. Water Damage – We do not pay for loss which results from:
  - a. flood, surface water, waves, tidal water, or overflow of a body of water or spray, all whether wind driven by wind or not;
  - b. water which backs up through sewers and drains or which overflows from a sump, waste holding facility, septic tank or rain gutter system; or

- c. water below the surface of the ground. This includes water which exerts pressure on, or seeps or leaks through or into a building sidewalk, driveway, foundation, basement, crawl space, swimming pool, pit or other structure.

We do pay for direct loss caused by fire, explosion (other than volcanic explosion), and theft resulting from water damage.

#### 14. Cannabis and illegal drugs

**We** do not cover:

- a. **Cannabis or illegal drugs** in any form or quantity. However, this does not apply to:
  - 1) **Hemp**; or
  - 2) **Cannabis** owned or possessed by **you**:
    - a) In accordance with the laws of the state, district, or territory in which the loss or damage occurs; and
    - b) In connection with the lawful order of a licensed healthcare professional.
- b. **Cannabis** plants.
- c. **Cannabis activity or illegal drug activity** performed by or at the direction of any:

- 1) **Insured**; or
- 2) Roomer, boarder, or other tenant of any **Insured premises**.

This exclusion applies, but is not limited, to loss arising out of any material that escapes, leaches, leaks, migrates, or seeps, or is discharged, dispersed, disposed of, emitted, produced, released, or spilled, as a result of **cannabis activity or illegal drug activity**.

This exclusion does not apply to direct loss to covered property caused by the disposal, possession, or storage of **hemp**.

To the extent that this policy provides coverage for loss caused by fire or explosion, this exclusion does not apply to direct loss to covered property caused by a fire or explosion resulting from **cannabis activity or illegal drug activity**.

This exclusion applies even if **cannabis** is legal in the state, district, or territory in which this policy was issued or the loss, injury, or damage occurs.

For the purpose of this exclusion, the following definitions are added:

- a. **Cannabis** means:
  - 1) Marihuana, as defined by the Federal Food and Drug Law at 21 U.S.C. Section 802, including any amendments;
  - 2) Any material containing tetrahydrocannabinol (THC), whether natural or synthetic; or
  - 3) Any material, good, or product taken from, containing, or made from material described in item 1) or 2) above.
- b. **Cannabis activity** means any activity that involves the cultivation, delivery, disposal, distribution, furnishing, handling, labeling, manufacture, packaging, possession, processing, production, sale, serving, storage, testing, trading, or transfer of **cannabis** in any form.
- c. **Illegal drugs** means:
  - 1) Any drug that is not prescribed by a medical professional or available over the counter for public use.
  - 2) Any controlled substance that is prohibited or restricted by law for possession, use, sale, or production in the state, district, or territory in which this policy was issued, including but not limited to: Narcotics, stimulants, hallucinogens, and depressants.
- d. **Illegal drug activity** means any activity that involves the cultivation, delivery, disposal, distribution, furnishing, handling, labeling, manufacture, packaging, possession, processing, production, sale, serving, storage, testing, trading, or transfer of **illegal drugs** in any form.
- e. **Hemp** means any **cannabis** material, good, or product that:
  - 1) Has a THC concentration at the time of the loss or damage that is within the legal limit permitted for “hemp” under federal law; and
  - 2) Is not illegal or prohibited at the time of the loss or damage under any applicable federal, state, or local law or regulation.

## HOW MUCH WE PAY FOR LOSS OR CLAIM

Paragraph 2. Deductible is deleted and replaced with the following:

2. Deductible – This applies to all coverages provided by this policy except Emergency Removal, and Fire Extinguisher Discharge and **Credit or Debit Card** coverage. It applies to all perils insured against unless otherwise shown.

**We** pay that part of the covered loss over the deductible. Loss from each occurrence to insured property shall be adjusted separately and the policy deductible shown in **your** declarations, if any, shall be deducted from the amount of the adjusted loss or the limit of insurance stated in **your** policy declarations, whichever is less. The deductible applies per loss and separately at each covered location. When a loss affects two or more items at the same location with different deductible amounts, the highest deductible amount applies.

Paragraph 4. Loss Settlement is deleted and replaced with the following:

4. Loss Settlement- Subject to the terms shown above, we will settle all property losses according to the Actual Cash Value terms.

Actual Cash Value Terms – Subject to the deductible and other limitations that may apply, we pay the lesser of the following amounts:

- a. the cost to repair or replace the property with materials of like kind and quality to the extent practical, less depreciation;
- b. the actual cash value of the property at the time of the loss;
- c. the limit for this coverage; or
- d. your insurable interest in the property at the time of the loss.

In determining the actual cash value, we will take into consideration factors that include, but are not limited to:

- a. replacement cost at the time of the loss less depreciation;
- b. the market value of the property at the time of the loss; and
- c. any other relevant information helpful in determining the actual cash value.

Depreciation means a reduction in value of the covered property as the result of wear and tear, age, or obsolescence. Depreciation applies to labor and materials.