For information regarding this policy, please contact your Shelter Insurance Agent.

TO OUR CUSTOMERS – PLEASE NOTE

Please read this policy carefully. If you have questions, contact your Shelter Agent for answers. No agent can know your exact coverage needs or budget considerations, so it is your responsibility to examine the policy and make sure it provides the types of coverage you need in the amounts you requested.

If you suffer a loss, please read this policy again so that you will be reminded of your rights and obligations. It is very important for you to recognize that this insurance policy is a legally binding contract. If any insured fails to perform an obligation required by this policy, the coverage which it might otherwise provide could be lost.
# THE INDEX
## WHERE YOU CAN FIND IT

**Declarations** - Your Name, Location of Your Residence, Policy Period, Limits of Liability and Deductibles

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We agree to insure you according to all the terms of this policy, 
(1) in reliance on your statements in the Application and in any Application for Change, both of which are made a part of this policy, and 
(2) based on our receipt of your payment of the premium. 
When we receive your premium, this policy provides the types of insurance, in the limited amount, shown in the Declarations. If any premium payment is by check, no insurance is provided if the bank does not honor the check.

DEFINITIONS USED THROUGHOUT THIS POLICY

In this policy, the words shown in bold type have the meanings stated below unless a different meaning is stated in a particular coverage or endorsement. Words in bold type that are derived from a defined word have the same root meaning. The plural version of a defined word has the same meaning as the singular if it is bolded. If any of these same words are used but not printed in bold type, they have the meaning given them by their common usage as set out in commonly used dictionaries.

1. **Accident** means an action or occurrence, or a series of actions or occurrences, that:
   (a) started abruptly, 
   (b) during the policy period, and 
   (c) directly resulted in **bodily injury** or **property damage**. 

   If an action or occurrence that started abruptly continues over a period of time and ultimately results in **bodily injury** or **property damage** that cannot be definitely attributed to any one specific action or occurrence, all such **bodily injury** or **property damage** is, under this policy definition, only one accident. If a series of abrupt actions or occurrences ultimately results in **bodily injury** or **property damage** that cannot be definitely attributed to any one specific action or occurrence, all such actions and occurrences, under this policy definition, constitute only one accident. 

   **Accident** does not mean: 
   (a) an action or occurrence that any insured intended to result in **bodily injury**, or **property damage**, of any type; 
   (b) an action or occurrence that is intended by any insured, if a reasonable individual would expect it to result in **bodily injury**, or **property damage**, of any type; or 
   (c) a intentional action by any person that does not immediately result in **bodily injury** or **property damage**, but ultimately does result in such because of its repetition or the repetition of similar actions.

2. **Accidental direct physical loss** means loss of possession of, or actual physical damage to, a part of the covered property which is caused by an accident. It does not include:
   (a) consequential economic damage resulting from such physical damage to that part or to the covered property as a whole, 
   (b) consequential economic damage resulting from the inability to restore full monetary value to that part or to the covered property as a whole because of the fact that it has sustained physical damage, 
   (c) consequential economic damage resulting from the loss of use of that part or the covered property as a whole, 
   (d) consequential economic damage resulting from the inability to match the parts which
are **repaired** or **replaced** with undamaged adjacent parts, or

(e) any diminution of the pre-loss value of the covered property after the **repair** or **replacement** of its parts.

3. **Actual cash value** means **total restoration cost** less **depreciation**. If the law of the state in which this policy is issued limits the factors which may be considered in determining the **actual cash value**, only the factors allowed by such law will be considered.

4. **Bodily injury** means:
   (a) a physical injury;
   (b) a sickness or disease of the body;
   (c) the physical pain and physical suffering which directly results from (a) or (b), above; and
   (d) a death which directly results from (a) or (b), above.

**Bodily injury** does not mean:
   (a) a mental injury;
   (b) a sickness or disease of the mind;
   (c) mental anguish; or
   (d) emotional distress;

unless such mental or emotional condition is diagnosed by a medical doctor and directly results from **bodily injury** to the individual on whose behalf the **claim** is made.

5. **Business** means any activity for which the **person** engaged in that activity receives compensation of any kind, or reasonably expects to receive compensation of any kind. **Business** does not mean:
   (a) the occasional sale of **personal property** at the **residence premises** unless that property was raised, grown, or acquired, for the purpose of selling it;
   (b) the occasional **rental** or **leasing**, or the holding for **rental** or **leasing**, of the **dwelling** on the **residence premises** in which you **reside**, for use as a **dwelling**, unless the **rental** or **lease** is to three or more roomers or boarders;
   (d) a part-time activity, engaged in by **you** or a relative, if the **individual** engaged in that activity is under the age of twenty-five, and is a full time student.

6. **Claim** means a request by any **person** for benefits under this policy as a result of any one **accident**. It includes lawsuits, requests for the payment of money and requests that we take any action, or extend any coverage, provided for by this policy.

7. **Compensation Law** means any law under which benefits are paid to a **person** as compensation for the effects of **bodily injury**, without regard to fault, because of that **person’s** status as an employee or beneficiary. It includes, but is not limited to, workers’ compensation laws, disability laws, the Federal Employers’ Liability Act and the Jones Act.

8. **Custom farming** means the maintenance or use of **premises**, other than **insured premises**, for the production of **farm products** and includes all operations reasonably necessary for such production that are performed:
   (a) at the request of the **owner** or **renter** of those **premises**; and
   (b) in exchange for compensation in the form of money or goods.

**Custom farming** does not mean operations performed as part of an exchange of **farming** services so long as no other compensation is paid.

9. **Declarations** means the part of this policy titled “Homeowner’s Insurance Policy Declarations”. It sets out many of the individual facts related to your policy including the dates, types, and amounts, of the various coverages.

10. **Decorative fixture** means wall covering, floor covering, paint, and molding which is attached to the interior of:
    (a) **your dwelling** at the **residence premises**; or
(b) other structures which are permanently attached to the residence premises, but not attached to your dwelling. If a structure is connected to the dwelling by only a utility line or fence, it will not be considered attached to the dwelling for purposes of this definition.

11. **Deductible** means an amount of money deducted from the total amount of all losses covered under Section I of this policy, unless the specific coverage under which a loss is covered says otherwise. The amount of your deductible is shown in the Declarations or in the specific policy provision under which a loss is covered.

12. **Depreciation** means an amount of money that is deducted from the amount we actually pay. That amount is based on the decrease in the value of the property since it was new. It applies to any part that must be repaired or replaced to allow for the repair or replacement of a damaged part, whether or not that part itself is damaged. The condition, age, extent of use, and obsolescence of the part, and the property as a whole, will be considered in determining depreciation. Depreciation also applies to the labor and applicable sales tax necessary to complete covered repairs and replacements. We will calculate the percentage by which the materials necessary to the replacement have decreased in value, based on the factors stated above, and apply that same percentage when calculating the depreciation applicable to the labor and sales tax.

13. **Domestic appliance** means a device operated by mechanical power, fuel, or electric current, which is customarily used inside a dwelling. Domestic appliance does not include permanently installed:
   (a) heating systems;
   (b) cooling systems;
   (c) water heating systems; or
   (d) water softeners.

14. **Dwell** means to live in a location with, or without, the intent to make that place one’s residence.

15. **Dwelling** means the structure in which one dwells.

16. **Farming** means the ownership, maintenance or use of premises for the production of farm products and includes all operations reasonably necessary for such production. Farming does not include the sale of farm products. Farming does not include custom farming.

17. **Farm products** means:
   (a) crops grown, raised, or kept, for the purpose of commercial sale; and
   (b) livestock grown, raised, or kept, for the purpose of commercial sale.

18. **General contractors’ overhead and profit** means any amount of money included in, or added to, the estimated, or actual, cost of restoring damaged property, to compensate a contractor for something other than:
   (a) the materials actually installed in, or on, the damaged property, or
   (b) the labor and equipment necessary to install such materials.

19. **Individual** means a human being.

20. **Insured** means:
   (a) You;
   (b) relatives;
   (c) any other individual under the age of 21 residing in your household who is in your care or the care of a relative;
   (d) with respect to any vehicle covered by this policy, any employee of a person listed in (a), (b) or (c) above, while in the course and scope of such employment; and
   (e) any person legally responsible for animals or watercraft covered by this policy and owned by a person listed in (a), (b) or (c) above. But we will cover that person only with respect to activities directly related to those animals or watercraft. Insured does not mean:
      (1) any person using or having custody of an animal or watercraft in the course of any business; or
(2) any person having custody of an animal or watercraft without permission of the owner of that animal or watercraft.

21. **Insured premises** means:
   (a) the residence premises;
   (b) any one or two family dwelling you acquire during the term of this policy, if you intend to reside there during the term of this policy;
   (c) the part of any other premises where you dwell if it is shown in the Declarations;
   (d) the part of any premises that are not owned by any insured, if an insured is temporarily using it as a dwelling;
   (e) the part of any structures or premises, not owned by any insured, which an insured occasionally rents for non-business purposes;
   (f) unimproved premises owned by, controlled by, or rented to, an insured, but this does not include premises, any part of which are used for farming or custom farming;
   (g) cemetery plots, or burial vaults, owned by an insured;
   (h) land on which a single or two family dwelling is being built for an insured, if the land is owned by, or rented to, the same insured; or
   (i) any structures used by you for storage of non-business items usually kept on the residence premises, and any premises to which those structures are attached.

22. **Judgment interest** means interest on any judgment provided for by the law of the state in which the judgment is entered, whether it accrues before or after a judgment.

23. **Land motor vehicle** means:
   (a) a motorized vehicle originally designed primarily for travel on public roadways;
   (b) a motorized vehicle that is licensed for use on public roadways; or
   (c) a vehicle attached to, or carried on, another vehicle that meets the definition set out in (a) or (b), above.

24. **Lease** means a right to possess and use real property or personal property for a period of thirty or more consecutive days based upon a written agreement with the owner of that property.

25. **Market value** means the price that the damaged part of the covered property would have brought immediately before the loss, if offered for sale by a reasonable person who is willing, but not obliged, to sell it, and bought by a reasonable person who is desirous of purchasing it, but who is not compelled to do so.

26. **Motorized vehicle** means any type of vehicle capable of transporting one or more people that has ever been powered by an internal combustion engine regardless of the type of fuel used in that engine. This definition applies even if an engine is no longer used to power the vehicle. This definition applies to all vehicles whether they are designed to operate on land, water, or in the air.

27. **Named insured** means any persons listed in the Declarations under the heading “Named Insured” and does not include persons listed under other headings unless they are also listed under the heading “Named Insured”.

28. **Own** means that the person referred to holds the legally recognized title to, or is a leaseholder of, an item of real property or personal property, irrespective of the fact that there may be other owners. This definition is not changed by the patterns of usage of the property.

29. **Owner** means any person who is a legally recognized titleholder or leaseholder of an item of real property or personal property, irrespective of the fact that there may be other titleholders or leaseholders. An owner’s status as such is not changed by the patterns of usage of the property.

30. **Person** means an individual, a corporation, or an entity, which has separate legal existence under the laws of the state in which this policy is issued.
31. **Personal property** means items that are not permanently attached to **premises**. It includes buildings on the **residence premises** that are not permanently attached to the **residence premises**. If an item or structure is attached to something only by a utility line it will not be considered permanently attached to it.

32. **Premises** means real estate. It includes land and any improvements permanently attached to the land. For purposes of this policy, all real estate conveyed by one deed granting title to that land will be considered the same **premises**. Lands conveyed by separate deeds will be considered separate **premises**.

33. **Property damage** means physical injury to or destruction of tangible property and includes damages for the loss of its use.

34. **Public roadway** means a roadway maintained by a governmental entity or agency including its adjacent right of ways. The fact that the general public has access to a roadway does not itself make that roadway a **public roadway**.

35. **Punitive damages** means a monetary award imposed to punish a wrongdoer and to deter others from similar conduct. It includes exemplary damages. It also includes any damages, or penalties, based upon any legal theory that requires proof of the same standard of conduct necessary to support an award of **punitive damages** or exemplary damages, under the law of the state in which they are awarded.

36. **Recreational motor vehicle** means a **motorized vehicle** that:
   (a) was not originally designed primarily for travel on **public roadways**, or
   (b) is not currently licensed for use on **public roadways**.
**Recreational motor vehicle** does not mean:
   (a) a vehicle used, or designed to be used, in competition with other vehicles,
   (b) a vehicle used solely to service the **residence premises**, or
   (c) a vehicle originally designed to assist the physically handicapped, or
   (d) a lawnmower used solely to mow grass.

37. **Relative** means an **individual** related to **you** by blood, marriage, or adoption, who is primarily a **resident** of, and actually living in, **your** household. It includes **your** unmarried and unemancipated child away at school.

38. **Rent** means a right to possess and use real property or **personal property** for a period of less than thirty consecutive days based upon a written agreement with the **owner** of that property.

39. **Repair** means restoration by the use of labor only on the damaged part of the covered property in order to restore its form and function. Restoration of pre-accident value is not included in the definition of **repair**.

40. **Replace** means the installation or provision of materials or parts to, or in place of, the damaged part of the covered property. It includes the installation or provision materials or parts to, or in place of, any undamaged parts that must be replaced to allow for replacement of the damaged part. It also includes the labor necessary to accomplish such installation. Restoration of pre-accident value is not included in the definition of **replace**.

41. **Reside** means to live in a location with the intent to make that place, and no other, one’s permanent home. If the parents of a minor child do not reside with one another, **we** will consider the child a **resident** of both their households if that child regularly spends time in each of their **residences**.

42. **Residence employee** means an employee of an **insured** whose duties entail the maintenance or use of the **residence premises**, or who performs similar duties elsewhere but not in connection with an **insured’s business**.

43. **Residence premises** means:
   (a) any one or two family **dwelling** situated on the **premises** described in the **Declarations** if:
      (1) **you own** that **dwelling**; and
(2) **you** presently **reside** in that **dwelling**, have **resided** there in the last thirty days, or will **reside** there within thirty days of the inception date of this policy; or

(b) a one or two family **dwelling** referred to in the **Declarations** as the “secondary residence premises”, if **you own** that **dwelling** at the time of a loss.

That **dwelling**, the grounds, and other structures at the same **premises**, are included in this definition.

44. **Restoration cost** means the amount of money it will, or did, cost to restore the form and function of the damaged part of covered property by:

(a) **replacing** it; or

(b) **repairing** it,

whichever is less expensive.

**Restoration cost** can be based on a combination of (a) and (b) above, if some parts of the covered property are **replaced** and other parts are **repaired**. **Restoration cost** includes:

(a) the cost of construction techniques commonly used by the building trades in the geographical area of the covered property; and

(b) the cost of materials and parts, comparable in quality to the damaged materials and parts, to the extent those are available in the geographical area of the covered property.

**Restoration cost** does not include:

(a) consequential economic damage resulting from the loss of use of the part or the covered property as a whole,

(d) consequential economic damage resulting from the inability to match the parts that are **repaired** or **replaced** with undamaged adjacent parts, except as provided in the insuring agreement with respect to **decorative fixtures**,

(e) any diminution of the pre-loss value of the covered property after the **repair** or **replacement** of its parts,

(f) the cost of **replacing** or **repairing** materials or parts that are unavailable in the geographic area of the covered property with those of like quality,

(g) the cost of using the services of tradesmen or craftsmen who do not regularly offer their services in the geographic area of the covered property, or

(h) **general contractors’ overhead and profit**.

45. **Total restoration cost** means the **restoration cost** of all of the damaged parts of the covered property that were damaged in one **accident**.

46. **Unoccupied** means that people were not **residing** in the **residence premises** at the time of the loss.

47. **Vacant** means that **you** have ceased to **dwell** there and that the **dwelling** is devoid of all **personal property** except those items that you intend to permanently leave at that location.

48. **War** means armed conflict whether or not officially declared. It includes civil war, insurrection, rebellion, revolution, or any act or condition incident to any of those events.

49. **We**, **us** and **our** mean the Company providing this insurance.

50. **You** means any **person** listed as a **named insured** in the **Declarations** and, if that **person** is an **individual**, his or her spouse.
1. WHAT TO DO IN CASE OF BODILY INJURY OR PROPERTY DAMAGE
In the event of an accident covered under this policy, the insured must promptly take all of the following actions:

(a) Notify us or our agent as soon as possible. The notice must give:
   (1) your name and policy number;
   (2) the time, place and circumstances of the accident; and
   (3) the names and addresses of all injured individuals and witnesses.

(b) Cooperate with us, and assist us in any matter relating to a claim.

(c) Send us all correspondence and all legal papers that relate to any claim, made by anyone, against us or against the person seeking such coverage.

(d) Authorize us to obtain any other records that may be relevant to the claim or may reasonably be expected to aid our investigators in determining the facts relevant to the claim.

(e) Provide us with a list of the damaged property if a loss covered under Damage to Property of Others occurs. The insured must also exhibit the damaged property to us if it is within the insured’s control.

(f) Provide any written proofs of loss we require.

(g) Answer, under oath, any questions posed by us, and sign a written transcript of such questions and answers.

If such claim is based upon bodily injury, the person making such claim must also:

(h) submit to physical examinations, at our expense, by doctors we select as often as we may reasonably require;

(i) authorize us to obtain relevant medical records of the individual whose bodily injury is the basis for such claim.

The insured must not, except at his or her own cost, voluntarily make any payment, assume any obligation, or incur any expenses related to the bodily injury or property damage.

2. ASSIGNMENT
Except as provided in Coverage F of this policy, you may not assign any of your rights and interests under this policy, unless we consent to such assignment, in writing and endorse that change on this policy. Such endorsement will then become a part of this policy.

3. COVERAGE IN THE EVENT OF YOUR DEATH
If you die, the provisions of this policy will apply to:

(a) any surviving member of your household who was covered under this policy at the time of your death, but only while that individual is a resident of, and actually living in, the dwelling on the insured premises;

(b) your legal representative while acting within that capacity; and

(c) any person having proper custody of insured property until a legal representative is appointed.

However, in order to obtain this coverage, any of the people listed in (a), (b) and (c), above, must notify us of your death. Coverage under this provision will be provided for a maximum of thirty days after your death, and will terminate if the policy lapses.

4. NOTICE TO US
Any notice required by this policy may be given by, or on behalf of, the insured to our authorized agent within this state. If that notice contains sufficient information for us to identify the insured, we will consider it notice to us.

5. LEGAL ACTION AGAINST US
Any person who makes a claim or seeks coverage under this policy agrees not to institute any legal action against us unless that person has fully complied with all the terms of this policy. Any legal action seeking a payment or a determination of coverage under this policy or
its binder must be brought in the state in which the **residence premises** are located. This policy and its binder are to be interpreted in accordance with the laws of the state in which the **residence premises** are located.

6. CANCELLATION
   Cancellation of this policy will be handled in accordance with the state specific endorsement attached to this policy.

7. REFUSAL TO RENEW
   Refusal to renew this policy will be handled in accordance with the state specific endorsement attached to this policy.

8. CONCEALMENT OR FRAUD
   This entire policy is void as to all **insureds** if any **insured** has:
   (a) intentionally concealed, or misrepresented, any material fact or circumstance relating to the purchase of this policy;
   (b) negligently misrepresented any material fact or circumstance related to the purchase of this policy;
   (c) intentionally concealed or misrepresented any material fact related to any **claim** made under this policy;
   (d) acted fraudulently, or made false statements, relating to any **claim** made under this policy.

9. CHANGES TO THE POLICY
   This policy includes the printed policy form, its endorsements, the application related to it, any applications for changes to it, and the **Declarations**. Those documents constitute all the agreements between **you** and **us** relating to this insurance. No change or waiver may be effected in this policy except by written endorsement issued by **us**. If a premium adjustment is necessary **we** will make the adjustment as of the effective date of the change. If **we** change this particular policy form so the insurance it provides is broadened without extra premium, this policy will be broadened as of the date **we** make that change effective in your state, and the broader form will apply to your **claims** after that date.

10. **YOUR OBLIGATION TO NOTIFY US OF YOUR CHANGES**
    The premium charged for this policy is based in large part on information **you** provided to **us**. If that information is incomplete or inaccurate, or if it changes during the policy period, **you** must inform us of that, if it relates to any of the following:
   (a) a change in **your residence**;
   (b) a change in the number or types of **businesses** operated on the **insured premises**;
   (c) a change in the **ownership** or management of any **business** operated on the **insured premises**;
   (d) a change in the number of occupants, who are not **relatives**, residing at the **insured premises**;
   (e) an addition or upgrade in the **insured premises**;
   (f) a change in the number or types of animals kept on the **insured premises**.

11. **OUR RIGHT TO INSPECT PREMISES**
    We have the right to inspect any **premises** covered by this policy as often as may be reasonable during the term of this policy. **You** agree to allow us to come onto those **premises** and into any buildings on those **premises**.

12. **OUR RIGHT TO RECOVER PAYMENT**
    In the event **we** make any payment under this policy, **we** will be subrogated to all rights of recovery, based upon the same damages that an **insured**, or any other **person** receiving the payment, may have against any **person** liable for those damages.
    Any **insured**, or other **person** who receives payment under this policy, agrees to execute and deliver legal instruments to **us**, and to take any reasonable actions necessary to secure our rights if **we** ask.
    Any **insured**, or other **person** who receives payment under this policy, agrees to cooperate with **us** in enforcing our rights of recovery acquired under this section and to do nothing to prejudice our rights.
This does not apply to the coverages headed “Medical Payments to Others” and “Damage to Property Of Others”.

13. POLICY COVERAGE PERIOD
This policy applies only to losses, bodily injury or property damage that occur during the policy period.

14. OTHER INSURANCE
If this policy and any other insurance, issued by us, or by any other company, applies to the same loss, this policy will apply as follows.

(a) With respect to all coverages contained in Section I, the insurance provided by this policy will be prorated, based upon the applicable limits of each policy, up to the highest limit provided by any one policy. This does not apply if a mortgagee, or trustee under a deed of trust, has duplicate coverage because of the ten-day notice provision contained in the section related to mortgagees and trustees. In that instance, the provisions of that section respecting the priority of coverages will control.

(b) With respect to all coverages contained in Section II, the insurance provided by this policy will apply only as excess insurance, and will then apply only in the amount by which its limits exceed the limits of all such other policies.

15. OTHER SOURCES OF COMPENSATION FOR THE LOSS
(a) If an insured is entitled to receive full compensation for a loss covered by this policy from another source, this policy will not apply to such loss.

(b) If an insured is entitled to receive partial compensation for a loss covered by this policy from another source, this policy will apply only to the amount of the loss for which the insured is not entitled to compensation from that source.

16. CONFORMITY TO APPLICABLE LAWS
If the terms of this policy conflict with the laws of any state that are applicable to a covered loss, the conflicting terms are amended to conform to such laws.

17. EFFECT OF POLICY ACCEPTANCE
By acceptance of this policy, you agree that the statements in the Declarations and in any Application or Application for Change accepted by us, are offered as an inducement to us to issue, continue, or renew this policy, and are your agreements or representations. They are not warranties.

18. CONTINUOUS RENEWAL
Subject to our consent and subject to the premiums, rules and forms then in effect for us, this policy may be continued in force by payment of the required continuation premium for each successive policy term. Such continuation premium must be paid to us before the expiration of the then current policy term and if not paid the policy shall terminate.

With respect to any mortgagee (or trustee) named in the Declarations, this insurance will continue in force as to only the interest of the mortgagee (or trustee) for 10 days after written notice of termination to the mortgagee (or trustee), and shall then terminate.

SECTION I - PROPERTY PROTECTION

COVERAGE C-PERSONAL PROPERTY
INSURING AGREEMENT
We cover accidental direct physical loss to:
1. personal property owned or used by the insured; and,
2. personal property you do not own if:
   (a) it is located at the residence premises at the time of the loss;
   (b) you have been at the residence premises during the 45 days immediately preceding the loss; and
   (c) you ask us to provide this coverage for that property.

These coverages apply only if the loss is caused by one or more of the following perils, and it is not
excluded elsewhere in this coverage:

1. Fire or lightning.
   This peril does not include loss caused by nuclear reaction, radiation, radioactive contamination or discharge of a nuclear weapon even if accidental, or any consequence of any of these.

2. Wind or hail.
   This peril does not include loss:
   (a) to property in a building, caused by wind, rain, snow, sand, sleet or dust unless the building is first damaged by the direct force of wind or hail, creating an opening through which the wind, rain, snow, sand, sleet or dust enters; or
   (b) to watercraft and their trailers, furnishings, equipment, and motors, unless they are:
      (1) located inside a fully enclosed building at the time of the loss; or
      (2) non-motorized boats or canoes, owned by you and are on the residence premises at the time of the loss.

3. Explosion.
   This peril does not include loss caused by nuclear reaction, radiation, radioactive contamination or discharge of a nuclear weapon even if accidental, or any consequence of any of these.

4. Riot or civil commotion.

5. Aircraft, including self-propelled missiles and spacecraft.

6. Vehicular collision. However, this peril does not apply if the only collision is between the personal property and the vehicle in which it is being transported.

7. Smoke or soot. This peril does not apply to losses:
   (a) caused by smoke or soot from agricultural smudging or industrial operations;
   (b) caused by continuous or repeated exposure to smoke or soot; or
   (c) caused by nuclear reaction, radiation, radioactive contamination or discharge of a nuclear weapon even if accidental, or any consequence of any of these.

8. Vandalism or malicious mischief.
   (a) This peril does not apply to vandalism or malicious mischief:
      (1) committed by, or at the direction of, any insured, or the husband, wife or child of any insured;
      (2) committed in or around a dwelling that is undergoing construction, repairs or renovations, unless that dwelling is occupied by an insured during such construction, repairs or renovations;
   (b) This peril does not apply to vandalism or malicious mischief committed by any person who is renting or leasing a part of the residence premises;
   (c) This peril does not apply to vandalism or malicious mischief to personal property located in areas of the residence premises rented or leased to others;
   (d) This peril does not apply, away from the residence premises, to vandalism or malicious mischief of:
      (1) personal property while at any other premises owned, rented or occupied by an insured except while an insured is temporarily using that premises as a dwelling. Property of an insured who is a student is covered at a dwelling away from home if the student has been at that dwelling at any time during the 45 days immediately before the loss;
      (2) watercraft and their equipment; and
      (3) trailers.

9. Theft or attempted theft.
   (a) This peril does not apply to theft:
      (1) committed by, or at the direction of, any insured, or the husband, wife or child of any insured;
      (2) from in or around a building that is undergoing construction, repairs or renovations, unless that building is at the location where you presently reside.
(3) of a precious or semi-precious stone from its setting;
(4) of any credit card or loss by forgery or alteration of any check, draft, promissory note, bill of exchange, or similar written promise, order, or direction to pay a sum of money. There may be limited coverage for some of these items under the section headed “Additional Coverages Under Section I”; or
(5) that results from a voluntary parting with title or possession of any property by the insured or others to whom the insured has entrusted the property. This exclusion applies even if such parting of title or possession was induced by a fraudulent scheme, trick, device or false pretense.

(b) This peril does not apply to theft of the following, when a part of the residence premises is rented or leased to others:
(1) money, bank notes, bullion, coins and medals and other numismatic property and precious metals including platinum, gold and silver, but not goldware or silverware;
(2) securities, manuscripts, accounts, deeds, evidences of debt, letters of credit, notes, passports, tickets, stamps and other philatelic property;
(3) jewelry, watches, precious and semi-precious stones and furs, including any article containing fur if that fur accounts for its principal value; or
(4) any personal property, if the theft is committed by any person renting or leasing a part of the residence premises.

(c) This peril does not apply, away from the residence premises, to theft of:
(1) property while at any other premises owned, rented or occupied by an insured except while an insured is temporarily using that premises as a dwelling. Property of an insured who is a student is covered at a dwelling away from home if the student has been at that dwelling at any time during the 45 days immediately before the loss;
(2) watercraft and their equipment; and
(3) trailers.

10. Breakage of Glass
We cover damage to personal property caused by breakage of glass constituting a part of any building on the insured premises, however we do not cover loss or damage to the glass itself under this coverage.

11. Volcanic Eruption
This peril does not apply to loss caused by earthquake or land shock waves or tremors that occur before, during, or after a volcanic eruption. All eruptions that occur within a period of 72 hours will be considered one volcanic eruption.

12. Falling of objects
This peril does not apply to loss to the property that fell, nor does it apply to other property within a building unless, while it is falling, the object first damages the exterior of a building.

13. Weight of ice, snow or sleet that damages property in the building.

This peril does not apply to settling, cracking, shrinkage, bulging or expansion.

15. Cracking, burning, bulging or tearing apart, of a heating or air conditioning system, automatic fire protection sprinkler system or a potable water heating appliance. This peril does not apply to loss that is caused by or results from freezing.

16. Discharge or overflow of water or steam from within a plumbing system, heating system, cooling system, fire protection sprinkler system, water heater, water softener, or domestic appliance, if the point from which the water or steam was discharged or overflowed is physically located within a structure permanently attached to the residence premises.

This peril does not apply to loss:
(a) to the system or appliance from which the water or steam escapes;
(b) caused by or resulting from freezing;
(c) to property at a building vacant for more than 30 consecutive days immediately before the loss;
(d) caused by water leaking from an aquarium;
(e) caused by water leaking from a water bed;
(f) caused by water or steam from a hot tub or spa; or
(g) caused by continuous or repeated seepage or leaking over a period of fourteen days or more and if this exclusion applies, no part of the loss is covered even though it may have occurred prior to the fourteenth day of the seepage or leakage.

17. Freezing of a plumbing, heating and air conditioning system, automatic fire protection sprinkler system, or appliance. This peril does not apply to any loss occurring while the building is vacant, unoccupied, under construction, remodeling or renovation, unless you use reasonable care to:
(a) shut off the water supply and drain the systems and appliances; or
(b) maintain heat in the building.
This peril does not apply to losses to any appliance, hot tub, spa, whirlpool or equipment located out of doors unless you use reasonable care to prevent such units from freezing.

LIMITATION OF LIABILITY BASED ON LOCATION OF PERSONAL PROPERTY
We cover personal property owned, or used by an insured anywhere in the world. However, this coverage is limited to 10% of the limits of liability for Coverage C - Personal Property, stated in the Declarations for any loss to personal property that is away from the premises described in the Declarations for more than thirty consecutive days. Personal property placed for safekeeping with a bank, trust company, safe deposit company, or a commercial storage facility available to the general public, will be considered to be on the residence premises.

SPECIAL LIMITS ON CERTAIN ITEMS OF PERSONAL PROPERTY
The special limits stated below apply to the corresponding groups of personal property and, if a specific peril is set out in the list below, these limits apply only to losses caused by that peril. These limits do not increase the total amount of insurance for personal property stated in the Declarations.

Limit of Insurance   Personal Property Group
1. $ 200 Money, bank notes, bullion, coins and medals and other numismatic property.
2. $1000 Securities, accounts, deeds, evidence of debt, letters of credit, notes other than bank notes, passports, tickets, stamps and other philatelic property.
3. $1000 Watercraft, including their trailers, furnishings, equipment & outboard motors.
4. $1000 Trailers not used to transport watercraft.
5. $1000 Theft of jewelry, watches, precious and semi-precious stones and precious metals including platinum, gold and silver, and furs, including any article containing fur if that fur accounts for its principal value.
6. $1000 Manuscripts.
7. $5000 Theft of silverware and goldware.
8. $2000 Theft of guns and related equipment.
10. $1000 Grave Markers (whether or not attached to realty).
11. $2500 Business property, on the residence premises if not related to a business conducted on the residence premises.
12. $ 250 Business property away from the residence premises.
13. $1000 Recreational motor vehicles.
14. $1000 Personal property you do not own.
15. $ 500 Audio tapes, video tapes, audio discs, video discs, and all other electronic media while located away from the residence premises.
16. $1000 Collector cards.
17. $1000 Comic books.
18. $ 500 Parts and accessories for motorized vehicles that are not permanently attached to a motorized vehicle. This limitation does not apply to parts and accessories for vehicles used solely to service the residence premises.
EXCLUSIONS APPLICABLE TO COVERAGE C

We do not cover any loss or damage if it would not have occurred in the absence of any event or condition listed below. That loss or damage is excluded from coverage regardless of:

(a) the proximate cause of that event or condition;
(b) the fact that other events or conditions, which are not excluded, caused the loss or damage;
(c) the fact that other events or conditions, which are not excluded, contributed to the loss or damage;
(d) the sequence of the events or conditions that caused the loss or damage;
(e) whether the events and conditions that caused the loss or damage occurred suddenly or gradually;
(f) whether the loss or damage is isolated or widespread; or
(g) whether the loss or damage arises from natural forces, external forces, or a combination of such forces.

1. Enforcement of any ordinance or law regulating the construction, repair or demolition of a building or other structure. We do cover loss caused by actions of civil authorities to prevent the spread of a fire if that fire is caused by a peril we insure against.

2. Movement of materials that support, or surround, a structure. We do not cover losses resulting from damage to any structure including, but not limited to: a) patios, b) pavement, c) foundations, d) walls, e) floors, f) roofs, g) ceilings, or h) slabs, caused by the sinking, rising, shifting, expanding, or contracting, of earth or any other supporting, or surrounding, material. This exclusion applies to losses resulting from earthquakes, volcanic explosions, lava flow, landslides, mudflow, mudslides, sinking of ground, subsidence, erosion, movement resulting from improper construction or compaction, site selection, or any other force. We do cover accidental direct physical loss that occurs subsequent to any of these causes if that loss is caused by theft, fire, or explosion.

3. (a) Water, or water borne contaminants or materials, that flows on, or under, the surface of the ground; waves; tidal waters; or overflow of a stream or any body of water. We do not cover spray from any of these, whether or not driven by wind.
(b) Water, or water borne contaminants or materials, that escapes from a pool or water system, unless the portion of that pool or water system from which the water escapes is physically located within a building that is permanently attached to the residence premises.
(c) Water, or water borne contaminants or materials, that overflows from sewers, drains, or pumps, if that overflow is caused by the inadequacy of the sewer, drain, or pump system, or by an obstruction of such that is located off of the residence premises.
(d) Water, or water borne contaminants or materials, below the surface of the ground, that exerts pressure on, or flows, seeps, or leaks, through any part of a building or other structure, sidewalk, driveway or pool.
(e) Condensation of water vapor. We do cover accidental direct physical loss that occurs subsequent to any of the events or conditions listed in 3(a), 3(b), 3(c), 3(d) and 3(e), above, if that loss is caused by theft, fire or explosion.

4. Power, heating, or cooling failure or interruption, unless it results from accidental direct physical loss to power, heating or cooling equipment located on the residence premises and that loss is caused by a peril we insure against. We do cover accidental direct physical loss that occurs subsequent to any of these events if that loss is caused by theft, fire, or explosion.
5. Neglect of an insured to use all reasonable means to protect covered property at and after the time of loss or when property is threatened by a peril we insure against.

6. War.

7. Nuclear reaction, radiation, radioactive contamination or discharge of a nuclear weapon even if accidental, or any consequence of any of these.

8. An intentional act by, or at the direction of, any insured that a reasonable individual would expect to cause the loss for which the claim is made.

9. Any event causing loss to outdoor radio and television equipment except as provided for under ADDITIONAL COVERAGES UNDER SECTION I.

10. Any event causing loss to piers, bulkheads, wharves and docks and anything attached to them.


12. Any defect, inadequacy, fault, unsoundness or weakness in:
   (a) material used for construction or repair;
   (b) site preparation including planning, zoning, surveying, grading, compaction and placement;
   (c) workmanship, design or engineering specifications; or
   (d) maintenance of land, structures, improvements and similar property on or off of the residence premises;
   if such defect, inadequacy, fault, unsoundness or weakness existed before the accident that resulted in the loss.

13. Illegal activities of any insured.


We do not cover any peril or loss listed above even if the loss is caused in part by:
   (a) the action, lack of action or decision of any person, group, organization or governmental body, or
   (b) the conduct of any person, group, organization or governmental body, regardless of whether that conduct is negligent, wrongful, intentional or without fault;

We do cover accidental direct physical loss that occurs subsequent to the events or conditions listed in (a) and (b), above, if that loss is caused by fire or explosion.

EXCLUSIONS OF CERTAIN CATEGORIES OF PERSONAL PROPERTY

We do not cover the following items of personal property.

1. Animals.

2. Vehicles that are, or at any time were, motorized and all parts and accessories attached to them, unless those vehicles are:
   (a) used primarily to service the residence premises;
   (b) originally designed to assist the physically handicapped; or
   (c) recreational motor vehicles.

3. Aircraft, except model airplanes that are not used or designed for transporting cargo or people.

4. Parts and accessories for aircraft.

5. Personal property of roomers or boarders who are not related to an insured.

6. Personal property of tenants.

7. Business personal property:
   (a) relating to a business conducted on the residence premises; or
   (b) books of account, drawings or other paper records; or
   (c) electronic data processing tapes, wires, records, disc or other software media containing business data.

8. Personal property rented, or held for rental, to others by an insured. However, we do cover that property while on the part of the residence premises used exclusively by an insured, or by a person renting or leasing that portion of the residence premises.

9. Electronic devices that may be operated by the electrical system of aircraft, watercraft, land motor vehicles or recreational motor vehicles.
if they are permanently installed in or upon an aircraft, watercraft, land motor vehicle or recreational motor vehicle. Antennas, wires and brackets for these devices, are not covered while in or upon an aircraft, watercraft, land motor vehicle or recreational motor vehicle.

10. Film, tape, discs, drums, cells and all other magnetic recording or storage media for electronic data processing. However, we do cover such media in unexposed or blank form.

11. Electronic data, digital data, or optical data, stored on any media. This exclusion applies to all forms of such data including, but not limited to, music and photographs. However, we do cover commercial data processing software if it is commonly available on the retail market at the time of the loss.

12. Personal property specifically, or categorically, insured by any other insurance.

13. Personal property specifically, or categorically, listed in any endorsement to this policy except to the extent stated in that endorsement.

COVERAGE D-ADDITIONAL LIVING EXPENSE AND LOSS OF RENTS
INSURING AGREEMENT
If your residence premises sustains a covered loss that exceeds the applicable deductible and, as a direct result of that loss, your residence premises is uninhabitable, we will pay the increase in your living expense reasonably necessary to maintain your normal standard of living for the shortest time reasonably necessary:
1. to repair or replace the damaged property, or
2. for you to permanently relocate.

We will also pay for your loss of income resulting from a covered loss while the part of the residence premises you rented or leased before the loss is uninhabitable. From that payment we will deduct any charges and expenses that do not continue during that time. We will pay you for this loss of income only for the time reasonably needed to make the rented or leased part of the residence premises habitable.

We will not pay for loss or expense due to the cancellation of any rental or lease agreement.

If a peril we insure against causes civil authorities to prohibit occupancy of the residence premises, we will pay:
1. the reasonable additional living expenses you incur for up to two weeks from the day you vacate the residence premises, and
2. any loss of income you incur for a part of the residence premises that was actually rented or leased for up to two weeks from the date your tenant vacates the residence premises.

The periods of time set out in this section of the policy will not be shortened by the expiration of the policy.

No deductible applies to these coverages.

ADDITIONAL COVERAGES UNDER SECTION I
Unless the specific coverage indicates that no deductible applies, we will pay only for loss to the covered property minus the deductible.

1. Hauling Away Of Damaged Property
We will pay the reasonable expenses you incur to have the following items hauled away from the residence premises:
(a) the remains of property damaged by a peril we insure it against;
(b) the remains of property that is not covered by this policy but which was damaged by wind, lightning, or explosion, if:
   (1) it caused accidental direct physical loss to covered property; and
   (2) this coverage is not provided elsewhere in this policy;
(c) ash, dust or particles from a volcanic eruption that caused accidental direct physical loss to a building or property within a building.

Any amounts paid under this coverage will reduce the limits applicable to the covered
property. However, if damage to covered property plus the cost of the debris removal covered by this section is more than the limit of our liability applicable to that covered property, we will pay up to an additional 5% of the limit of the applicable coverage for debris removal under this section.

No coverage is provided under this section for the removal of trees, shrubs, plants, and lawns. Coverage for those items, if any, is provided under a specific heading elsewhere in this policy.

No coverage is provided under this section for the fees or expenses you incur for tearing off, or tearing out, the remains of covered property. Coverage for those items, if any, is a part of the restoration cost associated with the specific loss.

2. Fire Department Charges
We will pay up to $500 for your liability under an agreement for service charges made by a fire department when called to protect your covered property from a peril we insure against. This payment is in addition to the amount of insurance applying to the loss. No deductible applies to this coverage.

3. Damage To Covered Property During Emergency Removal
We will pay for covered property damaged in any way while being removed from, or returned to, a premise to protect that covered property from a peril we insure against, if that peril is imminent. This coverage is limited to a 30 day period from date of removal. Any amounts paid under this coverage will reduce the limits applicable to the covered property.

4. Losses To Trees, Shrubs, Plants, and Lawns
We will pay for loss to trees, shrubs, plants, and lawns, at the residence premises if they are within 200 feet of your dwelling and are not grown for business purposes. This coverage applies only if the damage to them is caused by any of the following perils: fire, lightning, explosion, riot, civil commotion, aircraft, vandalism, malicious mischief, theft, or vehicles that are not owned, or operated, by an individual who, at the time of the loss, was living at the residence premises.

Our maximum limit of liability for all coverages provided in this section is 10% of the limit of insurance under the Personal Property Coverage, but it will be paid in addition to that limit. Subject to that maximum limit of liability, we will pay no more than:
(a) $500 in any 12 month period for damage to any one covered tree, shrub, or plant; and
(b) $2500 in any 12 month period for damage to a covered lawn.

5. Hauling Away Of Damaged Trees, Shrubs, Plants, and Lawns
We will pay the reasonable expenses you incur to have the remains of trees, shrubs, plants, and lawns, which are covered under the previous section, hauled away from the residence premises.

We will pay the reasonable expenses you incur, up to an aggregate of $500, to have the remains of trees that are damaged by wind hauled away from the residence premises, if those trees:
(a) are within 200 feet of your dwelling; and
(b) damaged property covered by this policy when they fell.

6. Credit Card, Charge Plate, Fund Transfer Card, Check Forgery and Counterfeit Money Coverages
We will pay an amount not to exceed $1000 for any one loss involving one or more of the following coverages. All loss resulting from a series of acts committed by any one person, or in which any one person is concerned or implicated, is considered to be one loss. No deductible applies to these coverages.
(a) Credit Card, Charge Plate and Fund Transfer Card Coverage
If an insured is legally required to pay for the unauthorized use of a credit card, charge plate, or card used for deposit, withdrawal or
transfer of funds, issued to the insured, we will cover the loss. If a claim is made or suit is brought against the insured for liability under this coverage, we will defend the insured. We will use our lawyers and bear the expense. We may investigate any claim or settle any suit as we think appropriate. We will not defend after we have paid an amount equal to the limit of our liability.

We do not cover:

1. use of the credit card, charge plate or card used for deposit, withdrawal or transfer of funds by a resident of your household;
2. use by someone to whom an insured has given the credit card, charge plate or card used for deposit, withdrawal or transfer of funds; or
3. any use unless the insured has met all the terms under which the card or plate was issued.

(b) Check Forgery Coverage

We cover loss to any insured caused by forgery or alteration of a check. This includes all negotiable instruments. If a claim is made or suit is brought against the insured for liability under this coverage, we will defend the insured. We will use our lawyers and bear the expense. We may at our option and at our expense, defend the insured or that person’s bank against a suit to enforce payment under this coverage. We may investigate any claim or settle any suit as we think appropriate. We will not defend after we have paid an amount equal to the limit of our liability.

(c) Counterfeit Money Coverage

We cover loss sustained by an insured through acceptance in good faith of counterfeit United States or Canadian paper currency. However, we will not pay more than $50 for counterfeit United States or Canadian paper currency accepted in any one transaction or, regardless of any other provision, more than $100 in the aggregate.

7. Refrigerated Food Products

We will pay up to $500 in the aggregate for loss to the contents of all freezer and refrigerator units on the insured premises. The contents must be owned by you. The loss must be caused by change in temperature due to a verifiable interruption of electrical service from generating or transmission equipment outside the structure in which the freezer or refrigerator is located. Any amounts paid under this coverage will reduce the limits applicable to the covered property. No deductible applies to this coverage.

8. Building Additions and Alterations

We will cover, under the Personal Property Coverage, building additions, alterations, fixtures, installations and improvements made to the portion of the residence premises used exclusively by you and made or acquired at your expense. We will pay up to 20% of the limit of liability that applies to Personal Property Coverage.

Payments are in addition to the amount of insurance applying to Personal Property Coverage.

9. Outdoor Antennas

We will cover, under Personal Property Coverage, outdoor antennas and reception dishes (including their lead in wires), towers and masts if they are located on the insured premises. The limit of our liability for this coverage is $200. This amount includes the cost of damaged parts and the labor necessary to repair the damage.

SPECIAL PROVISIONS AND CONDITIONS RELATING TO SECTION I

1. What To Do In Case Of Loss

If a covered loss occurs, the insured must take all of the following actions if applicable to that loss:

(a) Give us immediate notice and, in case of theft or suspected theft, you must also notify the police immediately.
(b) Protect the property from further damage.
(c) Send to us, within 60 days after its receipt by you, a proof of loss signed and sworn to by the insured, including:

1. the time and cause of loss;
2. the reason for the loss;
3. the interest of insureds and all others in the property;
4. the total value of the property immediately before and after the loss;
5. all encumbrances on the property;
6. other policies covering the loss;
7. changes in title, use, occupancy or possession of the property;
8. a list (schedule) of personal property damaged or destroyed including all facts known to you regarding:
   i. its quantity,
   ii. its description,
   iii. from whom it was obtained,
   iv. the date it was obtained or purchased,
   v. whether it was purchased new or used,
   vi. the amount of its purchase price,
   vii. the current replacement cost,
   viii. the cost to repair it,
   ix. the amount of your loss; and
9. if required, any plans and specifications of any damaged building or fixtures;

(d) Show the damaged property to us or our representative prior to its replacement or repair, as often as we may reasonably require.

(e) Submit to examinations under oath by any person named by us, out of the presence of any other individual other than a licensed attorney and sign the transcript of the examinations.

(f) Produce for examination, and permit us to copy, records pertaining to any loss of

rental or lease income, all books of account, bills, invoices, receipts and other vouchers that we may reasonably require.

(g) Produce receipts for any increased costs you incur to maintain your standard of living while you dwell elsewhere.

(h) Authorize us, in writing, to obtain any other records that may be relevant to the claim or may reasonably be expected to aid our investigators in determining the facts relevant to the claim.

2. Insurable Interest

We will not pay more than the insurable interest an insured has in the covered property at the time of loss.

3. Abandoned Property

We are not obliged to accept abandoned property.

4. Loss to a Pair or Set

We may, at our option:

a) repair or replace any part of a pair or set to restore the pair or set to its market value before the loss; or

b) pay the amount by which the market value of the pair or set has diminished because of the loss of, or damage to, the part.

5. Loss Payable Clause

We will adjust any loss with you, and make any payment due to you. However, if another person is named in the Declarations as a “loss payee”, we will include the name of that person on any settlement check or draft and deliver it to you or such loss payee, at our option.

6. Mortgagees and Trustees Under Deeds of Trust

We will adjust any loss with you, and make any payment due to you. However, if another person is named in the Declarations as a “mortgagee”, or “trustee” under a trust deed, we will pay any amount due to that mortgagee or trustee to the extent of its interests. If the name of more than one such person appears, we will pay them in the order of precedence of their mortgages or trust deeds. This provision does not apply to
contracts for deed or any similar method of sale in which ownership of the property does not pass to the insured until all payments on the purchase loan are made. Any payment due to a mortgagee or trustee under this provision will not be invalidated by:
(a) any act or neglect of the mortgagor or owner of the insured property;
(b) any foreclosure or other proceedings or notice of sale relating to the property;
(c) any change in the title or ownership of the property; or
(d) the occupation of the premises for purposes more hazardous than are permitted by this policy.

If the mortgagor or owner neglects to pay any premium due under this policy, the mortgagee or trustee must pay it, immediately upon our demand.

Any mortgagee or trustee must notify us of any change of:
(a) ownership;
(b) occupancy; or
(c) increased risk of a loss to the insured property;
of which it has knowledge within ten days of its acquisition of that knowledge. The mortgagee or trustee must also pay the additional premium for such increased risk of loss for the balance of the term of this policy. Failure to provide such notice or make such payment will result in an immediate loss of coverage to the mortgagee or trustee.

We may cancel this policy at any time as provided by its terms, however if we do so, it will continue in force as to benefits due the mortgagee or trustee for 10 days after notice is mailed to the mortgagee or trustee of such cancellation. At the end of those 10 days all benefits under this policy will end. This provision does not apply to loss payees.

If another policy of insurance provides coverages similar to those provided in Section I of this policy, the benefits provided under this policy will apply as excess only over those provided by such other policy. In that instance, benefits will be payable under this policy only to the extent the limits of the coverage provided under this policy exceed the limits provided by the other policy.

If we pay the mortgagee or trustee any sum for loss under this policy, and we contend that we had no obligation to pay the mortgagor or owner, we will be subrogated to all of the rights of the party to whom such payment is made to the extent of such payment. Our interest will extend to all securities held as collateral for the mortgage debt. Any mortgagee or trustee so paid agrees to sign whatever documents and take whatever actions we may reasonably request to enforce our rights under this provision. Our subrogation rights will not be enforced in such a way as to impair the right of the mortgagee or trustee to recover the full amount due under the mortgage.

If we pay the mortgagee or trustee any sum for loss under this policy, and we contend that we had no obligation to pay the mortgagor or owner, we may, at our option, pay the mortgagee or trustee the entire principal sum of the loan, with interest accrued to the date of payment and, if we do so, that person agrees to make a full assignment and transfer of the mortgage or trust deed and all other securities applicable to the loan to us.

7. Suit Against Us
Any lawsuit seeking coverage or benefits under Section I of this policy must be brought within one year after the loss or damage occurs, unless the law of the state in which this policy was issued prohibits this contractual limitation period. This period is extended by the number of days between the date of your loss and the date we deny the claim in whole or in part.
8. No Benefit to Bailee
This insurance will not, in any way, benefit any person who may be caring for or handling property for a fee.

9. Recovered Property
If you recover any lost or stolen property for which we have made a payment under this policy, you agree to notify us of that fact within ten days of its recovery. If you want to keep the property you may do so if you return the entire amount we paid you because of its loss. If you do not want to keep the property, you agree to allow us to take it, if we chose to do so. In that event the property will become our property.

If we recover any lost or stolen property for which we have made a payment under this policy, we agree to notify you of that fact within ten days of its recovery. If you want the property you may take it if you return the entire amount we paid you because of its loss. If you do not want the property, you agree to allow us to keep it, if we chose to do so. In that event the property will become our property.

10. Payments Under This Section Of The Policy
Before we make any payments under Section I of this policy,
(a) we must receive your completed proof of loss;
(b) you must comply with all conditions of this policy; and
(c) the amount of the loss must have been established by either:
   (1) an agreement between you and us, or
   (2) a final judgment of a court of law.
When these steps are completed, we will make any payments due for a covered loss within 30 days.

11. Appraisal
Any appraisal that becomes necessary under the terms of this policy will be handled in accordance with the state specific endorsement attached to this policy.

HOW LOSSES UNDER SECTION I ARE SETTLED
(A) These provisions apply to all losses settled under paragraphs (B), (C), and (D), below:
   (1) If the total restoration cost of all covered property damaged in one accident is less than one thousand dollars, we will pay you the total restoration cost.
   (2) The amount of your deductible will be deducted from all losses covered under Section I of this policy, unless the specific coverage under which the loss is covered says otherwise. A single deductible applies to all covered losses caused by any one accident.
   (3) If we cannot agree with you as to the total restoration cost, restoration cost, market value or actual cash value, and agreement is required under this policy in order to conclude a claim, the total restoration cost, restoration cost, market value or actual cash value, whichever may apply to the specific claim, will be determined in accordance with the appraisal section of the state specific endorsement attached to this policy.

(B) This provision applies to covered losses to all personal property, except those items shown in paragraph (D) below:
   (1) When we agree with you as to the market value of the damaged part of those items, we will, at our option, do one of the following:
      (a) pay the market value of the damaged part of the covered property;
      (b) pay the restoration cost of the damaged part of the covered property;
      (c) pay to replace the damaged part of the covered property, in kind; or
      (d) pay the limit of coverage stated in this policy as applicable to the item, including any special limits, or limits based on the location of the item.
(2) All payments made under this provision will be applied against the limits of Coverage C.

(3) If we make a payment to you under this provision, we may, at our option take all or part of the covered item for which that payment was made.

(C) This provision applies to covered losses to structures that are not buildings:

(1) When we agree with you as to the restoration cost of the damaged part of those items, we will, at our option, do one of the following:
   (a) pay the actual cash value of the damaged part of the covered property;
   (b) pay to replace the damaged part of the covered property, in kind; or
   (c) pay the limit of coverage stated in this policy.

(2) All payments made under this provision will be applied against the limits of Coverage C.

(D) This provision applies to covered losses to property covered under Buildings Additions and Alterations and Outdoor Antenna coverage:

(1) When we agree with you as to the restoration cost of the damaged part of those items, we will, at our option, do one of the following:
   (a) pay the actual cash value of the damaged part of the covered property;
   (b) pay to replace the damaged part of the covered property, in kind; or
   (c) pay the limit of coverage stated in this policy as applicable to the item.

(2) If we make a payment to you under this provision, we may, at our option take all or part of the covered item for which that payment was made.

**SECTION II - PERSONAL LIABILITY AND MEDICAL PAYMENT PROTECTION**

**COVERAGE E - PERSONAL LIABILITY**

**INSURING AGREEMENT**

Subject to the limit of our liability stated in this section, we will pay on behalf of an insured, all sums that such insured becomes legally obligated to pay as damages, if those damages result from an accident.

**OUR RIGHT TO INVESTIGATE AND SETTLE CLAIMS**

We may investigate and settle any claim as we think appropriate.

**LIMITS OF LIABILITY**

Regardless of the number of insureds, persons injured, claims made, or locations shown, our liability is limited to the limits of liability stated in the Declarations under the heading “Personal Liability (Bodily Injury & Property Damage) Each Occurrence”. That amount is the limit of our liability for all damages resulting from any one accident.

With respect to claims arising out of the use of watercraft not owned by an insured, our liability is limited to $100,000 per accident regardless of the number of insureds, persons injured, or claims made, regardless of the limits of liability stated in the Declarations under the heading “Personal Liability (Bodily Injury & Property Damage) Each Occurrence”.

**EXCLUSIONS**

We do not cover:

1. Bodily injury or property damage arising out of the ownership, maintenance, operation, use, or entrustment of:
   (a) Aircraft other than miniature aircraft that are not designed to transport cargo or people.
   (b) Land motor vehicles, other than a recreational motor vehicle:
      (1) owned by any insured;
      (2) operated by any insured;
      (3) rented to any insured; or
(4) loaned to any insured. We do provide coverage if the land motor vehicle is kept in dead storage on the insured premises and is not licensed for use on public roadways.

(c) Motorized vehicles, if the bodily injury or property damage occurs away from the insured premises. This exclusion does not apply to:

1. a golf cart while it is being used for golfing on a golf course;
2. a motorized vehicle originally designed to assist the physically handicapped;
3. a motorized vehicle, other than a land motor vehicle, used in a part-time job related activity by you or a relative, if the individual engaged in that activity is under the age of twenty-five, and is a full time student; or
4. a lawn mower while used to mow other premises so long as such mowing is not a business.

(d) Motorized vehicles used, or designed to be used, in competition with other vehicles; or

(e) Watercraft, if the bodily injury or property damage occurs away from the insured premises. This exclusion does not apply if the watercraft:

1. Is owned by an insured, and has:
   (i) an outboard propulsion motor with 25 horsepower, or less; or
   (ii) an inboard, inboard/outdrive, water jet drive, or any other design of propulsion motor with 50 horsepower or less.
2. Is owned by an insured and is a sailing vessel 25 feet or less in length, with or without, an auxiliary propulsion motor of any size.
3. Is rented by an insured, and:
   (i) has a propulsion motor with 200 horsepower or less. This applies to all propulsion motors whether, outboard, inboard, inboard/outdrive, water jet drive, or any other design;
   (ii) is a sailing vessel 25 feet or less in length without an auxiliary propulsion motor; or
   (iii) is a sailing vessel 25 feet or less in length with an auxiliary propulsion motor with 200 horsepower or less.

2. Bodily injury or property damage arising out of the rendering or failing to render professional services.

3. Bodily injury or property damage arising out of the business of any insured.

4. Bodily injury or property damage arising out of the condition of any premises owned, rented or controlled by an insured that is not an insured premises. However, we will cover bodily injury to any residence employee arising out of, and in the course of, employment by an insured at such premises.

5. Bodily injury or property damage that any insured intended to cause.

6. Bodily injury or property damage that a reasonable individual would expect to result from the intentional acts of any insured.

7. Bodily injury or property damage arising out of war.

8. Bodily injury or property damage that arises out of the transmission of communicable diseases by any insured.

9. Liability that arises solely because of a contract, warranty, or agreement, made by any insured.

10. Property damage to personal property:
     (a) owned by any insured;
     (b) used by any insured;
     (c) rented to any insured; or
     (d) in the care of any insured.

11. Property damage to premises:
     (a) owned by any insured;
     (b) occupied by any insured;
     (c) used by any insured;
     (d) rented to any insured; or
     (e) in the care of any insured.
We will cover **property damage** to such premises or property caused by fire, smoke or explosion.

12. **Bodily injury** to any individual who is entitled to benefits for that **bodily injury** that are provided, or required under any **compensation law** to be provided, by anyone.

13. **Bodily injury** or **property damage** when any **insured** is covered under any nuclear energy liability policy. This exclusion applies even if the limits of liability of that policy have been exhausted.

14. **Bodily injury** to any resident of the **insured premises**, except a **residence employee**.

15. **Bodily injury** to a **residence employee** unless **written claim** is made within 12 months after the end of the policy term during which the accident occurred.

16. **Bodily injury** to any **insured**. This exclusion applies, even if the claim is one seeking contribution toward, or repayment of, damages based upon that **bodily injury**.

17. **Bodily injury** to any individual who is on the **insured premises** because of the **business** of any **insured**.

18. **Property damage** to property that is on the **insured premises** because of the **business** of any **insured**.

19. **Bodily injury** or **property damages** arising out of any activity of any **insured** that would constitute a felony under the laws of the state in which such activity occurred, whether or not such **insured** is actually charged with a crime for that activity.

20. Liability of any **insured** for **punitive damages**.

21. **Bodily injury** or **property damage** arising out of, or caused, in whole or in part, by asbestos, radon, mold, lead, paint containing lead, chemicals, petroleum products, or any other substance or material containing lead, or any pollutant.

22. Any legal obligation of any **insured** for indemnification or contribution due because of **bodily injury** or **property damage** caused, in whole or in part, by asbestos, radon, mold, lead, paint containing lead, chemicals, petroleum products, or any other substance or material containing lead, or any pollutant.

23. Any loss, cost or expense arising out of any governmental direction or request that any **insured** test for, monitor, clean up, remove, abate, contain, treat or neutralize asbestos, radon, mold, lead, paint containing lead, chemicals, petroleum products or any other substance or material containing lead, or any pollutant.

24. **Property damage** arising out of the intentional or negligent misrepresentation or non-disclosure of any material fact related to the sale, or attempted sale, of property **owned** by any **insured**.

25. **Bodily injury** or **property damage** for which an **insured** may be held liable because of the **ownership** or harboring of animals that are not customarily kept as household pets.

**COVERAGE F - MEDICAL PAYMENTS TO OTHERS**

**INSURING AGREEMENT**

Subject to the limit of our liability stated in this section, we will pay the **reasonable charges** for **necessary goods and services** incurred within three years after the date of a **covered injury**.

**ADDITIONAL DEFINITIONS USED IN THIS COVERAGE**

1. **Covered injury** means a **bodily injury**, caused by an **accident** that occurred:
   (a) while the injured **individual** was on an **insured premises** with the permission of an **insured**, or
   (b) while the injured **individual** was elsewhere, if the **bodily injury**:
      (1) resulted from the condition of the **insured premises**;
      (2) was caused by an **insured**;
      (3) was caused by a **residence employee** in the course of his or her employment by an **insured**;
      (4) was caused by an animal **owned** by, or under the control of, an **insured**; or
was sustained by a **residence employee** and arose out of, and in the course of, his or her employment by an **insured**. **Covered injury** does not mean **bodily injury** to any **insured**.

2. **Necessary goods and services** means the goods and services furnished, or prescribed, by a health care provider which, in **our** judgment, are necessary for the proper treatment of a **covered injury** in the most efficient and economical way that it can be safely treated. **We** may employ outside reviewers, consultants and data providers in formulating **our** judgment as to whether the goods and services are **necessary goods and services**. The determination of whether goods and services are **necessary goods and services** may be made after the **individual** making the **claim** has received the goods and services. The fact that a licensed health care provider furnished, rendered, or prescribed the goods and services is not solely determinative of whether they are **necessary goods and services**.

3. **Reasonable charges** means charges incurred for goods and services that, in **our** judgment, are within the range of charges for the same or similar goods and services, in the geographic area in which the services are rendered or the goods are provided. **We** may employ outside reviewers, consultants and data providers in formulating **our** judgment as to whether the charges are **reasonable charges**. The determination of whether charges are **reasonable charges** may be made after the **individual** making the **claim** has received the goods and services for which the charges are made. The fact that a licensed health care provider furnished, rendered, or prescribed the goods and services is not solely determinative of whether the charges made for them are **reasonable charges**.

**Limits of Liability**
Regardless of the number of **insureds**, **persons** injured, **claims** made, or locations shown, **our** liability is limited to the limits of liability stated in the **Declarations** under the heading “Medical Payment To Others Per Person”. That stated amount is the limit of **our** liability for all medical expenses for **bodily injury** to any one **individual** resulting from any one accident.

**Payments Under This Coverage**
**We** will pay any amount due under this coverage directly to the **individual** making the **claim** unless, because of a perfected lien or valid assignment, **we** are obligated to pay someone else. **We** will pay, based upon such an assignment, only if **we** receive a written copy of the assignment before **we** make payment for the services for which the assignment was given.

**Exclusions**
**We** do not cover charges related to:
1. **Bodily injury** to any **insured** or **resident** of the **insured premises**, except a **residence employee**.
2. **Bodily injury** arising out of the **ownership**, maintenance, operation, use, or entrustment of:
   (a) Aircraft **owned** by or **rented** to any **insured** other than miniature aircraft that are not designed to transport cargo or people.

**Duties of an Individual Who Makes a Claim**
Any **individual** who makes a **claim** under Coverage F must:
1. authorize **us** to obtain any records that may be relevant to the **claim** or may reasonably be expected to aid **our** investigators in determining the facts relevant to the **claim**;
2. answer, under oath, any questions posed by **us**, out of the presence of any other **individual**, and sign a written transcript of such questions and answers;
3. submit to physical examinations, at **our** expense, by doctors **we** select as often as **we** may reasonably require; and
4. authorize **us** to obtain relevant medical records of the **bodily injury** that is the basis for such **claim**.
(b) **Land motor vehicles**, other than a recreational motor vehicle:
   (1) owned by any insured;
   (2) operated by any insured;
   (3) rented to any insured; or
   (4) loaned to any insured.

We do provide coverage if the **land motor vehicle** is kept in dead storage on the insured premises if it is not licensed for use on public roadways.

(c) **Motorized vehicles**, if the **bodily injury** occurs away from the **insured premises**. This exclusion does not apply to:
   (1) a golf cart while it is being used for golfing on a golf course;
   (2) a **motorized vehicle** originally designed to assist the physically handicapped;
   (3) a **motorized vehicle**, other than a **land motor vehicle**, used in a part-time job related activity by you or a relative, if the individual engaged in that activity is under the age of twenty-five, and is a full time student; or
   (4) a lawn mower while used to mow other premises so long as such mowing is not a business.

(d) **Motorized vehicles** used, or designed to be used, in competition with other vehicles; or

(e) **Watercraft**, if the **bodily injury** occurs away from the **insured premises**.

3. **Bodily injury** arising out of the rendering or failing to render professional services.

4. **Bodily injury** arising out of the **business** of any insured.

5. **Bodily injury** to any **individual** who is on the **insured premises** because of the **business** of any insured.

6. **Bodily injury** arising out of any premises owned, rented or controlled by any insured that is not an **insured premises**. However, we will cover **bodily injury** to a **residence employee** sustained at such premises if that injury arises out of, and in the course of, employment by an insured.

7. **Bodily injury** that any insured intended to cause.

8. **Bodily injury** that a reasonable **individual** would expect to result from the intentional acts of any insured.

9. **Bodily injury** arising out of **war**.

10. **Bodily injury** arising out of the transmission of communicable diseases by any insured.

11. **Bodily injury** to any **individual** who is entitled to benefits that are provided, or required to be provided, under any compensation law.

12. **Bodily injury** arising out of any nuclear reaction, radiation or radioactive contamination or any consequence of any of these.

13. **Bodily injury** arising out of, or caused, in whole or in part, by asbestos, radon, mold, lead, paint containing lead, chemicals, petroleum products, or any other substance or material containing lead, or any pollutant.

14. **Bodily injury** arising out of any activity of any insured that would constitute a felony under the laws of the state in which such activity occurred, whether or not such insured is actually charged with a crime for that activity.

**COVERAGE G – DAMAGE TO PROPERTY OF OTHERS**

**INSURING AGREEMENT**

We will pay for **property damage** caused by an insured to real property or **personal property owned** by others.

**LIMITS OF LIABILITY**

We will not pay more than the smallest of the following amounts for any one occurrence:

1. the **market value** of the property at the time of loss;
2. the **restoration cost**; or
3. $1,000.

**EXCLUSIONS**

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

1. caused by any insured who has attained the age of 13, unless it results from an accident;
2. to property **owned** by, or **rented** to:
   (a) any insured;
(b) any tenant of an insured; or
(c) any resident of any insured’s household;
3. arising out of:
(a) any act or omission related to making premises owned, rented, or controlled by any insured safe, unless those premises are the insured premises;
(b) the business of anyone;
(c) the ownership, maintenance or use of a land motor vehicle, trailer, aircraft or watercraft; or
4. to property insured under Section I of this policy.

ADDITIONAL COVERAGES UNDER SECTION II
We will pay the following costs and expenses if they result from a claim covered by Section II of this policy. The payment of these benefits will not reduce our limits of liability under this Section:
1. All expenses we incur in the settlement of any claim.
2. If a lawsuit is filed against the insured for damages that are covered under this section of the policy, we will defend the insured at our expense, using lawyers of our choice, and we will pay all expenses and attorney’s fees we incur in the defense of that lawsuit. We are no longer obligated to provide, or to pay for, such defense after we:
   (a) offer to the claimant or judgment creditor, or pay into court, the full amount of our limit of liability under Coverage E, exclusive of all judgment interest; or
   (b) we offer to the judgment creditor, or pay into court, that part of a judgment we owe within our limit of liability under Coverage E, exclusive of all judgment interest.
3. Court costs that are assessed against an insured in a civil lawsuit in which we have paid the fees of the insured’s attorney.
4. Pre-judgment interest due on any amount we owe within our limits of liability under Coverage E of this policy. However, our duty to pay pre-judgment interest on any one claim ends when we:
   (a) offer to the claimant or judgment creditor, or pay into court, the full amount of our limit of liability under Coverage E, exclusive of all judgment interest; or
   (b) we offer to the judgment creditor, or pay into court, that part of a judgment we owe within our limit of liability under Coverage E, exclusive of all judgment interest.
5. Post-judgment interest due on any amount we owe within our limits of liability under Coverage E. However, our duty to pay post-judgment interest on any one claim ends when we offer to the judgment creditor, or pay into court, that part of the judgment that we owe within our limits of liability under Coverage E, exclusive of all judgment interest.
6. The cost of any bonds required by an appellate court to ensure payment of the cost of an appeal, if that appeal is from a judgment in a civil lawsuit in which we have paid the fees of the insured’s attorney. We have no duty to furnish or apply for any bonds. The limit of our liability for the cost of all such bonds is ten percent of the limit of liability under Coverage E. We do not cover the cost of supersedeas bonds, or bonds necessary to stay execution of a judgment during the pendency of an appeal from that judgment.
7. Up to $250 for each bail bond needed by an insured because of any one accident or traffic law violation resulting from the operation of a land motor vehicle insured under this policy. We have no duty to furnish or apply for such bonds.
8. Reimbursement that is requested by an insured, for reasonable and necessary expenses incurred at our request during the defense of a civil lawsuit. This does not include wages or salary lost by an insured who we ask to attend any proceedings related to the defense of a civil lawsuit.
If the Company named in the Declarations is Shelter Mutual Insurance Company, the following provisions apply to this policy.

This policy is issued by a mutual company subject to special legal regulations applicable to its organization, membership, policies, and contracts of insurance. Some of those regulations apply to and form a part of this policy.

You are hereby notified that by virtue of purchasing this policy you are a member of the Shelter Mutual Insurance Company of Columbia, Missouri and may participate, to the extent, and upon the conditions fixed and determined by the Board of Directors of the Company in its discretion in the distribution of dividends it fixes and determines.

You are entitled to vote, either in person or by proxy, at all meetings of that Company. The annual meeting of the Shelter Mutual Insurance Company is held at its Home Office in Columbia, Missouri, on the first Wednesday in April of each year at 10 o’clock A.M.

All of your interest in the Shelter Mutual Insurance Company, its goodwill, assets, and guaranty fund, will cease upon termination of this policy, except any claims that you may then have under this policy and except for any unearned portion of your deposit premium.

This policy is non-assessable.

IN WITNESS WHEREOF, the Company named in the Declarations has caused this policy to be signed by its President and Chief Executive Officer and its Secretary, and countersigned on the Declarations page by a duly authorized representative of the Company.

Randa Rawlins
Secretary

David Moore
President and CEO