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 ***We*** will provide the insurance described in this policy during the policy period, in return for ***your*** compliance with all of the ***terms*** and provisions of this policy. The policy consists of this Agreement, the Declarations, Supplemental Declarations (if any), the General Policy Provisions, Perils Section, Causes of Loss sections 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., including any State mandated endorsements. Each coverage part is subject to all of the policy ***terms*** relating to that coverage it 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.***

Endorsements attached to this policy which increase existing coverage or add new coverage may result in a premium increase. Electing increased deductibles, coverage limiting endorsements or exclusionary endorsements may result in a reduction of premium.

It is recommended that ***you*** read and understand this contract and retain it for future reference.

The following Table of Contents shows how the policy is organized and will help you locate particular sections of theformat. The coverage(s) ***you*** selected are shown on the Declarations Page or other attachments comprising a part of this policy.

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GENERAL POLICY PROVISIONS

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

1. The words ***you*** and or ***your*** referrefers to the person or persons entity shown as named in ***insured*** on 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.Page. It includes any additional ***insured*** but only with respect to Principal Coverages A and B and only for the ***insured premises***.
2. The words ***we***, ***us*** or ***our*** refers to the Insurance Company named on the Declaration Page.

3. ***Business*** means a trade, profession~~,~~ or other occupation including farming, all whether full or part time. It does not include the rental or holding for rent of any part of the ***insured premises***.

~~3. ***Insured:***~~

~~a.~~4

I

nsured 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***~~property covered by this insurance.

~~c.~~a. If ***you*** are an individual and the ***residence*** is ***your*** primary dwelling, ***your*** spouse and relatives and any persons under the age of 21 in ***your*** care are ***insureds***; provided that all such persons are regular residents of ***your*** household.

b. Each person or entity listed ~~above~~on the Declaration Page is a separate ***insured*** under this policy, but this does not increase ***our*** ~~limit of liability~~amount of insurance under this policy.

~~4.~~5. ***Insured ~~Premises~~:***

~~a. If ***you*** own the one to four family house~~***premises*** means the ***residence*** described ~~in~~on the Declarations~~, the ***insured premises*** mean that house, related private structures,~~ Page including Related Private Structures and the 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.~~6. ***Motorized ~~Vehicle~~ 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.)~~ snowblowers. The following categories of ***motorized vehicles*** have specific meaning~~s~~ as used in this policy.

a. ***Motor ~~Vehicle~~ 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~~ 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~~7. ***Pollutant*** means any solid, liquid, gaseous or thermal irritant or contaminant including smoke, vapor, soot, fumes, acids, alkalies, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

8. ***Residence*** means ~~a~~the one to four family house~~, a townhouse, a row house,~~ or a one or two family mobile home owned by the ***insured*** and located on the ***insured premises***.

~~7. ***Terms*** as used in this policy mean provisions, limitations, exclusions and definitions.~~

9. ***Terms*** means Provisions, Limitations, Exclusions and Definitions as used in this policy and any forms or endorsements attached.

PRINCIPAL COVERAGES

Coverage A ~~–~~ *Residence* (when applicable)

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;***~~***We*** cover building materials and supplies located on the ***insured premises*** for use in construction of or to the ***residence***.

2. ***We*** cover permanently installed carpeting, stoves, refrigerators and appliances furnished with those 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 (including satellite systems), their lead-in wiring, accessories, masts and towers except as provided under Incidental Coverages~~; or~~.
2. trees, shrubs, plants~~, shrubs~~ and lawns except as provided under Incidental Coverages.
3. land, including the land on which the property is located. This includes costs of excavating, removing, grading or filling land, or water in or on that land.
4. pools, piers, wharves, docks, underground pipes, flues, conduit and drains, and retaining walls that are not part of the building.

Coverage B~~ -~~Related Private Structures on the Premises

(applicable only when Coverage A is in force)

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

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

We cover building materials and supplies located on the ***insured premises*** for use in construction of or to Related Private Structures.

Coverage B does not cover*:*

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

4. land, including the land on which the property is located. This includes costs of excavating, removing, grading or filling land, or water in or on that land.
5. pools, piers, wharves, docks, underground pipes, flues, conduit and drains, and retaining walls that are not part of the building.

Coverage C – Personal Property (when applicable)

1. **While on the ~~Insured Premises~~** – ~~This~~ ***insured premises***-this policy covers ~~personal property~~ Personal Property owned or used by ~~or in the care of~~ an ***insured***. At ***your*** option, the personal property of guests and ***domestic employees*** is covered while on ~~the~~that portion of the ***insured premises*** occupied exclusively by an ***insured***.
2. **While Away ~~from the Insured Premises – *You*~~From the *insured premises-you*** may apply up to 10 ~~percent~~% of the Coverage C ~~limit of liability or $500 (whichever is more)~~amount of insurance, not to exceed $2500, to cover ~~personal property~~ 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.~~amount of insurance.
3. **Change of Location**-When ***you*** move to another location where ***you*** intend to permanently reside:
   a. the Coverage C amount of insurance 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; and
   b. property in transit is covered against direct loss by covered causes of loss for an amount up to 10% of Coverage C amount of insurance.

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

4. **Limitations on Certain Property** – ~~These~~-these special limits do not increase the Coverage C ~~limit of liability.~~amount of insurance. The special limit for each category below is the total ~~limit per loss~~ amount for all loss to 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~~properties;
   b. $500 on securities, commercial paper, stamps, philatelic property, tickets, accounts, deeds, ~~evidence~~evidences of debt, passports, manuscripts, unpublished works and other valuable papers; (~~Commercial~~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 grave markers;
   e. $500 on guns and gun accessories;
   ~~e~~f. $500 on watercraft including their trailers, equipment, accessories~~,~~ and outboard motors;
   ~~f~~g. $1000 on silverware, goldware, pewterware and items plated with gold or silver; or
   ~~g. $1000~~h. $2500 on ***motorized vehicles*** used exclusively to service the ***insured premises*** ~~and not~~or those designed ~~or~~and used exclusively to assist the handicapped and not licensed for use on public roads.

   The following property is covered only while on the ***insured premises*** and is limited to the amount~~s~~ stated:
   ~~h~~i. $500 on ***business*** property of any ***insured***; or
   ~~i~~j. $500 on dismounted camper bodies and trailers not used with watercraft.

~~4~~5. **Personal Property ~~Not Covered~~ – 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 exclusively to service the ~~***insured***~~***Insured premises*** and those designed and used exclusively to assist the handicapped, 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 and tenants who are not ***insureds***;
   g. outdoor antennas (including satellite systems), their lead-in wiring, accessories, masts and towers, except as provided under Incidental Coverages;
   h. ~~trees, plants, shrubs and lawns~~losses that result from any credit card or fund transfer card; 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~~ a ***motorized vehicle***, farm equipment or watercraft.

Coverage D - Additional Living Expense ~~and~~ or Loss of Rent Coverage

You may apply up to 10% of the Coverage A ~~limit~~or 20% of ~~liability~~Coverage C, amount of insurance (which ever is applicable) to Coverage D. Any payment under this ~~option~~ coverage reduces the Coverage A ~~limit of liability~~or Coverage C amount of insurance for the same loss. ***You*** may recover either Additional Living Expense or Loss of Rents, at ***your*** option. The period of time is not limited by the policy period. Under Coverage D ***we*** pay:

1. ~~any necessary and~~ l. The reasonable and necessary increase in living ~~expenses~~ expense ***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~~a covered 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~~The reasonable 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~~necessary increase in ***your*** living expense or loss of rents for a period of up to two weeks if the ***premises*** immediately adjoining the ***insured premises*** are damaged ~~from~~by a ~~peril~~covered cause of loss insured ~~against~~ by this policy~~,~~ and ***you*** are prohibited by ~~order of civil authority~~act 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~~. ***We*** will pay the fair rental value of that part of the ***insured premises*** that ***you*** rent, or hold for rental, to others if damage by a covered cause of loss makes that part unfit for its normal use. ***We*** pay only for the period of time reasonably required to make that part fit for occupancy. Loss of rents covers only those expenses which necessarily continue during the repairs and it does not include any loss or expense due to cancellation of any lease or ~~written or oral~~rental 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~~an amount of ~~liability~~insurance and a premium charge ~~are~~ is 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 an amount of insurance and a premium charge is 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~~ Incidental Coverages are subject to all of the ***terms*** of the applicable Principal Coverages A, B, or C. These ~~incidental coverages~~Incidental Coverages do not increase the ~~limit~~amount of ~~liability~~insurance 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.~~covered causes of loss. Such property is covered against direct loss from ~~all risks~~causes of ~~physical~~ loss, not ~~specifically~~otherwise excluded ~~under~~ or limited by this policy, for ~~a period up to~~the first five days. It is covered against loss from ~~perils insured against~~ covered causes of loss for an additional 25 days. This coverage does not extend past the expiration date of the policy.
      2) ***We*** pay up to $~~100~~ 250 towing charge to move a covered mobile home endangered by a ~~peril insured against~~covered cause of loss.
   b. Debris Removal~~—~~
      1) ***We*** will pay ~~for the removal of~~ the reasonable costs to remove the debris of covered property ~~following~~ after 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) ***We*** will pay the reasonable costs to remove ash, dust or particulate matter from a volcanic action that caused direct loss to covered buildings or covered property within a building.

We do not pay for these costs:
      l) To extract ***pollutants*** from land or water; or
      2) To remove, restore or replace polluted land or water.

2. **Trees, ~~*Plants,*~~ plants, Shrubs and Lawns** ~~—~~
   You may apply up to 5 ~~percent~~% of the ~~Coverage~~ coverage A ~~limit of liability~~amount of insurance to cover trees, shrubs, plants~~,~~ and lawns on the ***insured premises***. ***We*** pay only for loss caused by the following ~~perils~~covered causes of loss: 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~~ plants and portions of lawn:
   a. ~~grown~~Grown for ***business*** purposes; or
   b. ~~located~~Located more than 250 feet from the ***residence*** on the ***insured premises***.
3. ~~***Tenant's Improvements and Betterments***~~ ~~—~~ **Tenant's improvements and betterments** If ***you*** are a tenant, ***you*** may apply up to 10 ~~percent~~% of the Coverage C ~~limit~~amount of ~~liability~~insurance to cover direct loss by ~~perils insured against~~covered causes of loss to permanent fixtures, alterations, ~~decorations~~improvements and additions installed on the ***insured premises*** and made or acquired at ***your*** expense. Any payment under this option reduces the coverage C amount of insurance for the same loss.
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~~ covered causes of loss to outdoor antennas, including their lead-in wiring, accessories, masts and towers. Any payment under this option reduces the Coverage B amount of insurance for the same loss.

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EXCLUSIONS THAT APPLY TO *YOUR* POLICY

We do not pay for loss ~~resulting~~ or damage caused directly or indirectly ~~from:~~by any of the following; such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss. For other Exclusions, Limitations and Property Not Covered which may affect ***your*** policy, see Principal Coverages, Incidental Coverages, and other endorsements added to ***your*** policy.

1. ***Business*** **Interruption**-means loss resulting from the interruption of ***business***.
2. **Civil Authority**-means loss, including seizure, confiscation or destruction of property, caused by the order of any civil authority. This includes acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body. ***We*** do pay for acts of destruction ordered by governmental authority and taken at the time of fire to prevent its spread if the fire would be covered under this coverage part.
3. **Delay or loss of Market**.
4. **Dishonest or Criminal Acts**-means loss caused by or resulting from any dishonest or criminal act by ***you***, any of ***your*** partners, employees, directors, trustees, authorized representatives or anyone, to whom ***you*** entrust property for any purpose:
   a. Acting alone or in collusion with others; or
   b. Whether or not occurring during the hours of employment. This is exclusion does not apply to acts of destruction by ***your*** employees; but theft by an employee is not covered.
5. **Earth Movement of any Kind**-includes any earth movement (other than sinkhole collapse), such as earthquake, landslide, mudflow, or earth sinking, rising or shifting. But, if loss or damage by fire or explosion results, ***we*** will pay for the resulting loss or damage.
6. **Faulty, Inadequate or Defective**:
   a. Planning, zoning, development, surveying, siting;
   b. Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
   c. Materials used in repair, construction, renovation or remodeling; or
   d. Maintenance of part or all of any property on or off the ***insured premises***.
7. **Neglect**-means neglect by an ***insured*** to use all reasonable means to save and preserve covered property when endangered by a covered cause of loss.
8. **Nuclear Clause**-***We*** do not cover loss or damage caused by nuclear reaction, nuclear radiation or radioactive contamination, all whether directly or indirectly resulting from a covered loss under this policy. But, if loss or damage by fire results, ***we*** will pay for the resulting loss or damage.
9. **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, including the cost of removing its debris. When breakage of glass is covered by this policy, ***we*** pay to replace the 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 caused by 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 loss to covered property by power interruption as the direct result of damage to covered property on ***premises*** caused by a covered cause of loss.

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 11. **War** means undeclared war, civil war, insurrection, rebellion, 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.

12. **Water Damage** means loss caused by:
a. Flood, surface water, waves, tides, tidal water, tidal waves or overflow of a body of water or spray from any these, all whether wind driven or not;
b. Water which backs up through sewers or drains;
c. Water below the surface of the ground pressing on, flowing or seeping through:
1) Foundations, walls, floors or paved surfaces;
2) Basements, whether paved or not; or
3) Swimming pools or other structures.

But if loss or damage by fire or explosion results, ***we*** will pay for that resulting loss or damage.

13. **Wear and Tear** This includes means damage caused by:
a. Wear and tear, marring, deterioration scratching, or chipping;
b. Inherent vice, latent defect, deterioration or mechanical breakdown, rust;
c. Rust or corrosion, mold, mildew, wet or dry rot, corrosion, mold, contamination, pollution or smog unless caused by a peril insured against by this policy.;
d. Dampness or dryness of atmosphere, changes in or extremes of temperature; or
e. Birds, vermin, rodents or insects.

14. **Weather** ***We*** do not pay any loss if weather conditions contribute in any way, with a cause or event excluded in 1 through 13 above, to produce the loss.

HOW MUCH WE PAY FOR LOSS OR CLAIM

Settlement of property losses covered by this policy shall be made in accordance with the following provisions:

1. **Property losses** are **will** **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 The applicable limit of liability insurance;
b. the The amount of ***your*** interest in the property;
c. the The actual cash value of the property at the time of the loss including an appropriate deduction for depreciation, however caused;
d. The cost of repairing or replacing the property with materials of equivalent kind and quality to the extent practicable;
d. thee.
T
he 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 (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; or loss.

~~3~~ g.

When applicable, ***we*** will settle property losses under the ***terms*** and conditions of the Replacement Cost Provision.

2. **Deductible**

~~a. -~~The deductible applies to the following ~~Principal Coverages: :~~

a. Coverage A ~~—~~ ***Residence***~~;~~

b. Coverage B ~~—~~ Related Private Structures ~~on the Premises; and~~

c. Coverage C ~~—~~ Personal Property ~~. It also applies to the following~~

d. 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.~~

~~—~~e.

All additional property coverages added by endorsement. The deductible applies to all ~~perils insured against~~covered causes of loss unless otherwise stated in the Declarations or any endorsement.

~~b.~~ 1) ***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~~;~~, but:

~~c.~~a) If this policy covers more than one building, the deductible applies separately to each building.

b) If this policy covers only ***business*** or personal property, the deductible applies separately to such property in each building.

2) If coverage is otherwise restricted by ~~special limits~~Special Amounts of ~~liability~~Insurance, ***our*** liability must be separately computed under both the deductible and the special ~~limit of liability. ***We***~~ Amount of insurance, ***we*** pay the lesser of the two amounts.

~~d.~~3) If ~~this policy covers more than one ***residence***, the~~ a different deductible amount 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~~***your*** building and to the property within the ~~value of~~building, the ~~entire pair or set, and~~ higher of the ~~loss is not considered a total loss of the pair or set~~deductibles shall apply to a loss.

~~5~~3. **Insurance Under More Than One Coverage** ~~- If -~~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~~4. **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~~a.

Y

ou may have other insurance subject to the same plan, ***terms***, conditions and provisions as the insurance under this policy. If ***you*** do, ***we*** will pay ***our*** share of the covered loss or damage. ***Our*** share is the proportion that the applicable amount of Insurance under this policy bears to the amount of all insurance covering on the same basis.

b. If there is other insurance covering the same loss or damage, other than that described in (a) above, ***we*** will pay only the amount of covered loss or damage in excess of the amount due from that other insurance, whether ***you*** can collect on it or not. But, ***we*** will not pay more than the applicable amount of Insurance.

5. **Loss to a Pair or Set**-If there is a covered loss to an article which is part of a pair or set, ***we*** will elect to:

a. Pay the cost to repair or replace any part to restore the pair or set to its pre-loss value; or

b. Pay the difference in the actual cash value of the pair or set just before the loss and the actual cash value just after the loss.

6. **Restoration of ~~*Limit of Liability*~~** ~~-~~ Any**Amount of Insurance**-any loss ***we*** pay under this policy does not reduce the ~~limits of liability~~Amount of Insurance applying to a later loss.

7. **Tenant's Improvements and Betterments**-If there is a covered loss, ***we*** will pay either 1, 2 or 3:

1. The actual cash value of loss if the property is repaired or replaced, within a reasonable time, at ***your*** expense.
2. A portion of ***your*** original cost if ***you*** do not make repairs. The payment will be at that same proportion as the unexpired days bears to the original number of days granted by ***your*** lease. If ***your*** lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.
3. Nothing, if others pay for repairs or replacement.

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.**In the event of loss or damages to property covered under this policy, *we*** will, at ***our*** option:
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.
   P
   ay the loss in money; or
   2) rebuildb.
   R
   ebuild, repair or replace with property of equivalent kind and quality, to the extent practicable, within a reasonable time. ***We*** must will give the ***insured******you*** notice of ***our*** intent to do sorebuild, repair or replace within 30 days after receipt of a duly executed proof of lossconforming Sworn Statement in Proof of Loss.
   b. ***We*** may take
   c
   .
   T
   ake all or any part of damaged the property at the agreed or appraised value. Any property that ***we*** have paid for or replaced shall become ***our*** property.
2. ***Your* Property**-***We*** will adjust all losses with ***you***. A covered loss will be payable after a conforming Sworn Statement in Proof of Loss is received, and the amount of loss has been established by written agreement with ***you*** or by the filing of an appraisal award with ***us***. Payment will be to ***you*** unless another loss payee is named in the policy.
3. **Property of Others**-Losses to property of others may be adjusted with ***you***. ***We*** reserve the right to adjust with and pay to the owners. Payment to the owners satisfies ***our*** obligation to ***you*** for loss of this property. ***We*** may also choose to defend ***you*** against any suits arising from claims by the owners of the property.
4. **Liens for Unpaid Taxes**-***We*** are required by the Insurance Law to deduct the claim of any tax district from the amount ***we*** pay ***you*** for a loss by fire.
   To the extent ***we*** pay any tax district the amount certified as ***your*** unpaid taxes, ***we*** are no longer obligated to pay this amount to ***you***. ***Our*** payment of such claim to the tax district within 30 days of the receipt of the certificate of lien shall be considered by ***you*** and ***us*** that such claim was valid and properly paid. This does not apply to a one or two family residential structure.

WHAT *YOU* MUST DO IN CASE OF LOSS OR CLAIM

1. **Notice**
   a. In case of a loss or if an ***insured*** becomes***you*** become aware of anything that indicates that there might be a claim under this policy, he or she***you*** must:
      1) promptlyPromptly give ***us*** or ***our*** agent notice (in writing if requested);
      2) Promptly notify the police when the act causing the loss is also a violation of lawthe Law.
   b. The notice to ***us*** must state:
      1) the ***insured's*** ***your*** name, the kind of policy, policy number, and the time, place, and circumstances of the loss; and
      2) namesNames and addresses of any all known or potential claimants and 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)~~ **Protect Property-*You*** must take all reasonable steps to protect covered property at and after ~~an insured~~ a covered 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~~***you*** keep an accurate record of such expenses. These payments do not increase the ~~limit of liability~~ amount of insurance 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~~3. **Exhibit Property-*You*** must exhibit the damaged property and permit inspections as often as ***we*** reasonably request.

~~b. At *our* request, the *insured* must also:~~4. **Cooperation-*You*** must cooperate with ***us*** in performing all of the acts required by this policy.

~~1) submit a proof of loss containing~~5. **Proof of Loss-*You*** must submit to ***us*** a Sworn Statement in Proof of Loss signed and sworn to by ***you***, within 60 days of ***our*** request. The Sworn Statement in Proof of Loss will set forth, to the best of ***your*** knowledge and belief, the following information:

a~~) the~~.

T

he time, ~~place~~origin and ~~circumstances~~cause of loss;

b~~) the~~ ~~*insured's*~~.

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our interest, and ~~the interests~~ that of all others, in the property involved~~, including~~ and all mortgages ~~and~~ or liens on the covered property;

c~~)~~ .

All other ~~policies~~contracts of insurance ~~that may cover the loss on~~covering any of the property involved;

d~~) changes~~.

Any change in title, use or occupancy of the property during the policy period;

e~~)~~ .

All available plans and specifications of ~~buildings or structures~~the damaged property, including fixtures and machinery a part thereof;

f~~) detailed~~.

Detailed estimates ~~for~~ of repair of the damage establishing the actual cash value of each item and the amount of loss claimed; and

g~~)~~ . If

requested, an inventory of damaged personal property showing in detail the quantity, description, cost, actual cash value and amount of loss. ~~The *insured*~~***You*** 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;~~6. **Volunteer Payments-*You*** must not, except at ***your*** own cost, voluntarily make any payments, assume any obligations, pay or offer any rewards, or incur any other expenses.

~~3) exhibit the damaged property as often as *we* reasonably request;~~

~~4) produce~~ 7. **Additional Duties**-Each ***insured***, at ***our*** request, will separately:

a. Submit to examination under oath, at such times as may be reasonably required, about any matter relating to this insurance or ***your*** claim, including ***your*** books and records. In such event, ***your*** answers must be signed;

b. Produce records, including tax returns and bank microfilms of all ~~cancelled~~canceled checks, relating to value, loss and expenses and permit copies and extracts to be made of them as often as ***we*** reasonably request; and

~~5) assist~~c.

Assist in enforcing any right of recovery which ~~the *insured*~~ ***you*** 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 APPLICABLE TO ALL COVERAGES

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~~ Assignment of this policy is not valid without ***our*** written consent.

2. **Required Policy Period**-Means a period of three years from the date the policy is first issued or voluntarily renewed.

3. **Cancellation:**

a. By ~~***You - You***~~ ***you-you*** may cancel this policy at ~~any~~any time 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***~~ ***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~~If canceled by ***us*** ~~-~~-on a pro-rata basis; or

2) ~~if cancelled~~If canceled by ***you*** ~~- calculated in accordance with~~ on the basis of ***our*** short rate table, unless ***our*** bylaws, as set forth in this policy, require that refunds be computed on a pro-rata basis.

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***~~ ***we*** may Cancel ~~- ***We***~~ ***we*** may cancel the policy under the following conditions:

1) Non-~~*Payment*~~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~~15 days before cancellation is to be 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 a ***Term*** ~~*over*~~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~~45 days (but not more than 60 days) before the anniversary date of the required policy period.

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~~concellation is effective.

The reasons are:

a) ~~the~~ The policy was obtained through fraud, material misrepresentation or omission of fact which, if known ~~by~~ to ***us***, would have caused ***us*** not to issue the policy; or

b) ~~there~~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~~4. **Non-~~*Renewal*~~ renewal-*We*** may elect not to renew or continue this policy by giving written notice of ***our*** intent at least ~~30 days~~45 days (but not more than 60 days) before the ~~expiration date.~~end of the required policy period. 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~~5. **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. If the change in forms or endorsements reduces coverage or limits, ***we*** must notify ***you*** as provided under the Non-renewal ***terms*** contained in this endorsement.

~~5~~6. **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~~7. **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~~Any material fact or circumstance concerning this insurance; or

2) ~~an ***insured's***~~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~~.8. **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~~9. **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~~as specified on ~~any anniversary date that the~~***our*** premium ~~has not been received by ***us***. Premium is subject to adjustment on the basis of the rates in effect at each anniversary date~~notice.

~~9~~10. **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 the 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~~insurance 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~~11. **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.~~12. **Suit Against *Us*** ~~- -~~No suit to recover ~~for~~ any property ~~claim~~loss may be brought against ***us*** unless:~~-~~

a. ~~the~~ The ***terms*** of this policy have been fully complied with; and,

b. ~~the suit~~ The Suit is commenced within ~~1 year~~two years 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~~13. **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~~14. **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~~ shall 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~~ tile property is located to select an umpire.

~~-~~ The appraisers will then determine the amount of the damage stating separately~~,~~ and in detail: ~~the~~The cost to repair or replace, actual cash value of, and the 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.~~ 15. **No Benefit ~~to~~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~~16. **Secured Party Coverage** ~~- -~~Applies ~~***Only***~~only to ~~***Coverage***~~coverage on ~~***Mobile Homes***~~mobile homes and ~~***Personal Property***~~ ~~(This~~ 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***~~***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~~Notified ***us*** of any change in ownership, occupancy or substantial change in risk of which the secured party became aware;

b. ~~paid~~Paid any premium due under the policy on demand if ***you*** have not made such payment; and~~-~~

c. ~~submitted~~Submitted a signed, ~~sworn proof of loss~~Sworn Statement in Proof of Loss within 60 days if an ***insured*** has failed to do so.

Policy conditions relating to ~~Appraisal, Suit Against Us~~ appraisal, suit against ***us*** and loss payment apply to the secured party. If the policy is ~~cancelled~~canceled 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***~~ ***We*** are subrogated to all ~~the~~ rights of the secured party granted under the security agreement; or

b. ~~at~~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~~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 a premium paid for such.

~~16.~~ 17. **Mortgage ~~*Clause* -~~ clause~~-~~**Applies ~~***only***~~Only to Coverage on Buildings (~~This~~ this entire clause is void unless the name of the mortgagee (mortgage holder), 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***~~***your*** 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.~~ a.

We will pay for loss or damage to buildings to each mortgagee shown on the Declarations and to ***you*** as interest may appear. If more than one mortgagee is named in the Declarations, they shall be paid in that order of priority.

~~***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.~~

b. The mortgagee is entitled to receive loss payment even if the mortgagee has started foreclosure or other similar proceedings on the building or structure.

c. The insurance for the mortgagee continues in effect even when ***your*** insurance may be void because of ***your*** acts, neglect or failure to comply with policy ***terms***, provided that the mortgagee:

1) Pays any premium due under this policy at ***our*** request insofar as ***you*** have failed to do so;

2) Submits a signed, Sworn Statement in Proof of Loss within 60 days after receiving notice from ***us*** of ***your*** failure to do so; and

3) Notifies ***us*** of any change in ownership, occupancy or substantial changes in risk known to the mortgagee. If all of these conditions are met, then the ***terms*** of this policy will apply directly to the mortgagee.

d. If ***we*** pay the mortgagee for a loss where ***your*** insurance may be void as a result of ***your*** acts, neglect or failure to comply with policy ***terms*** then:

1) The mortgagee's rights under the mortgage will be transferred to ***us*** to the extent of the amount ***we*** pay; and

2) The mortgagee's right to recover the remainder of the mortgage debt from ***you*** will not be impaired. At ***our*** option, ***we*** may pay the mortgagee the remaining principal and accrued interest in return for a full assignment of the mortgagee's interest and any instruments given as security for the mortgage debt.

e. If ***we*** cancel this policy, ***we*** will give written notice to the mortgagee at least:

1) 10 days before the effective date of cancellation if ***we*** cancel for nonpayment of premium or other statutory reasons; or

2) 30 days before the effective date of cancellation if ***we*** cancel for any other reason.

f. If ***we*** do not renew this policy, ***we*** will give written notice to the mortgagee at least 10 days before the expiration of this policy.

18. **Additional Provisions**-Not withstanding any other provisions of this policy:

a. In the event of loss, ***we*** will pay no more than the lesser of the following:

1) The actual cash value of the property at the time of loss; or

2) The amount which it would cost to repair or replace the property with material of like kind and quality, to the extent practical, within a reasonable time after loss; however:

a) ***We*** do not pay any increased cost of repair or reconstruction by reason of any ordinance, code or law regulating construction or repair; and

b) ***We*** do not, unless specifically provided in this policy, pay for loss resulting from the interruption of ***business*** or manufacturing; or

3) An amount not exceeding the amount of insurance shown in the Declarations, but in any event for no more than the interest of the ***insured***.

b. The provisions of the appraisal clause set out in the standard fire policy and the provisions of section 3408 of the Insurance Law, including determinations as to the amount of loss or damage rendered thereunder, shall be binding on all parties to the contract of insurance evidenced by this policy.