



## AGREEMENT

This policy, subject to all of its *terms*, provides insurance against loss to property, and other described coverages during the policy period in return for payment of the required premium. It consists of this Agreement, the Declarations, the General Policy Provisions, Perils Section, and any forms and endorsements made part of it.

It is important that *you* read each part of this policy carefully to understand the coverage provided, *your* obligations and *our* obligations under the policy. Each coverage is subject to all policy *terms* relating to that coverage including the *terms* applicable to the entire policy. ***Coverages A, C, E and F described in this policy apply only if a limit of liability and a premium charge are shown for the coverage on the Declarations. Coverages B and D apply at your option when Coverage A applies or if a limit of liability and a premium charge are shown for the coverage on the Declarations.***

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### GENERAL POLICY PROVISIONS

**DEFINITIONS** - The following definitions apply to this policy.

1. The words *you* and *your* refer to the person or persons named in the Declarations and *your* spouse if a resident of *your* household. The words *we*, *us* and *our* refer to the insurance company named in the Declarations.
- 2 ***Business*** means a trade, profession, or other occupation including farming, all whether full or part time.
3. ***Insured***:
  - a. ***Insured*** means you and, if residents of *your* household, *your* relatives and any other person under the age of 21 in *your* care or in the care of *your* resident relatives.
  - b. If *you* die while insured under this policy, *your* protection passes to *your* legal representative or other person having proper, temporary custody of covered property. However, this person or *your* legal representative is an ***insured*** only with respect to insurance on covered property. Any person who is an ***insured*** at the time of *your* death continues to be an ***insured*** while residing on the ***insured premises***.
  - c. Each person listed above is a separate ***insured*** under this policy, but this does not increase *our* limit of liability under this policy.
4. ***Insured Premises***:
  - a. If *you* own the one to four family house described in the Declarations, the ***insured premises*** mean that house, related private structures, and grounds at that location.

- b. If **you** own the townhouse or row house described in the Declarations, the **insured premises** mean that townhouse or row house, related private structures and grounds used or occupied exclusively by **your** household or rented to others for residential purposes at that location.
  - c. If **you** own the one or two family mobile home described in the Declarations, the **insured premises** mean that mobile home, related private structures and grounds at that location.
  - d. If **you** reside in or rent to others the condominium unit, cooperative, apartment or rented premises described in the Declarations, the **insured premises** mean the parts of the described location which are used or occupied exclusively by **your** household or rented to others for residential purposes.
5. **Motorized Vehicle** means any self-propelled land or amphibious vehicle (regardless of horsepower, number of wheels or method of surface contact) including parts and equipment. (This does not include small motorized equipment for the service of the **insured premises** such as power lawn mowers and snow blowers.)  
The following categories of **motorized vehicles** have specific meanings as used in this policy.
- a. **Motor Vehicle** means a **motorized vehicle**, trailer or semi-trailer (including any attached machinery or apparatus):
    - 1) subject to motor vehicle registration; or
    - 2) designed for use or travel on public roads.
  - b. **Recreational Motor Vehicle** means a **motorized vehicle** (other than a **motor vehicle** as defined above), trailer, or attached apparatus designed or used for recreation, vacation or leisure time activities.
6. **Residence** means a one to four family house, a townhouse, a row house, or one or two family mobile home.
7. **Terms** as used in this policy mean provisions, limitations, exclusions and definitions.

## PRINCIPAL COVERAGES

### **Coverage A - Residence**

This policy covers the **residence** on the **insured premises** including additions and built-in components and fixtures.

Coverage A includes, while on the **insured premises**:

- 1. detachable building items such as awnings, screens, storm doors and windows, outdoor equipment not permanently installed, and tools and equipment used to service the **insured premises**;
- 2. carpeting, stoves, refrigerators and appliances furnished with parts of the **insured premises you** rent to others;
- 3. up to \$1000 on **motorized vehicles** not designed or licensed for use on public roads used to service the **insured premises**;
- 4. building materials and supplies intended for use in construction on the **insured premises**.

Coverage A does not cover:

- 1. outdoor antennas, their lead-in wiring, accessories, masts and towers except as provided under Incidental Coverages; or
- 2. trees, plants, shrubs and lawns except as provided under Incidental Coverages.

### **Coverage B - Related Private Structures on the Premises**

**You** may apply up to 10% of the Coverage A limit of liability to Coverage B. Any payment under this option reduces the Coverage A limit of liability for the same loss.

This policy covers related private structures on the **insured premises** which are not attached to **your residence**. (Structures connected to the **residence** by only a fence, utility line or similar connection are considered to be related private structures.) This coverage includes fences, driveways, sidewalks, and other permanently installed outdoor yard fixtures.

Coverage B does not cover:

- 1. structures designed or used for **business**; (However, this exclusion does not apply to structures rented, held for rental or otherwise used solely for private garage purposes.)
- 2. outdoor antennas including their lead-in wiring, accessories, masts and towers, except as provided under Incidental Coverages;
- 3. trees, plants, shrubs and lawns.

### **Coverage C - Personal Property**

1. **While on the Insured Premises** - This policy covers personal property owned by or in the care of an *insured*. At *your* option, the personal property of guests and *domestic employees* is covered while on the portion of the *insured premises* occupied exclusively by an *insured*.
2. **While Away from the Insured Premises** - *You* may apply up to 10 percent of the Coverage C limit of liability or \$500 (whichever is more) to cover personal property owned or used by an *insured*, while away from the *insured premises*, anywhere in the world. This does not increase the Coverage C limit of liability.
3. **Limitations on Certain Property** - These special limits do not increase the Coverage C limit of liability. The special limit for each category below is the total limit per loss for all property in that category:
  - a. \$100 on money, bank notes, bullion, gold other than goldware, silver other than silverware, platinum, coins, medals, and numismatic property;
  - b. \$500 on securities, commercial paper, stamps, philatelic property, tickets, accounts, deeds, evidence of debt, passports, manuscripts, unpublished works and other valuable papers; (Commercial paper means drafts, checks, certificates of deposit and notes other than bank notes, including negotiable orders of withdrawal.)
  - c. \$500 on jewelry, watches, precious and semi-precious stones, gems and furs;
  - d. \$500 on guns and gun accessories;
  - e. \$500 on watercraft including their trailers, equipment, accessories, and outboard motors;
  - f. \$1000 on silverware, goldware, pewterware and items plated with gold or silver; or
  - g. \$1000 on *motorized vehicles* used to service the *insured premises* and not designed or licensed for use on public roads.

The following property is covered only while on the *insured premises* and is limited to the amounts stated:

- h. \$500 on *business* property of any *insured*; or
  - i. \$500 on dismounted camper bodies and trailers not used with watercraft.
4. **Personal Property Not Covered** - Coverage C does not cover:
    - a. property covered by any scheduled insurance;
    - b. animals, insects, birds and fish;
    - c. *motorized vehicles* including their parts and equipment, except those vehicles used to service the *insured premises* subject to the Limitations on Certain Property;
    - d. aircraft including their parts and equipment;
    - e. *business* property while away from the *insured premises*;
    - f. property of roomers and boarders who are not *insureds*;
    - g. outdoor antennas, their lead-in wiring, accessories, masts and towers, except as provided under Incidental Coverages;
    - h. trees, plants, shrubs and lawns; or
    - i. any device, accessories, or antennas designed for reproducing, receiving, transmitting, recording or playing back data, sound or picture (or any film, tape, wire, record or other media designed for use with such device) which may be operated from the electrical system of a *motorized vehicle*, farm equipment or watercraft while in or on the *motorized vehicle*, farm equipment or watercraft.

### **Coverage D - Additional Living Expense and Loss of Rent Coverage**

*You* may apply up to 10% of the Coverage A limit of liability to Coverage D. Any payment under this option reduces the Coverage A limit of liability for the same loss. Under Coverage D *we* pay:

1. any necessary and reasonable increase in living expenses *you* incur to maintain the normal standard of living of *your* household if the portion of the *insured premises* containing *your* household is made unfit for occupancy by an insured loss. *We* pay only for the period of time reasonably required to make the *insured premises* fit for occupancy or to settle *your* household in new quarters, whichever is less. This period of time is not limited by the policy period.
2. for any loss of rents actually sustained by *you* if the part of the *insured premises* rented to others is made unfit for occupancy due to an insured loss. *We* pay only for the period of time reasonably required to make the *insured premises* fit for occupancy. Loss of rents is the amount *you* would have received less the charges and expenses that do not continue while the *insured premises* are unfit for occupancy. This period of time is not limited by the policy period.

3. **your** additional living expenses and loss of rents for a period of up to two weeks if the premises immediately adjoining the **insured premises** are damaged from a peril insured against by this policy, and **you** are prohibited by order of civil authority from using the **insured premises**. This period of time is not limited by the policy period. Under this coverage, **we** do not pay expenses due to cancellation of any lease or written or oral agreement.

#### **Coverage E - Farm Personal Property**

This coverage (provided only when a limit of liability and a premium charge are shown for the coverage on the Declarations) is described in the farm forms attached to this policy.

#### **Coverage F - Farm Structures**

This coverage (provided only when a limit of liability and a premium charge are shown for the coverage on the Declarations) is described in the farm forms attached to this policy.

### **INCIDENTAL COVERAGES**

This policy provides the following Incidental Coverages. These incidental coverages are subject to all of the **terms** of the applicable Principal Coverages A, B, or C. These incidental coverages do not increase the limit of liability stated for the Principal Coverages.

#### **1. Removal**

##### **a. Emergency Removal**

- 1) **We** pay for loss to covered property while removed from the **insured premises** for preservation from damage from perils insured against. Such property is covered against direct loss from all risks of physical loss, not specifically excluded under this policy, for a period up to five days. It is covered against loss from perils insured against for an additional 25 days. This coverage does not extend past the expiration date of the policy.
- 2) **We** pay up to \$100 towing charge to move a covered mobile home endangered by a peril insured against.

##### **b. Debris Removal** - **We** pay for the removal of debris of covered property following an insured loss.

##### **c. Change of Location** - When **you** move to another location where **you** intend to permanently reside:

- 1) the Coverage C limit of liability applies pro rata at each location for 30 days from the date **you** begin to move but not extending past the expiration date of the policy;
- 2) property in transit is covered against direct loss from perils insured against for an amount up to 10 per cent of the Coverage C limit of liability.

When **you** move, this Change of Location coverage applies in place of **your** coverage for property while away from the **insured premises**.

#### **2. Trees, Plants, Shrubs and Lawns** - **You** may apply up to 5 percent of the Coverage A limit of liability to cover trees, shrubs, plants, and lawns on the **insured premises**. **We** pay only for loss caused by the following perils: Fire, Lightning, Explosion, and (if insured under this policy) Riot, Civil Commotion, Aircraft, Vehicles not owned or operated by **you** or by an occupant of the **insured premises**, and Vandalism. **We** do not pay more than \$250 for any one tree, plant, or shrub including the cost of removing the debris of the covered item.

**We** do not cover trees, plants, shrubs, or portions of lawn:

- a. grown for **business** purposes; or
- b. located more than 250 feet from the **residence** on the **insured premises**.

#### **3. Tenant's Improvements and Betterments** - If **you** are a tenant, **you** may apply up to 10 percent of the Coverage C limit of liability to cover direct loss by perils insured against to permanent fixtures, alterations, decorations and additions installed on the **insured premises** and made or acquired at **your** expense.

#### **4. Condominium Unit-Owner Additions** - If the **insured premises** are a condominium-unit, **you** may apply up to 10 percent of the Coverage C limit of liability to cover direct loss by perils insured against to permanent fixtures, alterations, decorations or additions **you** own within **your** condominium unit. This does not include parts of the building structure, or other property such as utility lines, situated in easements within the unit.

#### **5. Outdoor Antenna Coverage** - **We** pay up to \$500 for direct loss by perils insured against to outdoor antennas, including their lead-in wiring, accessories, masts and towers.

## EXCLUSIONS THAT APPLY

*We* do not pay for loss resulting directly or indirectly from:

1. **Ordinance or Law** - This means loss or increased cost resulting from enforcement of any code, ordinance or law regulating the use, construction, repair, or demolition of a building or other structure. When breakage of glass is covered by this policy, *we* pay to replace damaged glass with safety glazing materials where required by code, ordinance or law.
2. **Civil Authority** - This means loss, including seizure, confiscation or destruction of property, caused by order of any civil authority.  
*We* pay for loss resulting from acts of destruction by civil authority to prevent the spread of fire as long as the fire did not originate from a peril excluded by this policy.
3. **Nuclear Hazard** - This means loss caused by nuclear reaction, nuclear radiation or radioactive contamination (whether controlled or uncontrolled and whether caused by, contributed to or aggravated by any peril insured against by this policy.) Loss caused by nuclear hazard shall not be considered loss caused by fire, explosion or smoke. However, direct loss by fire resulting from the nuclear hazard is covered.
4. **War** - This means 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 any consequence of any of these. Discharge of a nuclear weapon shall be deemed a warlike act even if accidental.
5. **Neglect** - This means neglect by an *insured* to use all reasonable means to save covered property at and after the time of a loss. It also means neglect by any *insured* to use all reasonable means to save and preserve covered property when endangered by a peril insured against.
6. **Earth Movement of any Kind** - This includes, but is not limited to, earthquake, landslide, mudflow, earth sinking and earth rising or shifting.  
*We* pay for direct loss by fire or explosion resulting from earth movement.
7. **Water Damage** - This means loss caused by:
  - a. flood, surface water, waves, tidal water, overflow of a body of water or spray from any of these whether wind driven or not;
  - b. water which backs up through sewers or drains; or
  - c. water below the surface of the ground, including water which exerts pressure on, or seeps or leaks through or into a building, sidewalk, driveway, foundation, swimming pool or other structure.*We* pay for direct loss by fire or explosion which may result.
8. **Power Interruption** - This means loss from the interruption of power or other utility services resulting from any cause, whether insured under this policy or not, if the interruption takes place away from the *insured premises*.  
*We* pay for direct loss by a peril insured against which occurs on the *insured premises* as a result of any interruption of power.
9. **Business Interruption** - This means loss resulting from the interruption of *business*.
10. **Wear and Tear** - This includes damage caused by marring, deterioration, latent defect, mechanical breakdown, rust, wet or dry rot, corrosion, mold, contamination or smog unless caused by a peril insured against by this policy.

## HOW MUCH WE PAY FOR LOSS OR CLAIM

1. Property losses are settled on the basis of actual cash value including deduction for depreciation, however caused. (If the Replacement Cost Provision is made part of this policy, losses under Coverage A Residence and Coverage B - Related Private Structures on the Premises are settled according to the *terms* of that provision.)
2. **Our Limit of Liability** - For loss to property, *we* pay the lesser of the following amounts:
  - a. the applicable limit of liability;
  - b. the amount of *your* interest in the property;
  - c. the cost of repairing or replacing the property with materials of equivalent kind and quality to the extent practicable;
  - d. the amount computed after applying the deductible or other limitation applicable to the loss;
  - e. the actual cash value of the property at the time of loss (except as provided under the Replacement Cost Provision, if applicable); or
  - f. (applies to mobile homes only at *your* option) the amount equal to the difference between the actual cash value of the property immediately before the loss and its actual cash value immediately after the loss.

### 3. **Deductible**

- a. The deductible applies to the following Principal Coverages: Coverage A - Residence; Coverage B Related Private Structures on the Premises; and Coverage C - Personal Property. It also applies to the following Incidental Coverages: Change of Location; Debris Removal; Trees, Plants, Shrubs and Lawns; Tenant's Improvements and Betterments; Condominium Unit-Owner Additions; and Outdoor Antenna Coverage. The deductible applies to all perils insured against unless otherwise stated in the Declarations or any endorsement.
- b. **We** pay only that part of the loss over the deductible stated in the Declarations or endorsement. Not more than one deductible applies per loss;
- c. If coverage is otherwise restricted by special limits of liability, **our** liability must be separately computed under both the deductible and the special limit of liability. **We** pay the lesser of the two amounts.
- d. If this policy covers more than one **residence**, the deductible applies separately to each **residence**.
4. **Loss to a Pair or Set** - If there is loss to an article which is part of a pair or set, **we** are only liable for a reasonable proportion of the value of the entire pair or set, and the loss is not considered a total loss of the pair or set.
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 claim, loss or damage sustained.
6. **Insurance Under More Than One Policy** - If there is other insurance which applies to a loss **we** pay only that part of the loss that the applicable limit of liability under this policy bears to the total amount of insurance covering the loss, whether collectible or not.
7. **Restoration of Limit of Liability** - Any loss **we** pay under this policy does not reduce the limits of liability applying to a later loss.

### **PAYMENT OF LOSS OR CLAIM**

1. **Your Property** - **We** will adjust all losses with **you**. An insured loss will be payable 45 days after a satisfactory proof of loss is received, and the amount of the loss has been established either by written agreement with **you** or the filing of an appraisal award with **us**. Payment will be made to **you** unless another loss payee is named in the policy.
2. **Additional Living Expenses** - If the **insured premises** are made unfit for occupancy for more than one month, covered expenses will be paid on a monthly basis upon submission of reasonable proof of the **insured's** expenses.
3. **Damage to Personal Property of Others** - At **our** option, an insured loss to property of others may be:
  - a. adjusted with and paid to **you** for the account of the owner of the property; or
  - b. adjusted with and paid to the owner. Payment to the owner discharges **our** obligation to an **insured** as to this property.
4. **Our Options**
  - a. **We** have the option to:
    - 1) pay the loss in money; or
    - 2) rebuild, repair or replace with property of equivalent kind and quality, to the extent practicable, within a reasonable time. **We** must give the **insured** notice of **our** intent to do so within 30 days after receipt of a duly executed proof of loss.
  - b. **We** may take all or any part of damaged property at the agreed or appraised value. Any property paid for or replaced shall become **our** property.

### **WHAT YOU MUST DO IN CASE OF LOSS**

1. **Notice**
  - a. In case of a loss or if an **insured** becomes aware of anything that indicates there might be a claim under this policy, he or she must:
    - 1) promptly give **us** or **our** agent notice (in writing if requested);
    - 2) notify the police when the act causing the loss is also a violation of law.
  - b. The notice to **us** must state:
    - 1) the **insured's** name, the kind of policy, policy number and the time, place, and circumstances of the loss; and
    - 2) names and addresses of any potential witnesses.
2. **Cooperation** - The **insured** must cooperate with **us** in performing all acts required by this policy.
3. **Volunteer Payments** - The **insured** must not, except at his or her own cost, voluntarily make any payments, assume any obligations, pay or offer any rewards, or incur any other expenses except as specifically permitted in the following paragraph.

#### 4. **Additional Duties**

- a. The **insured** must also:
  - 1) take all reasonable steps to protect covered property at and after an insured loss to avoid further damage. (**We** pay for repairs which are reasonable and necessary to protect the property from further damage, provided the **insured** keeps an accurate record of such expenses. These payments do not increase the limit of liability otherwise applicable to the loss.); and
  - 2) submit to **us** a statement of loss (under oath if requested) within 60 days after the loss or accident.
- b. At **our** request, the **insured** must also:
  - 1) submit a proof of loss containing the following information:
    - a) the time, place and circumstances of loss;
    - b) the **insured's** interest and the interests of all others in the property involved, including all mortgages and liens on the covered property;
    - c) other policies of insurance that may cover the loss on the property;
    - d) changes in title or occupancy of the property during the policy period;
    - e) available plans and specifications of buildings or structures;
    - f) detailed estimates for repair of the damage; and
    - g) an inventory of damaged personal property showing in detail the quantity, description, cost, actual cash value and amount of loss. The **insured** must attach to the inventory copies of all bills, receipts and related documents that substantiate the inventory.
  - 2) submit to examination under oath in matters connected with the loss or claim as often as **we** reasonably request and subscribe same;
  - 3) exhibit the damaged property as often as **we** reasonably request;
  - 4) produce records, including tax returns and bank microfilms of all cancelled checks, relating to value, loss and expenses and permit copies and extracts to be made of them as often as **we** reasonably request;
  - 5) assist in enforcing any right of recovery which the **insured** may have against any party causing the loss;
  - 6) produce records supporting loss of rents and receipts to support any additional living expenses.

#### **POLICY CONDITIONS**

In addition to the policy **terms** which are contained in other sections of this policy, the following conditions also apply.

1. **Assignment** - This policy is void if assigned without **our** written consent.
2. **Cancellation**
  - a. **By You** - **You** may cancel this policy at anytime by giving **us** written notice or returning the policy to **us** and stating when thereafter the cancellation is to be effective.
  - b. **By Us** - **We** may cancel this policy by written notice delivered to or mailed to **you** at the mailing address shown in the Declarations. Proof of delivery or mailing is sufficient proof of notice.
  - c. **We** refund premium for the unexpired policy period as follows:
    - 1) if cancelled by **us** - on a pro rata basis;
    - 2) if cancelled by **you** - calculated in accordance with **our** short rate table.
  - d. **Refund of Premium** - Payment or tender of unearned premium is not a condition of cancellation. If the unearned premium is not refunded with the cancellation notice, it will be sent to **you** within a reasonable time.
  - e. **When We May Cancel** - **We** may cancel the policy under the following conditions:
    - 1) **Non-Payment of Premium** - If the premium has not been paid when due, **we** may cancel at any time by giving the required notice at least 10 days before cancellation is effective.
    - 2) **New Policy** - If this is a new policy which has been in effect less than 60 days and is not a renewal, **we** may cancel for any reason by giving the required notice at least 30 days before cancellation is effective. A renewal of a policy issued by **us** is not a new policy.
    - 3) **Policy with Term over One Year** - If this policy is written for a term longer than one year, **we** may cancel for any reason by giving **you** the required notice at least 30 days before the anniversary date.

- 4) All Other Situations - If this policy has been in effect 60 days or more or is a renewal of a policy issued by **us**, **we** may cancel only for the reasons set forth below and by giving the required notice at least 30 days before cancellation is effective.

The reasons are:

- a) 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
- b) there has been a material change or increase in hazard of the risk.

f. **Time of Cancellation** - The effective date of cancellation is the earliest of the following:

- 1) the effective date and hour of cancellation stated in any notice;
- 2) the time **you** surrender the policy if no cancellation date was stated; or
- 3) the expiration of the policy period.

3. **Non-Renewal**- **We** may elect not to renew or continue this policy by giving written notice of **our** intent at least 30 days before the expiration date. The notice may be delivered to or mailed to **you** at the mailing address shown in the Declarations. Proof of delivery or mailing shall be sufficient proof of notice. This policy terminates automatically on its expiration or anniversary date if **you**:

- a. surrender the policy to **us**;
- b. have notified **us** or **our** agent in writing of **your** intent not to renew; or
- c. have not paid the renewal or installment premium when due.

4. **Change, Modification or Waiver of Policy Terms** - A waiver or change of any **terms** of this policy must be issued by **us** in writing to be valid. **Our** request for an appraisal or examination under oath does not waive any of **our** rights.

If **we** adopt any revision of forms or endorsements during a policy period which would broaden coverage under this policy without additional premium, the broadened coverage will automatically apply to this policy.

If this policy is issued on a continuous basis (with no specified expiration date) **we** may substitute or add, upon any anniversary date, forms or endorsements which are authorized for use on this policy in accordance with **our** manual rules in effect at the time.

5. **Conformity with Statute** - **Terms** of this policy, in conflict with the statutes of the state where the premises described in the Declarations are located, are amended to conform to such statutes.

6. **Misrepresentation, Concealment or Fraud** - This entire policy is void if, whether before or after a loss:

- a. An **insured** has willfully concealed or misrepresented:
  - 1) any material fact or circumstance concerning this insurance; or
  - 2) an **insured's** interest herein.
- b. There has been fraud or false swearing by an **insured** regarding a matter relating to this insurance or the subject thereof.

7. **Inspection** - **We** are permitted but not obligated to inspect **your** property and operations. **Our** inspection or any resulting advice or report does not warrant that **your** property or operations are safe or healthful or are in compliance with any law, rule or regulation.

8. **Policy Premium** - If this policy is issued without a specified expiration date, it may be continued by payment of the required premium for the next annual period. The premium must be paid to **us** before each anniversary date. This policy expires on any anniversary date that the premium has not been received by **us**. Premium is subject to adjustment on the basis of the rates in effect at each anniversary date.

9. **Recoveries** - If **we** pay an **insured** for loss under this policy and lost or damaged property is recovered, or payment is made by those responsible for the loss, the following provisions apply:

- a. The **insured** must notify **us** or **we** will notify the **insured** promptly if either recovers property or receives payment.
- b. Any proper expenses incurred by either party in making the recovery are reimbursed first.
- c. The **insured** may keep recovered property by refunding to **us** the amount of the claim paid, or any lesser amount to which **we** agree.
- d. If the claim paid is less than the agreed loss due to a deductible, special limit of liability or other limiting **terms** of the policy, any recovery will be pro-rated between the **insured** and **us** based on **our** respective interests in the loss.

10. **Subrogation**

- a. If **we** make a payment under this policy, **we** may require that the **insured** assign to **us** his or her right of recovery against any person for the loss to the extent of the payment. The **insured** must do everything necessary to make this assignment and secure **our** rights.



- b. **We** are not liable for any loss if an **insured** does anything after the loss occurs to impair **our** right to recover. **You** may waive **your** right of recovery in writing before a loss occurs without voiding the coverage.
  - c. If **we** pay a loss to or on behalf of an **insured** and the **insured** recovers damages from another person for the same loss, the **insured** shall hold the amount recovered in trust for **us** and shall reimburse **us** as provided under Recoveries.
11. **Suit Against Us** - No suit to recover for any property claim may be brought against **us** unless:
- a. the **terms** of this policy have been fully complied with; and,
  - b. the suit is commenced within 1 year after the loss. If any law of the state where the premises described in the Declarations are located makes this limitation invalid, then suit must begin within the shortest period permitted by the law.
12. **Abandonment of Property** - **We** may take the property or any part of it at the agreed or appraised value, but an **insured** may not abandon the covered property to **us** unless **we** specifically agree.
13. **Appraisal** - If **you** and **we** do not agree on the cost to repair or replace, actual cash value of or amount of loss to covered property when loss occurs, either party may demand that these amounts be determined by appraisal. If either makes a written demand for appraisal, each will select a competent, independent appraiser and notify the other of the appraiser's identity within 20 days of receipt of the written demand. The two appraisers will then select a competent, impartial umpire. If the two appraisers are unable to agree upon an umpire within 15 days, **you** or **we** can ask a judge of a court of record in the state where the property is located to select an umpire. The appraisers will then determine the amount of the damage stating separately, in detail: the cost to repair or replace, actual cash value of, and amount of loss to each building item and item of personal property. If the appraisers submit a written report of any agreement to **us**, the amount agreed upon will be the amount of the damage or value. If the appraisers fail to agree within a reasonable time, they will submit only their differences to the umpire. Written agreement so itemized and signed by any two of these three sets the cost to repair or replace, actual cash value of and amount of loss to each item. Each appraiser will be paid by the party selecting that appraiser. Other expenses of the appraisal and the compensation of the umpire will be paid equally by **you** and **us**.
14. **Benefit to Bailee** - Insurance under this policy shall not directly or indirectly benefit any hired carrier or anyone else who is paid for assuming custody of covered property.
15. **Secured Party Coverage - Applies Only to Coverage on Mobile Homes and Personal Property** (This entire clause is void unless the name of a secured party is inserted in the Declarations. This clause applies only to the interest of a secured party and does not affect the **insured's** rights or duties under the policy.)  
 If a secured party is named in this policy, any loss payable on property subject to the security interest shall be payable to the secured party and **you** as interest may appear. If there is more than one security interest in the same property, the order of payment shall be the same as their order of priority.  
 If **we** deny **your** claim, that denial shall not apply to a valid claim of a secured party, if such party has:
- a. notified **us** of any change in ownership, occupancy or substantial change in risk of which the secured party became aware;
  - b. paid any premium due under the policy on demand if **you** have not made such payment; and
  - c. submitted a signed, sworn proof of loss within 60 days if an **insured** has failed to do so.
- Policy conditions relating to Appraisal, Suit Against Us and loss payment apply to the secured party. If the policy is cancelled by **us** the secured party shall be notified at least 10 days before the date cancellation takes effect. If **we** pay the secured party for any loss for which we have denied payment to **you**:
- a. **we** are subrogated to all the rights of the secured party granted under the security agreement; or
  - b. at **our** option **we** may pay the secured party the remaining amount due on the security agreement plus interest and receive a full assignment of the security agreement and any securities held as collateral for the agreement.
- However, the secured party's interest is not covered for conversion, embezzlement or secretion by an **insured** in possession of the encumbered property, unless specifically insured against and premium paid for such.

16. **Mortgage Clause - Applies only to Coverage on Buildings** (This entire clause is void unless the name of the mortgagee, or trustee under a trust deed, is inserted in the Declarations. This clause applies only to the mortgagee (or trustee) and does not affect the *insured's* rights or duties under this policy.) Loss, if any, under this policy, shall be payable to the mortgagee (or trustee), named on the Declarations page of this policy, as interests may appear, under all present or future mortgages upon the property herein described in which the aforesaid may have an interest as mortgagee (or trustee), in order of precedence of said mortgages, and this insurance as to the interest of the mortgagee (or trustee) only therein, shall not be invalidated by any act or neglect of the mortgagor or owner of the within described property, nor by any foreclosure or other proceedings or notice of sale relating to the property, nor by any change in the title or ownership of the property, nor by the occupation of the premises for purposes more hazardous than are permitted by this policy; provided, that in case the mortgagor or owner shall neglect to pay any premium due under this policy, the mortgagee (or trustee) shall, on demand, pay the same. Provided, also, that the mortgagee (or trustee) shall notify *us* of any change of ownership or occupancy or increase of hazard which shall come to the knowledge of said mortgagee (or trustee) and, unless permitted by this policy, it shall be noted thereon and the mortgagee (or trustee) shall, on demand, pay the premium for such increased hazard for the term of the use thereof, otherwise this policy shall be null and void.
- We* reserve the right to cancel this policy at any time as provided by its *terms* but in such case this policy shall continue in force for the benefit only of the mortgagee (or trustee) for 10 days after notice to the mortgagee (or trustee) of such cancellation and shall then cease, and *we* shall have the right, on like notice to cancel this agreement.
- Whenever *we* shall pay the mortgagee (or trustee) any sum for loss under this policy, and shall claim that, as to the mortgagor or owner, no liability therefor existed, *we* shall, to the extent of such payment, be thereupon legally subrogated to all the rights of the party to whom such payment shall be made, under all securities held as collateral to the mortgage debt; or may at *our* option pay to the mortgagee (or trustee) the whole principal due or to grow due on the mortgage, with interest accrued and shall thereupon receive a full assignment and transfer of the mortgage and of all such other securities; but no subrogation shall impair the right of the mortgagee (or trustee) to recover the full amount of said mortgagee's (or trustee's) claim.