

GENERAL POLICY TERMS

**READ THIS ENTIRE POLICY CAREFULLY
IT IS A LEGAL CONTRACT**

AGREEMENT

We agree to provide insurance, subject to all of the **terms** of this policy. In return, **you** must pay the required premium. Each principal coverage described in this policy applies only if a **limit** is shown on the Declarations for that coverage.

DEFINITIONS

1. The words **you** and **your** mean the person or persons named on the Declarations and **your** spouse if a resident of **your** household. **We, us** and **our** mean the company providing this insurance.
2. **Business** means a trade, a profession or an occupation, other than farming, all whether full or part time, and includes any activities likely or expected to produce an annualized gross income exceeding \$2,000. This includes the rental of property to others. It does not include the occasional rental for residential purposes of the part of the **insured premises** normally occupied solely by **your** household.

Business includes services regularly provided by an insured for the care of others and for which an **insured** is compensated. A mutual exchange of like services is not considered compensation. **Business** does not include:
 - a. the incidental activities that are usually performed by minors; or
 - b. care for others done by an **insured** for a relative of an **insured**.
3. **Credit card** means a card, plate, coupon book or other credit device existing for the purpose of obtaining money, property, labor or services on credit. This includes debit cards or fund transfer cards used to deposit, withdraw or transfer funds.
4. **Insured** means:
 - a. **you**;
 - b. **your** relatives if residents of **your** household
 - c. persons under the age of 21 in **your** care or in the care of **your** resident relatives; and
 - d. **your** legal representatives if **you** die while **insured** by this policy. This person is an **insured** only with respect to insurance on covered property. An **insured** at the time of your death remains an **insured** while residing on the **insured premises**.
5. **Insured premises** means all farm or residential locations described and listed on the property declaration page.
6. **Motor vehicle** means a **motorized vehicle**, a trailer or a semi-trailer, and all attached machinery or equipment and parts, if:
 - a. it is subject to **motor vehicle** registration; or
 - b. it is or was designed for use on public roads.
7. **Recreational Motor Vehicle** means a golf cart, snowmobile, two or three wheel motorcycle, motor scooters, moped, dirt bike, or all terrain vehicles used for either utility or recreational use. This definition also includes all attached equipment or equipment specifically designed to be used with the vehicle and spare parts.
8. **Motorized vehicle** means a self-propelled land or amphibious vehicle, regardless of method of surface contact. This includes snowmobiles, all terrain vehicles, motorcycles, mopeds, motor homes, or dirt bikes and their equipment, tires and parts. A watercraft, camper, or utility trailer is not a **motorized vehicle**.

This does not include:

- a) Vehicles that are designed and used to assist the handicapped and are not required to be licensed for road use or
- b) Farm Implements or Farm Machinery.

- 9. **Limit** means the amount of coverage that applies.
- 10. **Residence** means a one – to four family house or a one - to two family mobile home.
- 11. **Terms** means all provisions, limitations, exclusions, conditions, and definitions used in this policy.
- 12. **Property Damage** means actual and measurable damage or destruction to tangible property. It does not include diminution of value, loss of use or interruption.
- 13. **Pollutant** means:
 - a. any solid, liquid, gaseous, thermal, air born, or radioactive irritant or contaminant, including acids, alkalis, chemicals, fumes, smoke, soot, vapor, animal by-products and waste. Waste includes materials to be recycled, reclaimed, or reconditioned, as well as disposed of.
 - b. electrical or magnetic emissions, whether visible or invisible and sound emissions.

PROPERTY DAMAGES

PRINCIPAL PROPERTY COVERAGES

Each Principal Property Coverage applies only if a **limit** is shown on the declarations.

Coverage A – Residence – We cover the residence on the insured premises. This includes additions and built-in components, fixtures and building materials and supplies located on the insured

premises for use in construction of or to the residence.

We do not cover land, including the land on which the property is located, underground water or surface water.

We do not cover:

- 1. Outdoor antennas and satellite dishes;
- 2. Private power, light or electric poles;
- 3. Trees, plants, shrubs or lawns; or
- 4. Submersible pumps and motors.

Coverage C – Personal Property

- 1. **We cover personal property owned by or in the care of an insured.** Coverages for personal property that is usually on the **residential premises** but is temporarily away from the **residential premises** is limited to 10 percent of the Coverage C **limit**.
- 2. **We cover personal property in a newly acquired principal residence.** The full Coverage C limit applies for 30 days from the date **you** begin to move. After 30 days, coverage for personal property in a newly acquired principal **residence** is limited to 10 percent of the Coverage C **limit**. This coverage does not extend past the date on which the policy expires or the date on which the policy is terminated.
- 3. **At your option, personal property owned by a guest or a domestic employee is covered while it is in that part of the residence occupied by an insured.**
- 4. **Limitations on Certain Property – The special limits shown below do not increase the Coverage C limit.** The **limit** for each class is the total **limit** for each insured loss of all items in that class.
 - a. \$250 on money, bank notes, bullion, gold other than goldware and gold-plated ware, silver other than silverware and silver-plated ware, platinum and numismatic property.

- b. \$500 for loss to recreational motor vehicles, including parts and accessories.
 - c. \$1500 on securities, stamps, philatelic property, bills, letters of credit, notes other than bank notes, tickets, accounts, deeds, evidence of debt, passports and manuscripts.

This **limit** includes the cost to research, replace or restore the information from the lost or damaged material.
 - d. \$1500 for loss by theft of jewelry, watches, precious and semiprecious stones, gems and furs.
 - e. \$2500 for loss by theft of silverware, goldware, pewterware and items plated with gold or silver.
 - f. \$2000 for loss by theft of guns and items related to guns.
 - g. \$1000 for loss to watercraft including their trailers, furnishings, equipment, motors or hoists.
 - h. \$1000 on utility trailers, not otherwise provided for.
 - i. **business** property, other than farm personal property, up to the amounts shown below:
 - 1) \$2500 while on the **insured premises**; and
 - 2) \$250 while away from the **insured premise**.
 - j. \$250 for outdoor antennas, including satellite or dish type, mast, tower or stick and their accessories.
 - k. \$250 for loss of tapes, discs, records, or similar instruments while in or upon a **motor vehicle, motorized vehicle, recreational vehicle, watercraft or farm machinery or while away from the insured premises**.
 - l. \$1000 for loss to electronic apparatus or accessories, including scanners, monitors, receivers, data recording equipment, global positioning systems, cell phones, telephones, radios, radar detectors, computers, modems, software or other media and accessories for use with such apparatus, while in or upon a **motor vehicle, recreational motor vehicle, motorized vehicle, farm machinery or watercraft or while away from the insured premises**.

This **limit** does not apply to items temporarily located in any school dormitory or residence facility occupied by an **insured** while the **insured** is attending classes at that school.
 - m. \$2500 for loss by theft of saddlery, tack, harness or horse drawn items.
 - n. \$1500 for loss to cemetery markers, headstones and urns.
5. Personal Property Not Covered – We do not cover:
- a. Articles separately insured by this or any other policy;
 - b. animals, insects, birds, reptiles or fish;
 - c. **motorized vehicles** unless used only to service the **insured premises** and not required to be licensed for road use. This exclusion includes:
 - 1) Their equipment and accessories; or
 - 2) parts or equipment designed to be used on any **motorized vehicle**.
 - d. aircraft, including their parts and equipment except hobby or model aircraft not used or designed to carry people or cargo;

- e. property of roomers, boarders and other tenants who are not **insured**;
- f. property contained in a **residence** regularly rented or held for rental to others;
- g. property rented or held for rental to others;
- h. loss that results from **credit or debit cards** except as provided under Additional Coverages;
- i. campers, pick-up toppers or covers;
- j. trees, plants, shrubs or lawns;
- k. farm personal property; or
- l. personal property permanently located in any seasonal or secondary residence.

Coverage D – Additional Living Costs and Loss of Rent Coverage – When an amount is shown on the declarations for Coverage D, **we** pay up to that limit for the necessary and reasonable increase in living costs **you** incur to maintain the normal standard of living of **your** household if a part of the **insured premises** is made unfit for use by an **insured loss**. **We** do not pay for additional living costs when electrical power is disrupted and the primary cause of the disruption is off the **insured premises**. **We** pay only for the period of time reasonably required to make the **insured premises** fit for use or to settle **your** household in new quarters, whichever is less. This period of time is not limited by the policy period.

We pay up to limit shown for Coverage D for the rent **you** lose or the fair rental value if the part of the **residence** rented or held for rental to others is made unfit for use by an **insured loss**. **We** only pay for the period of time reasonably required to make the **residence** fit for use. Loss of rent is the amount **you** would have received less the charges and expenses that do not continue while the **residence** is unfit for use. This period of time is no limited by the policy period.

We pay your additional living costs and loss of rent for up to two weeks if the premises next to the **insured premises** is damaged from a peril insured against by this policy and **you** may not by order of civil authority, use the **insured premises**. This is not limited by the policy period.

If **you** are not the owner of the described premises, **we** pay up to 40% of the Coverage C limit for Additional Living Costs.

We do not pay for loss of rent or costs due to the cancellation of a lease or an agreement.

We will pay no more than 20% of the Coverage D Limit for any 30 day period the dwelling is unfit to live in due to an **insured loss**.

Coverage E – Farm Personal Property – This coverage (provided only when a limit and a premium are shown for the coverage on Declarations) is described in the farm forms attached to this policy.

Coverage F – Farm Structures – This coverage (provided only when a limit and a premium are shown for the coverage on the Declarations) is described in the farm forms attached to this policy.

Additional Property Coverages

This policy provides the following Additional Property Coverages. They are subject to all of the terms of the applicable principal coverages. These coverages provide additional insurance unless otherwise stated.

1. **Emergency Removal** – This coverage does not increase the limits shown for the property being removed. **We** pay for loss to property covered under Coverages A or C that is moved from a premises to prevent a loss from perils **insured** against. The property is covered for direct physical loss not excluded, for up to 30 days. This does not extend past the date on which this policy expires.
2. **Tenants Improvements and Betterment** – If **you** are a tenant, **we** pay up to 10 percent of the Coverage C limit for loss by perils insured against to improvements made or acquired at **your** expense to the dwelling or related private structures located on the **insured premises**. This coverage does not apply to any farm or commercial structure.

3. **Fire Department Mutual Aid Charge – We** will pay up to \$500 per loss to fire departments located outside the fire protection tax district or jurisdiction of where the loss occurs when their assistance is necessary to protect or save insured property from a peril we insure against.

4. **Credit or Debit Card, Forgery and Counterfeit Money – We** pay up to \$1000 if an insured:

- a. by law must pay for the unauthorized use of **credit cards** issued or registered in the name of the insured;
- b. has a loss when checks, drafts, notes or negotiable instruments are forged or altered; or
- c. accepts in good faith counterfeit United States or Canadian paper money.

We do pay for loss if:

- a. the insured has not complied with the rules under which the **credit card** was issued.
- b. the loss is caused by the dishonesty of an insured;
- c. the loss results from the **business** of an insured; or
- d. the loss occurs while a person who is not an insured has the **credit card** with the consent of the insured.

5. **Debris Removal – Coverage A, B and C – We** pay to remove debris off covered property after an insured loss. The cost to remove debris off covered property is included in the amount of insurance applying to the structure damaged. The cost to remove debris is not an additional amount of insurance.

- a. extract **pollutants** from land or water,
- b. remove, restore or replace polluted land or water; or
- c. landscape.

We also pay up to \$500 to remove fallen trees which cause damage to property covered under Coverages A, B and C if:

- a. the falling of the tree is caused by any of the perils that apply to Coverage C; and
- b. coverage is not provided elsewhere by this policy.

6. **Collapse – We** pay for direct physical loss to property covered under dwelling coverage, Coverage A, involving the collapse of a dwelling or a part of a dwelling caused by the following:

- a. any of the perils insured against that apply to this policy;
- b. hidden insect or vermin damage or hidden decay;
- c. weight of contents or people;
- d. weight of rain, sleet or snow which collects on a roof; or
- e. the use of defective materials or methods in construction or repair if the collapse occurs during the course of construction or repair.

Under b. through e. above, unless the loss is the direct result of the collapse of a dwelling, we do not pay for loss to awnings; swimming pools; fences; patios; walks; paved areas; roadways; retaining walls; bulkheads; foundations; wharves; docks; piers; underground pipes, flues and drains; cesspools; and septic tanks.

Collapse does not mean settling, cracking, shrinking, bulging, or expanding. This coverage does not increase the **limits** shown for the property covered.

Unless added by special endorsement, damage to farm service buildings, Coverage F, are not covered for collapse coverage.

7. **Fire Extinguisher Discharge – You** may extend the insurance provided by this policy to cover the recharge or replacement of fire extinguishers that discharge accidentally or are used to extinguish a fire on the **insured premises**.

The most we will pay under this additional coverage is \$200 per year. A \$50 deductible applies to this coverage unless coincidental

with a covered loss, in which case the policy deductible will apply.

8. **Glass Breakage – We** cover breakage of glass that is a part of a **residence**. **We** do not pay for loss if **residence** is vacant for more than 30 consecutive days prior to the loss. A **residence** being built is not considered vacant.

OPTIONAL COVERAGES

These coverages are provided only when a **limit** is shown for that particular coverage on the Declarations.

1. **Fire Department Service Charge – We** will pay up to the amount shown on the Declarations for service charges made to **you** by the fire department responsible for the fire protection of **your** insured property from a Peril **we** insure against. Payments are in addition to the amount of insurance applying to the loss.
2. **Submersible Motors for Well Pumps – We** will pay up to the amount shown on the Declarations for sudden and direct physical loss caused by fire, windstorm, lightning, and explosion to submersible water well pump motors located on the **insured premises**. If **you** have more than one submersible well pump on the **insured premises**, our **limit** will be divided evenly between the total number of submersible well pump motors on the **insured premises**.
3. **Coverage B – Related Private Structures – We** cover buildings or structures that are within 200 feet of the **residence** if they are not scheduled and are used to service the **residence**. **We** also cover residential fences and other permanently installed outdoor fixtures that are within 200 feet of the **residence** covered under Coverage A. **Our limit** for Coverage B is indicated on the Declarations for this coverage.

We do not cover:

- a. land, including land on which the covered property is located, underground water, or surface water.
- b. barns, farm storage buildings, windmills, farm fences, gates or other structures designed or used for farming purposes.
- c. other structures designed or used for **business** purposes other than farming. However, this does not apply to structures:
 - 1) rented to a tenant of the **residence** on the **insured premises** and not used for **business**; or
 - 2) used solely for private garage purposes.
- d. trees, plants, shrubs, lawns; private power light or electric poles; telephone poles; wells or well pumps and motors; irrigation systems; or outdoor antennas or dishes unless covered elsewhere in this policy.

EXCLUSIONS THAT APPLY TO ALL COVERAGES

We do not pay for loss if one or more of the following exclusions apply to the loss, regardless of other causes or events that contribute to or aggravate the loss, whether such causes or event act to produce the loss before, at the same time as, or after the excluded causes or events.

1. **Ordinance or Law – We** do not pay for loss or increased cost which results from the enforcement of a code, ordinance, or law which regulates the use, construction, repair or demolition of property. When breakage of glass is covered, **we** pay to replace the damaged glass with safety glazing materials if required by code, ordinance or law.
2. **Earth Movement – We** do not pay for loss which results from earth movement whether earth movement results from the

natural or artificial causes. Earth movement includes but is not limited to:

- a. earthquake;
- b. landslide, subsidence, erosion;
- c. mudflow;
- d. earth sinking, rising, shifting, expanding or contracting; or
- e. volcanic explosion. Volcanic explosion does not include Volcanic Action as defined under Perils Insured Against.

We do pay for direct loss caused by fire, explosion and theft resulting from earth movement.

3. **Intentional Acts** – We do not pay for loss which results from an act committed by or at the direction of an insured.
4. **Business Interruption and Extra Expense** – We do not pay for loss which results from interruption or extra expense of any business or farming operation.
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 driven by wind or not;
 - b. water which backs up through sewers or 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.
 - d. water which backs up or seeps under or around shingles or other roofing materials.

We do pay for direct loss caused by fire, explosion (other than a volcanic explosion), and theft resulting from water damage.
6. **Civil Authority** – We do not pay for loss which results from order of civil authority,

except as provided under Coverage D. We do pay for loss which results from acts of a civil authority to prevent the spread of fire. We do not pay if the fire was caused by an excluded peril.

7. **Nuclear Hazard** – We do not pay for loss which results from nuclear reaction, nuclear radiation or radioactive contamination (whether controlled or uncontrolled; whether caused by, contributed to or aggravated by a peril insured against and whether caused by natural, accidental or artificial means). Loss caused by nuclear hazard is not considered loss caused by fire, explosion or smoke. Direct loss by fire resulting from the nuclear hazard is covered.
8. **War** – We do not pay for loss which results from declared or undeclared war, civil war, insurrection, rebellion, revolution, warlike act by a military force or military personnel, or destruction, seizure or use of property for a military purpose. It includes the consequences of these. Discharge of a nuclear weapon is deemed an act of war even if it is accidental.
9. **Neglect** – We do not pay for loss which results from the neglect of an insured to use all reasonable means to save and preserve covered property at and after the time of loss.
10. **Wear and Tear** – We do not pay for loss which results from wear and tear, marring, deterioration, inherent vice, latent defect, mechanical breakdown, rust, wet or dry rot, corrosion, mold, contamination or smog. We do pay for an ensuing loss unless the ensuing loss is not covered or excluded.
11. **Power Disruption** – We do not pay for loss (including Additional Living Expense) which results from the disruption of power or other utility service, whether or not it is caused by a peril insured against, if the primary cause of the disruption is not on the insured premises.

We do pay for direct loss by a peril insured against when the cause of the loss occurs on the **insured premises**. Power to the **insured premises** must be available at and during the time of loss for this coverage to exist.

12. Errors, Omissions, Defects or Maintenance – **We** do not pay for loss which results from one or more of the following:

- a. an act, error or omission, fault, defect, or inadequate (negligent or not) use of:
 - 1) land;
 - 2) the design, specification, construction, workmanship, or installation of property;
 - 3) planning, development, zoning, surveying, siting, grading, compaction, or
 - 4) proper or improper maintenance.
- b. a defect, a weakness, the inadequacy, a fault or unsoundness in materials or procedure used in construction, repair or maintenance, whether on or off the **insured premises**.

We do pay for an ensuing loss unless the ensuing loss itself is excluded or not covered.

13. Electronic Programming – **We** do not pay for any loss caused directly or indirectly by:

- a. incorrect, outdated or obsolete programming of software, operating systems, chip, circuit board or program;
- b. any computer viruses or command that causes damage to the computer; or
- c. improperly installed or applied software.

We do pay for an ensuing loss unless the ensuing loss itself is excluded or not covered.

HOW MUCH WE PAY FOR LOSS OR CLAIM

1. **Our Limit** – Subject to the deductible or other limitation that applies, **we** pay the lesser of:
 - a. the **limit** that applies;
 - b. **your** insurable interest in the property; or
 - c. the amount determined under the applicable Loss Settlement Provisions.

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. 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.

3. **Loss to a Pair or Set** – If there is a loss to an item that is part of a pair or set, **we** pay only:
 - a. to replace or repair the item; or
 - b. the difference in actual cash value of the pair or set just before the loss and the actual cash value just after the loss.

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 – Actual Cash Value includes a deduction for depreciation, however caused. Subject to the deductible and other limitations that may apply, **we** pay the lesser of the smallest of the following amounts:

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

5. **Insurance Under More than One Coverage** – If more than one coverage of this policy insures the same loss, **we** pay no more than the actual loss. Scheduled insurance will be primary over unscheduled insurance.

6. **Insurance Under More Than One Policy** – This policy is excess over any other collectible insurance.

If there is other insurance that applies to the loss, **we** pay **our** pro rata share of the loss. **Our** share is that part of the loss that the **limit** or Actual Cash Value, whichever is less, bears to the total amount of insurance that applies to the loss.

7. **Restoration of Limits** – Each loss **we** pay under this policy does not reduce the limits available over the policy **term** unless an aggregate **limit** is stated.

WHAT YOU MUST DO IN CASE OF A LOSS

1. **Notice** – in case of a loss, **you** must:
- a. give **us** or your agent prompt notice (**We** may request written notice);
 - b. give prompt notice to the police or sheriff that will permit a investigation when the act that causes the loss is a crime; and
 - c. give prompt notice to the **credit card** company if the loss involves a **credit card**.

The notice to **us** must state:

- a. the name of the **insured**, the policy number and the time, place and the details of the loss; and

- b. provide all other relevant information concerning the claim to **us** or **our** agent.

Losses reported to **us** one year or more after the date of loss will not be considered prompt notice of loss to **us**.

2. **Cooperation** – **You** must cooperate with **us** in performing all acts required by this policy.

3. **Volunteer Payments** – **You** must not make payments, pay or offer rewards or assume obligations or other costs, except at **your** own cost. This does not apply to costs that are allowed by this policy.

4. **Other Duties**

- a. The **insured** must take all reasonable steps to protect covered property at and after an insured loss to avoid further loss. **We** will pay the reasonable costs incurred by **you** for necessary repairs or emergency measures performed solely to protect covered property from further damage by a peril insured against if a peril insured against has already caused a loss to covered property. The **insured** must keep an accurate record of such costs. However, **we** will not pay for such repairs or emergency measures performed on property which has not been damaged by a peril insured against. This does not increase our **limit**.
- b. The **insured** must give to **us** a statement of loss (under oath if **we** request) within 60 days after the loss.
- c. At **our** request the **insured** must:
 - 1) give **us** a proof of loss, within 60 days after **our** request, that shows:
 - a) the time, place and the details of the loss;
 - b) the interest of the insured and of all others in

- the property. This includes all mortgages and liens;
- c) other policies that may cover the loss;
 - d) changes in title or use;
 - e) available plans and specifications of buildings;
 - f) detailed estimates for repair; and
 - g) in detail, the quantity, description, cost, amount of loss and actual cash value of the personal property involved in the loss. The insured must give us copies of all bills, receipts and related documents to confirm these.
- 2) submit to examination under oath in matters that relate to the loss or claim as often as **we** reasonably request. If more than one person is examined, **we** have the right to examine and receive statements separately from each person and not in the presence of the others.
 - 3) show the damaged property as often as **we** reasonably request.
 - 4) show records, including tax returns and bank records of all cancelled checks that relate to the value, loss and costs, and permit copies to be made of them as often as **we** reasonably request.
 - 5) permit **us** to take samples of damaged property for inspection, testing, and analysis.
 - 6) assist **us** to enforce the right of recovery which the **insured** may have against a party causing the loss.
 - 7) show records that prove loss of rents and show receipts for additional living costs; and
 - 8) submit evidence or affidavit supporting a claim under **Credit Card, Forgery and Counterfeit Money Coverage** stating the amount and cause of loss.

OUR PAYMENT OF LOSS

1. **Your Property – We** adjust each loss with **you**. **We** pay an insured loss within 60 days after an acceptable proof of loss is received and the amount of loss is agreed to in writing. If **you** and **we** do not agree, **we** pay within 60 days after the filing of an appraisal award with **us**. Payment is made to **you** unless payee is named.
2. **Additional Living Costs –** If the **insured premises** is made unfit for use for more than one month, covered costs are paid on a monthly basis. **You** must give us proof of such costs.
3. **Damage to Personal Property of Others –** at **our** option, an insured loss may be adjusted with and paid:
 - a. to **you** on behalf of the owner; or
 - b. to the owner, if **we** pay the owners, **we** do not have to pay the **insured**.
4. **Our Options – We** may:
 - a. pay the loss in money; or
 - b. rebuild, repair or replace the property. **We** must give **you** notice of **our** intent to do so within 60 days after **we** receive an acceptable proof of loss.

We may take all or part of the damaged property at the agreed or appraised value. Property paid for or replaced by **us** becomes **ours**.

POLICY CONDITIONS

1. **Assignment –** This policy may not be assigned without our written consent.
2. **Cancellation and Nonrenewal – You** may cancel this policy by returning the policy to **us** or by giving **us** written notice and state at what future date coverage is to stop.

During the first 60 days this policy is in effect, **we** may cancel for any reason. If this

policy has been in effect 60 days or more, or if it is a renewal of a policy issued by us, we may cancel or not renew only at the anniversary date unless:

- a. the premium has not been paid when due;
- b. the policy was obtained through fraud, material misrepresentation or omission of fact which, if known by us, would have caused us not to issue the policy; or
- c. there has been a material change or increase in hazard of the risk.

We will give you notice at least 10 days before cancellation is effective if we cancel this policy for non-payment of premium or policy cancellation.

We may cancel or non-renew this policy by written notice to you at the address shown on the Declarations.

Your return premium, if any, will be refunded at the time of cancellation or as soon as practical. Payment or tender of the unearned premium is not a condition of cancellation.

3. **Change, Modification or Waiver of Policy Terms** – A waiver or change of the terms of this policy must be issued by us in writing to be valid. If, in the policy period, we adopt a revision which broadens coverage without an additional premium, the broadened coverage will apply.

You or us can change the policy at any time. You can change the policy at any time. You can change the policy at any future date by notifying us. We can only change the policy after we have given you notice at least 30 days in advance of any change.

Our request for an additional appraisal or examination under oath does not waive policy terms.

If the policy has no expiration date, we may substitute or we may add at each renewal

date, forms that are then authorized for use.

4. **Conformity with Statute** – Terms in conflict with the laws of the state where the insured premises is located are changed to conform to such laws.
5. **Misrepresentation, Concealment or Fraud** – This policy is void if, before or after a loss:
 - a. an insured has willfully concealed or misrepresented:
 - 1) a material fact or circumstance with respect to this insurance; or
 - 2) an insured's interest herein.
 - b. there has been fraud or false swearing by an insured with respect to this insurance or the subject thereof.
6. **Insurable Interest and Limit of Liability** - When more than one person has an interest in the property covered by this policy, we will not pay:
 - a. the insured an amount greater than the insured's interest; or
 - b. more than the applicable limit.
7. **Inspection** – We may, but are not required to, inspect your property and operations. Our inspection or resulting advice or report does not warrant that your property or operations are safe or healthful or comply with any federal, state, or local laws, rules or regulations.
8. **Recoveries** – This applies if we pay for a loss and lost or damaged property is recovered, or payment is made by those responsible for the loss:
 - a. The insured must inform us or we must inform the insured if either recovers property or receives payment.
 - b. Property costs incurred by either party are paid first.
 - c. The insured may keep the property. The amount of the claim paid, or a

lesser amount to which **we** agree, must be returned to **us**.

- d. If the claim paid is less than the agreed loss due to a deductible, or other limiting **terms**, the recovery is pro-rated between the **insured** and **us** based on the interests of each in the loss.

9. **Subrogation** – If **we** pay for a loss, **we** may require that the **insured** assign to **us** the right of recovery up to the amount **we** pay. **We** are not liable for a loss if, after the loss, an **insured** impairs our right to recover against others. **You** may waive your right to recover, in writing, before a loss occurs, without voiding coverage. If **we** pay a loss to or for an **insured** and the **insured** recovers from another party for the same loss, the **insured** must pay **us** as stated in Recoveries.
10. **Suit Against Us** – No suit may be brought against **us** unless all the terms of this policy have been complied with and the suit is brought within one year after the loss.
11. **Abandonment of Property** – An **insured** may not abandon the property to **us** unless **we** agree.
12. **Vacancy Provision** – Except where specifically limited elsewhere in this policy or modified by an endorsement attached and made a part of this policy, vacancy will be permitted unless such vacancy exceeds a period of 180 consecutive days. If the vacancy exceeds 180 days, **our limit** for that dwelling(s), contents, building(s) or structure(s) will be reduced 50%. A dwelling will be considered vacant if the dwelling has been abandoned or vacated for more than 180 consecutive days prior to a loss or the dwelling is unable to accommodate a normal year-round standard of living. This includes but is not limited to one or more of the following, an operating heating system, indoor sanitation system, furnishings, electricity and protection from the elements.

A building or structure will be considered vacant if it has been abandoned or vacated for more than 180 consecutive days or if the building or structure no longer adds value or service to the premises.

Intent to reoccupy a dwelling, building or structure is not sufficient to waive this vacancy provision.

13. **Appraisal** – If **you** and **we** do not agree on the amount of the loss, the actual cash value of the property or the cost to repair or replace the property, either party may demand that these amounts be determined by appraisal.

If either party make a written demand for appraisal, each will select a competent independent appraiser and notify the other of the appraiser's identity within 20 days after the receipt of the written demand.

The two appraisers will select a competent, impartial umpire. If the two appraisers are unable to agree upon an umpire within 15 days, **you** and **we** can ask a judge of a court of record in the state where the property is located to select an umpire.

For each building item and each item of personal property, the appraisers will determine:

- a. the amount of the loss;
- b. the actual cash value of the property; and
- c. the cost to repair or replace the property.

Each amount will be stated separately. If the appraisers submit a written report of an agreement to **us**, the agreement will establish these amounts. If the appraisers fail to agree within a reasonable time, they will submit only their difference to the umpire. A written agreement by two of these three will establish the amounts stated above.

Each appraiser will be paid by the party selecting that appraiser. The compensation

of the umpire and other costs of the appraisal will be shared equally.

14. **No Benefits to Bailee** – Coverage under this policy will not directly or indirectly benefit those who are paid to assume custody of the covered property.

15. **Mortgage, Secured Party, Loss Payee and Lender's Loss Payable Clause.**

If a mortgagee is named on the Declarations, a loss payable for covered buildings 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 the precedence of the mortgages. The work "mortgagee" includes trustee.

If a secured party is named on the declarations, a loss payable on property subject to the security interest will be paid to the secured party and **you** as interest appear. If there is more than one security interest in the same property, the order of payment will be the same as their order of priority.

However, the secured party's interest is not covered for **your** conversion, embezzlement, or secretion of encumbered party in **your** possession, unless specifically insured against and premium paid for such.

If a lender is named on the **declarations**, a loss payable on property on which the lender has an insurable interest will be paid to the lender and you as interest if appear.

If **we** deny your claim, that denial does not apply to a valid claim if the mortgagee, secured party, loss payee or lender if the mortgagee, secured party, loss payee or lender has:

- a. notified **us** of change in ownership, occupancy, or substantial change in risk of which the mortgagee, secured party or lender became aware;

- b. paid the premium due under this policy on demand if **you** neglected to pay the premium; and
- c. submitted a signed, sworn proof of loss within 60 days after receiving notice from **us** if **you** failed to do so.

All **terms** of this policy apply to the mortgagee, secured party, loss payee or lender unless changed by this clause.

If **we** cancel or do not renew this policy **we** will notify the mortgagee, secured party, loss payee or lender at least 10 days before the date cancellation or nonrenewal takes effect.

Payment to Mortgagee – If **we** pay the mortgagee for a loss and deny payment to **you**, **we** are subrogated, up to the amount **we** paid for the loss, to all the rights of the mortgagee granted under the mortgage on the property. Subrogation will not impair the right of the mortgagee to recover the full amount of the mortgagee's claim.

At **our** option, **we** may pay to the mortgagee the whole principal on the mortgage plus the accrued interest. In this event, **we** shall receive a full assignment and transfer of the mortgage and all securities held as collateral to the mortgage debt.

Payment to Secured Party – If **we** pay the secured party for a loss and deny payment to **you**, **we** are subrogated, up to the amount **we** paid for the loss, to all the rights of the agreement. Subrogation will not impair the right of the secured party to recover the full amount of the security agreement.

At **our** option, **we** may pay the secured party the remaining amount due of the security agreement, plus the accrued interest. In this event, **we** shall receive full assignment of the security agreement and securities held as collateral for the agreement.

Payment to Lender – If **we** pay the lender for a loss and deny payment to **you**, **we** are subrogated, up to the amount **we** paid for the loss, to the rights of the lender to collect on the debt from **you**. Subrogation will not impair the right of the lender to collect the rest of the debt from **you**.

At **our** option, **we** may pay the lender the remaining amount due plus the accrued interest. In this event, **we** shall receive a full assignment of the lender's interest and any instruments given as security for the debt.