

Manufactured Home Policy

AS231

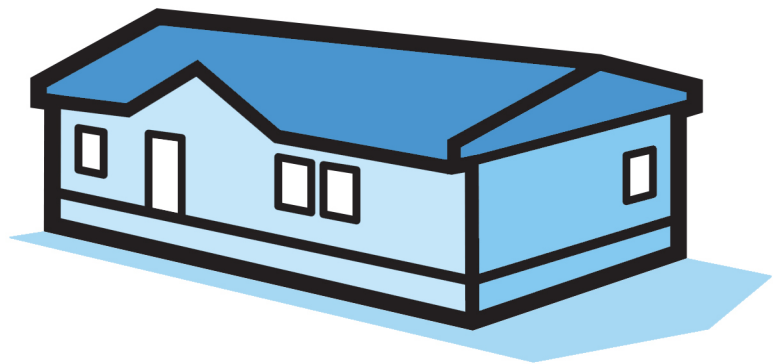


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General

Definitions Used In This Policy

Throughout this policy, when the following words appear in bold type, they are defined as follows:

1. **"Bodily injury"**—means physical harm to the body, including sickness or disease, and resulting death, except that **bodily injury** does not include diseases transmitted through sexual contact, including but not limited to:
 - a) any venereal disease;
 - b) herpes;
 - c) Acquired Immune Deficiency Syndrome (AIDS);
 - d) AIDS Related Complex (ARC);
 - e) Human Immunodeficiency Virus (HIV);
 or any resulting symptom, effect, condition, disease or illness related to a) through e) listed above.

In addition, **bodily injury** does not include any symptom, effect, condition, disease or illness resulting in any manner from:

- a) lead in any form;
- b) asbestos in any form;
- c) radon in any form; or
- d) oil, fuel oil, kerosene, liquid propane or gasoline intended for, or from, a storage tank located at the **residence premises**.

Unless such symptom, effect, condition, disease or illness results from:

- 1) heat, smoke or fumes from a fire which becomes uncontrollable or escapes from its intended location; or
- 2) the sudden and accidental discharge, dispersal, release or escape of carbon monoxide from a heating system, an appliance for heating water, or a household appliance located at the **residence premises**.

2. **"Building structure"**—means a structure with walls and a roof.

3. **"Business"**—means:
 - a) any full- or part-time activity of any kind engaged in for economic gain including the use of any part of any premises for such purposes. The providing of home day care services to other than an **insured person** or relative of an **insured person** for economic gain is also a **business**.

However, the mutual exchange of home day care services is not considered a **business**;

- b) the rental or holding for rental of property by an **insured person**. Rental of **your residence premises** is not considered a **business** when:
 - 1) it is rented occasionally for residential purposes;
 - 2) a portion is rented to not more than two roomers or boarders, provided not more than two roomers or boarders reside on the **residence premises** at any one time; or
 - 3) a portion is rented as a private garage.

4. **"Business day"**—when used in this policy means a day other than a Saturday, Sunday or holiday recognized by the state of Texas.
5. **"Dwelling"**—means a manufactured home identified as the insured property on the Policy Declarations, where **you** reside and which is principally used as a private residence.
6. **"Insured person(s)"**—means **you** and, if a resident of **your** household:
 - a) any relative; and
 - b) any dependent person in **your** care.

Under **Family Liability Protection–Coverage X** and **Guest Medical Protection–Coverage Y** **"insured person"** also means:

 - c) any person or organization legally responsible for loss caused by animals or watercraft covered by this policy which are owned by an **insured person**. We do not cover any person or organization using or having custody of animals or watercraft in any **business**, or without permission of the owner.
 - d) with respect to the use of any vehicle covered by this policy, any person while engaged in the employment of an **insured person**.
7. **"Insured premises"**—means:
 - a) the **residence premises**; and
 - b) under **Section II** only:
 - 1) the part of any other premises, other structures and grounds used by **you** as a residence. This includes premises, structures and grounds **you** acquire for **your** use as a private residence while this policy is in effect;
 - 2) any part of a premises not owned by an **insured person** but where an **insured person** is temporarily living;
 - 3) cemetery plots or burial vaults owned by an **insured person**;
 - 4) vacant land, other than farmland, owned by or rented to an **insured person**;
 - 5) land owned by or rented to an **insured person** where a single-family dwelling is being built as that person's residence;
 - 6) any premises used by an **insured person** in connection with the **residence premises**;
 - 7) any part of a premises occasionally rented to an **insured person** for other than **business** purposes.
8. **"Occurrence"**—means an accident, including continuous or repeated exposure to substantially the same general harmful conditions during the policy period, resulting in **bodily injury** or **property damage**.
9. **"Property damage"**—means physical injury to or destruction of tangible property, including loss of its use resulting from such physical injury or destruction.
10. **"Remediation"**—means the reasonable and necessary treatment, removal or disposal of mold, fungus, wet or dry rot as required to complete repair or replacement of property we cover under **Dwelling Protection–Coverage A**, **Other Structures Protection–Coverage B** or **Personal Property Protection–Coverage C** damaged by a covered water loss, including payment for any reasonable increase in living expenses necessary to maintain **your** normal standard of living if mold,

fungus, wet or dry rot makes **your residence premises** uninhabitable. **Remediation** also includes any investigation or testing to detect, measure or evaluate mold, fungus, wet or dry rot.

11. **"Residence employee"**—means an employee of an **insured person** while performing duties arising out of and in the course of employment in connection with the maintenance or use of **your residence premises**. This includes similar duties performed elsewhere for an **insured person**, not in connection with the **business** of an **insured person**.
12. **"Residence premises"**—means the **dwelling**, separate structures, and owned or rented grounds, where **you** reside as shown on the Policy Declarations.
13. **"We," "us," or "our"**—means the company named on the Policy Declarations.
14. **"You" or "your"** mean the person listed under Named Insured(s) on the Policy Declarations as the insured and that person's resident spouse.

Insuring Agreement

In reliance on the information **you** have given **us**, **we** agree to provide the coverages indicated on the Policy Declarations. In return, **you** must pay the premium when due and comply with the policy terms and conditions, and inform **us** of any change in title, use or occupancy of the **residence premises**.

Subject to the terms of this policy, the Policy Declarations shows the location of the **residence premises**, applicable coverages, limits of liability and premiums. The policy applies only to losses or **occurrences** that take place during the policy period. The policy period is shown on the Policy Declarations. This policy is not complete without the Policy Declarations.

The terms of this policy impose joint obligations on the person named on the Policy Declarations as the insured and on that person's resident spouse. These persons are defined as **you** or **your**. This means that the responsibilities, acts and omissions of a person defined as **you** or **your** will be binding upon any other person defined as **you** or **your**, except as provided under **Losses We Do Not Cover Under Coverages A and B**, item A.8., and **Losses We Do Not Cover Under Coverage C**, item A.8.

The terms of this policy impose joint obligations on persons defined as an **insured person**. This means that the responsibilities, acts and failures to act of a person defined as an **insured person** will be binding upon another person defined as an **insured person**.

Agreements We Make With You

We make the following agreements with **you**:

Conformity To State Statutes

When the policy provisions conflict with the statutes of the state in which the **residence premises** is located, the provisions are amended to conform to such statutes.

Coverage Changes

When **we** broaden coverage during the premium period without charge, **you** have the new features if **you** have the coverage to which they apply. Otherwise, the policy can be changed only by endorsement.

The coverage provided and the premium for the policy is based on information **you** have given **us**. **You** agree to cooperate with **us** in determining if this information is correct and complete. **You** agree that if this information changes, is incorrect or incomplete, **we** may adjust **your** coverage and premium accordingly during the policy period.

Any calculation of **your** premium or changes in **your** coverage will be made using the rules, rates and forms on file, if required, for **our** use in **your** state. The rates in effect at the beginning of **your** current premium period will be used to calculate any change in **your** premium.

Policy Transfer

You may not transfer this policy to another person without **our** written consent.

Residential Community Property Clause

This policy, subject to all other terms and conditions, when covering residential community property, as defined by state law, shall remain in full force and effect as to the interest of each spouse covered, irrespective of divorce or change of ownership between the spouses unless excluded by endorsement attached to this policy, until the expiration of the policy or until cancelled in accordance with the terms and conditions of this policy.

Continued Coverage After Your Death

If **you** die, coverage will continue until the end of the premium period for:

- 1) **your** legal representative while acting as such, but only with respect to the **residence premises** and property covered under this policy on the date of **your** death.
- 2) an **insured person**, and any person having proper temporary custody of **your** property until a legal representative is appointed and qualified.

Dividend Provision—Participating Companies

To the extent and upon the conditions fixed and determined from time to time by **our** Board of Directors in accordance with the provisions of the Texas Insurance Code of 1951, as amended, **you** shall be entitled to participate in a distribution of **our** surplus.

Cancellation

1. **You** may cancel this policy at any time by notifying **us** of the date cancellation is to take effect. **We** will send **you** any refund due when the policy is returned to **us**.
2. If this policy has been in effect for less than 60 days and is not a renewal policy **we** may cancel this policy if:
 - a) **we** identify a condition that:
 - 1) creates an increased risk of hazard;
 - 2) was not disclosed in the application for insurance coverage; and
 - 3) is not the subject of a prior claim; or
 - b) before the effective date of the policy, **we** have not accepted a copy of a required inspection report that:
 - 1) was completed by an inspector licensed by the Texas Real Estate Commission or who is otherwise authorized to perform inspections; and



- 2) is dated not earlier than the 90th day before the effective date of the policy.

An inspection report is deemed accepted unless **we** reject it before the 11th day after the date **we** receive it.

3. **We** may also cancel this policy at any time for any of the following reasons:
- you** do not pay the premium or any portion of the premium when due.
 - the Department of Insurance determines that continuation of the policy would violate the Texas Insurance Code or any other laws governing the business of insurance in this state.
 - you** submit a fraudulent claim.
 - there is an increase in the hazard covered by this policy that is within **your** control and that would produce an increase in the premium rate of this policy.
4. The effective date of cancellation cannot be before the 10th day after **we** mail the notice if **we** cancel for any of the reasons in paragraph 3. or the 30th day after **we** mail notice if **we** cancel for any other reason. **Our** notice of cancellation must state the reason for cancellation.
5. If **we** cancel, **our** notice to **you** will state that if the refund is not included with the notice, it will be returned on demand.
6. **We** may not cancel this policy solely because **you** are an elected official.

Refusal To Renew

- We** may not refuse to renew this policy because of claims for losses resulting from natural causes.
- We** may not refuse to renew this policy solely because **you** are an elected official.
- We** may refuse to renew this policy if **you** have filed three or more claims under the policy in any three-year period that do not result from natural causes.

If **you** have filed two claims in a period of less than three years, **we** may notify **you** in writing that if **you** file a third claim during the three-year period, **we** may refuse to renew this policy by providing **you** proper notice of **our** refusal to renew as provided in paragraph 4. below. If **we** do not notify **you** after the second claim, **we** may not refuse to renew this policy because of losses.

A claim does not include a claim that is filed but is not paid or payable under the policy.

- If **we** refuse to renew this policy, **we** must deliver to **you**, or mail to **you** at **your** mailing address shown on the Policy Declarations and any mortgagee named on the Policy Declarations, written notice of **our** refusal to renew not later than the 30th day before the date on which this policy expires. Proof of mailing will be sufficient proof of notice. If **we** fail to give **you** proper notice of **our** decision not to renew, **you** may require **us** to renew the policy.

Charge For Insufficient Funds

If at any time, **your** payment of any premium amount due is made by check, electronic transaction, or other remittance which is not honored because of insufficient funds or a closed account, **you** will be charged a fee.

Concealment Or Fraud

This policy is void if it was obtained by misrepresentation, fraud or concealment of material facts. If it is determined that this policy is void, all premiums paid will be returned to **you** since there has been no coverage under this policy.

We do not cover any loss or **occurrence** in which the **insured person** has concealed or misrepresented any material fact or circumstance.

What Law Will Apply

This policy is issued in accordance with the laws of Texas and covers property or risks principally located in Texas. Subject to the following paragraph, the laws of Texas shall govern any and all claims or disputes in any way related to this policy.

If a covered loss to property, or any other **occurrence** for which coverage applies under this policy happens outside Texas, claims or disputes regarding that covered loss to property, or any other covered **occurrence** may be governed by the laws of the jurisdiction in which that covered loss to property, or other covered **occurrence** happened, only if the laws of that jurisdiction would apply in the absence of a contractual choice of law provision such as this.

Where Lawsuits May Be Brought

Subject to the following two paragraphs, any and all lawsuits in any way related to this policy, shall be brought, heard and decided only in a state or federal court located in Texas. Any and all lawsuits against persons not parties to this policy but involved in the sale, administration, performance, or alleged breach of this policy, or otherwise related to this policy, shall be brought, heard and decided only in a state or federal court located in Texas, provided that such persons are subject to or consent to suit in the courts specified in this paragraph.

If a covered loss to property, or any other **occurrence** for which coverage applies under this policy happens outside Texas, lawsuits regarding that covered loss to property, or any other covered **occurrence** may also be brought in the judicial district where that covered loss to property, or any other covered **occurrence** happened.

Nothing in this provision, **Where Lawsuits May Be Brought**, shall impair any party's right to remove a state court lawsuit to a federal court.

Action Against Us

No one may bring an action against us unless there has been full compliance with all policy terms.

Any action against **us** to which neither the **Action Against Us** provision located in **Section I Conditions** nor the **Action Against Us** provision located in **Section II Conditions** applies must be commenced within two years and one day of the date the cause of action accrues.

If an action is brought asserting claims related to the existence or amount of coverage, or the amount of loss for which coverage is sought, under different coverages of this policy, the claims relating to each coverage shall be treated as if they were separate actions for the purpose of the time limit to commence action.

Arbitration

Any claim or dispute in any way related to this policy, by an **insured person** against **us** or **us** against an **insured person**, may be resolved by arbitration only upon mutual consent of the parties. Arbitration pursuant to this provision shall be subject to the following:

- a) no arbitrator shall have the authority to award punitive damages or attorney's fees;
- b) neither of the parties shall be entitled to arbitrate any claims or disputes in a representative capacity or as a member of a class; and
- c) no arbitrator shall have the authority, without the mutual consent of the parties, to consolidate claims or disputes in arbitration.

Section I—Your Property

Dwelling Protection—Coverage A

Property We Cover Under Coverage A:

1. **Your dwelling** at the address shown on the Policy Declarations.
2. Attached structures, equipment and accessories which are built into and form a permanent part of **your dwelling** when it was purchased by you. This includes replacements for such items that remain a permanent part of **your dwelling**.
3. Steps connected to **your dwelling**, and oil and gas drums or tanks, connected to **your dwelling** which furnish heating or cooking fuel.
4. Construction materials and supplies at the address of the **residence premises** for use in construction, alteration or repair of **your dwelling**.
5. Wall-to-wall carpeting fastened to **your dwelling**.
6. Attached structures, equipment and accessories which **you** add to **your dwelling** and which become a permanent part of **your dwelling**.

Property We Do Not Cover Under Coverage A:

1. Any structure including fences or other property covered under **Other Structures Protection—Coverage B**.
2. Land.
3. Satellite dish antennas and their systems, whether or not attached to **your dwelling**.

Other Structures Protection—Coverage B

Property We Cover Under Coverage B:

1. Structures at the address shown on the Policy Declarations separated from **your dwelling** by clear space.
2. Structures connected to **your dwelling** by only a fence, utility line, or similar connection.

3. Construction materials and supplies at the address of the **residence premises** for use in construction, alteration or repair of structures other than **your dwelling**.
4. Wall-to-wall carpeting fastened to **building structures** on the **residence premises**, other than **your dwelling**.

Property We Do Not Cover Under Coverage B:

1. Structures used in whole or in part for **business** purposes.
2. Any structure or other property covered under **Dwelling Protection—Coverage A**.
3. Land.
4. Construction materials and supplies at the address of the **residence premises** for use in construction, alteration or repair of **your dwelling**.
5. Satellite dish antennas and their systems, whether or not attached to **building structures**.

Losses We Cover Under Coverages A and B:

We will cover sudden and accidental direct physical loss to property described in **Dwelling Protection—Coverage A** and **Other Structures Protection—Coverage B** except as limited or excluded in this policy.

Losses We Do Not Cover Under Coverages A and B:

- A. **We** do not cover loss to the property described in **Dwelling Protection—Coverage A** or **Other Structures Protection—Coverage B** consisting of or caused by the following:
 1. Flood, including, but not limited to surface water, waves, tidal water or overflow of any body of water, or spray from any of these, whether or not driven by wind.
 2. Water or any other substance that backs up through sewers or drains.
 3. Water or any other substance that overflows from a sump pump, sump pump well or other system designed for the removal of subsurface water which is drained from a foundation area of a structure.
 4. Water or any other substance on or below the surface of the ground, regardless of its source. This includes water or any other substance which exerts pressure on, or flows, seeps or leaks through any part of the **residence premises**.

We do cover sudden and accidental direct physical loss caused by fire, explosion or theft resulting from items 1. through 4. listed above.

5. Earth movement of any type, including, but not limited to earthquake, volcanic eruption, lava flow, landslide, subsidence, mudflow, pressure, sinkhole, erosion, or the sinking, rising, shifting, creeping, expanding, bulging, cracking, settling or contracting of the earth. This exclusion applies whether or not the earth movement is combined with water.

We do cover sudden and accidental direct physical loss caused by fire, explosion, theft or breakage of glass or safety glazing materials resulting from earth movement.

6. Enforcement of any building laws, meaning any ordinance or law regulating the construction, repair or demolition of a building or structure, except as specifically provided in **Section I, Additional Protection** under item 14., **Building Ordinance Or Law**.
7. The failure by any **insured person** to take all reasonable steps to preserve property when the property is endangered by a cause of loss **we** cover.
8. Loss intentionally caused by an **insured person**. This exclusion will not apply to an innocent spouse or **insured person** who did not contribute to such loss or to the interest of an innocent spouse or **insured person** in the damaged property.
9. Collapse, except as specifically provided in **Section I, Additional Protection** under item 11., **Collapse**.
10. Soil conditions, including but not limited to, corrosive action, chemicals, compounds, elements, suspensions, crystal formations or gels in the soil.
11. Vapors, fumes, acids, toxic chemicals, toxic gasses, toxic liquids, toxic solids, waste materials or other irritants, contaminants or pollutants.
12.
 - a) wear and tear, aging, marring, scratching, deterioration, inherent vice, or latent defect;
 - b) mechanical breakdown;
 - c) growth of trees, shrubs, plants or lawns whether or not such growth is above or below the surface of the ground;
 - d) rust or other corrosion;
 - e) contamination, including, but not limited to the presence of toxic, noxious or hazardous gasses, chemicals, liquids, solids or other substances at the **residence premises** or in the air, land or water serving the **residence premises**;
 - f) smog, smoke from the manufacturing of any controlled substance, agricultural smudging and industrial operations;
 - g) settling, cracking, shrinking, bulging or expansion of pavements, patios, foundations, walls, floors, roofs or ceilings;
 - h) insects, rodents, birds or domestic animals. **We** do cover the breakage of glass or safety glazing materials caused by birds; or
 - i) seizure by government authority.

If any of a) through h) cause the sudden and accidental escape of water or steam from a plumbing, heating or air conditioning system, household appliance or fire protective sprinkler system within **your dwelling**, **we** cover the direct physical damage caused by the water or steam. If loss to covered property is caused by water or steam not otherwise excluded, **we** will cover the cost of tearing out and replacing any part of **your dwelling** necessary to repair the system or appliance. This does not include damage to the defective system or appliance from which the water escaped.

However, **we** do not cover any loss, including ensuing loss or the cost of tearing out and replacing any part of **your dwelling**, caused by the discharge or overflow of water or steam from within a plumbing, heating or air conditioning system or household appliance, fire protection or sprinkler system where the source of the discharge or overflow is either below the surface of the ground or is within or below the slab or foundation of the **dwelling**, except as specifically provided in **Section I, Additional Protection** under item 15., **Foundation Water Damage**.

13. Freezing of:
 - a) plumbing, fire protective sprinkler systems, heating or air conditioning systems;
 - b) household appliances; or
 - c) swimming pools, hot tubs and spas within the **dwelling**, their filtration and circulation systems;
 or discharge, leakage or overflow from within a), b), or c) above, caused by freezing, while the **building structure** is vacant, unoccupied or being constructed unless **you** have used reasonable care to:
 - a) maintain heat in the **building structure**; or
 - b) shut off the water supply and drain the system and appliances in the **building structure**.
14. Freezing, thawing, pressure or weight of water, snow or ice, whether driven by wind or not. This exclusion applies to:
 - a) fences, pavements, patios, foundations, retaining walls, bulkheads, piers, wharves and docks; and
 - b) swimming pools, hot tubs, spas, their filtration and circulation systems if the swimming pool, hot tub or spa is not located within a heated portion of the **dwelling**.
15. Seepage, meaning continuous or repeated seepage or leakage over a period of weeks, months, or years, of water, steam or fuel:
 - a) from a plumbing, heating, air conditioning or automatic fire protection system or from within a domestic appliance; or
 - b) from, within or around any plumbing fixtures, including, but not limited to shower stalls, shower baths, tub installations, sinks or other fixtures designed for the use of water or steam.
16. Theft from **your residence premises** while **your dwelling** is under construction or installation, or of materials and supplies for use in construction or installation, until **your dwelling** is completed and occupied.
17. Vandalism or Malicious Mischief if **your dwelling** is vacant or unoccupied for more than 60 consecutive days immediately prior to the vandalism or malicious mischief. A **dwelling** under construction or installation is not considered vacant or unoccupied.
18. Weather Conditions that contribute in any way with a cause of loss excluded under **Losses We Do Not Cover Under Coverages A and B** to produce a loss.
19. Planning, Construction or Maintenance, meaning 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, installation, renovation or remodeling; or
- d) maintenance;

of property whether on or off the **residence premises** by any person or organization.

- 20. Conversion, embezzlement or secretion by the selling dealer or by any person in lawful possession of **your dwelling**.
- 21. Collision or upset of **your dwelling**.
- 22. Discharge or overflow of water or steam from within a plumbing, heating or air conditioning system, household appliance, fire protection or sprinkler system where the source of the discharge or overflow is either below the surface of the ground or within or below the slab or foundation of the **dwelling**, except as specifically provided in **Section I, Additional Protection** under item 15., **Foundation Water Damage**.

B. We do not cover loss to the property described in Dwelling Protection-Coverage A or Other Structures Protection-Coverage B when:

- 1) there are two or more causes of loss to the covered property; and
- 2) the predominant cause(s) of loss is (are) excluded under items A.1. through A.22. above.

C. We do not cover loss to the property described in Dwelling Protection-Coverage A or Other Structures Protection-Coverage B consisting of or caused by mold, fungus, wet rot, dry rot or bacteria. This includes any loss which, in whole or in part, arises out of, is aggravated by or results from mold, fungus, wet rot, dry rot or bacteria.

This exclusion applies regardless of whether mold, fungus, wet rot, dry rot or bacteria arises from any other cause of loss, including but not limited to a loss involving water, water damage or discharge, which may otherwise be covered by this policy, except as specifically provided in **Section I Conditions, Mold, Fungus, Wet Rot And Dry Rot Remediation As A Direct Result Of A Covered Water Loss**.

D. We do not cover loss to the property described in Dwelling Protection-Coverage A or Other Structures Protection-Coverage B consisting of or caused by the following. These exclusions apply regardless of whether any other cause contributed concurrently or in any sequence to produce the loss:

- 1. Nuclear action, meaning nuclear reaction, discharge, radiation or radioactive contamination or any consequence of any of these. Loss caused by nuclear action is not considered loss by fire, explosion or smoke.

We do cover sudden and accidental direct physical loss by fire resulting from nuclear action.

- 2. War or warlike acts, including but not limited to, insurrection, rebellion or revolution.

Personal Property Protection-Coverage C

Property We Cover Under Coverage C:

- 1. Personal property owned or used by an **insured person** anywhere in the world. When personal property is located at a residence other than the **residence premises**, coverage is limited to 10% of **Personal Property Protection-Coverage C**. This limitation does not apply to personal property in a newly acquired principal residence for the 30 days immediately after **you** begin to move property there, or in use at a temporary residence when a direct physical loss **we** cover makes **your residence premises** uninhabitable, or to personal property in student dormitory, fraternity or sorority housing.
- 2. At **your** option, personal property owned by a guest or **residence employee** while the property is in a residence **you** are occupying. Coverage for personal property owned by a guest or **residence employee** is limited to 10% of **Personal Property Protection-Coverage C** when the personal property of the guest or **residence employee** is located anywhere other than the **residence premises**.

Limitations On Certain Personal Property:

Limitations apply to the following groups of personal property. If personal property can reasonably be considered a part of two or more of the groups listed below, the lowest limit will apply. These limitations do not increase the amount of insurance under **Personal Property Protection-Coverage C**. The total amount of coverage for each group in any one loss is as follows:

- 1. \$ 100 — Money, bullion, banknotes, coins and other numismatic property, scrip, stored values cards and smart cards.
- 2. \$ 200 — Property used or intended for use in a **business** while the property is away from the **residence premises**. This does not include electronic data processing equipment or the recording or storage media used with that equipment.
- 3. \$ 200 — Property used or intended for use in a **business**, including property held as samples or for sale or delivery after sale, while the property is on the **residence premises**. This does not include electronic data processing equipment or the recording or storage media used with that equipment.
- 4. \$ 1,000 — Trading cards, subject to a maximum amount of \$250 per card.
- 5. \$ 500 — Accounts, bills, deeds, evidences of debt, letters of credit, notes other than banknotes, checks, cashier's checks, travelers checks, passports, securities, tickets, and stamps, including philatelic property.
- 6. \$ 1,000 — Manuscripts, including documents stored on electronic media.
- 7. \$ 500 — Watercraft, including their attached or unattached trailers, furnishings, equipment, parts, and motors.
- 8. \$ 1,000 — Trailers not used with watercraft.

9. \$ 500 — Theft of jewelry, watches, precious and semiprecious stones, gold other than goldware, silver other than silverware, pewter other than pewterware, platinum other than platinumware and furs, including any item containing fur which represents its principal value.
10. \$ 1,000 — Any motorized land vehicle parts, equipment or accessories not attached to or located in or upon any motorized land vehicle.
11. \$ 1,000 — Theft of firearms, including their related equipment and accessories.
12. \$ 1,000 — Theft of silverware, pewterware, goldware and platinumware.
13. \$ 5,000 — Electronic data processing equipment and the recording or storage media used with that equipment whether or not the equipment is used in a **business**. Recording or storage media will be covered only up to:
 - a) the retail value of the media, if pre-programmed; or
 - b) the retail value of the media in blank or unexposed form, if blank or self-programmed.
14. \$ 400 — Theft of any recording or storage media while such property is away from the **residence premises**, this does not include recording or storage media used or intended for use in a **business**. Recording or storage media includes, but is not limited to:
 - a) tapes;
 - b) CDs, DVDs and other discs;
 - c) records;
 - d) disks;
 - e) reels;
 - f) cassettes;
 - g) cartridges; or
 - h) programs.

Property We Do Not Cover Under Coverage C:

1. Personal property specifically described and insured by this or any other insurance.
2. Animals.
3. Motorized land vehicles, including, but not limited to any land vehicle powered or assisted by a motor or engine. **We** do not cover any motorized land vehicle parts, equipment or accessories attached to or located in or upon any motorized land vehicle. **We** do cover motorized land vehicles designed for assisting the handicapped or used solely for the service of the **insured premises** and not licensed for use on public roads.
4. Aircraft and aircraft parts. This does not include model or hobby craft not designed to carry people or cargo.

5. Property of roomers, boarders, tenants not related to **you**.
6. Property located away from the **residence premises** and rented or held for rental to others.
7. Any device, cellular communication system, radar signal reception system, accessory or antenna designed for reproducing, detecting, receiving, transmitting, recording or playing back data, sound or picture which may be powered by electricity from a motorized land vehicle or watercraft and while in or upon a motorized land vehicle or watercraft.
8. Satellite dish antennas and their systems.

Losses We Cover Under Coverage C:

We will cover sudden and accidental direct physical loss to the property described in **Personal Property Protection-Coverage C**, except as limited or excluded in this policy, caused by:

1. Fire or Lightning.
2. Windstorm or Hail.

We do not cover:

- a) loss to covered property inside a **building structure**, caused by rain, snow, sleet, sand or dust unless direct force of the wind or hail first makes an opening in the roof or walls and the wind forces rain, snow, sleet, sand or dust through this opening to cause the damage;
- b) loss to watercraft and their trailers, furnishings, equipment and motors unless inside a fully enclosed **building structure**. However, **we** do cover canoes and rowboats on the **residence premises**.
3. Explosion.
4. Riot or Civil Commotion, including pillage and looting during, and at the site of, the riot or civil commotion.
5. Aircraft, including self-propelled missiles and spacecraft.
6. Vehicles.

We do not cover damage caused by vehicles:

- a) owned or operated by a transporter of the **dwelling**, or
- b) while the **dwelling** is on a public or private road.
7. Smoke.
8. Vandalism and Malicious Mischief.

We do not cover vandalism or malicious mischief if **your dwelling** has been vacant or unoccupied for more than 60 consecutive days immediately prior to the vandalism or malicious mischief. A **dwelling** under construction or installation is not considered vacant or unoccupied.

9. Falling objects.

We do not cover loss to personal property inside a **building structure** unless the falling object first damages the exterior walls or roof of the **building structure**.

10. Weight of ice, snow or sleet which causes damage to personal property in a **building structure**, but only if the **building structure** is damaged due to the weight of ice, snow or sleet.
11. Increase or decrease of artificially generated electrical current to electronics, electrical appliances, fixtures and wiring.
12. Bulging, burning, cracking or rupture of a steam or hot water heating system, an air conditioning system, an automatic fire protection system or an appliance for heating water.
13. Water or steam that escapes from a plumbing, heating or air conditioning system, an automatic fire protection system, or from a household appliance due to accidental discharge or overflow. However, **we** do not cover loss, including ensuing loss or the cost of tearing out and replacing any part of **your dwelling**, caused by the discharge or overflow of water or steam from within a plumbing, heating or air conditioning system, household appliance, fire protection or sprinkler system where the source of the discharge or overflow is either below the surface of the ground or within or below the slab or foundation of the **dwelling**, except as specifically provided in **Section I, Additional Protection**, under item 15., **Foundation Water Damage**.
We do not cover loss to the system or appliance from which the water or steam escapes, or loss from water which backs up through sewers or drains or overflows from a sump pump, sump pump well or other system designed for the removal of subsurface water which is drained from a foundation area of a structure.
14. Freezing of a plumbing, heating or air conditioning system or a household appliance.
We do not cover loss at the **residence premises** under perils 12., 13., and 14. caused by or resulting from freezing while the **building structure** is vacant, unoccupied or under construction or installation unless **you** have used reasonable care to:
 - a) maintain heat in the **building structure**; or
 - b) shut off the water supply and drain the water from the systems and appliances.
15. Theft, or attempted theft, including disappearance of property from a known place when it is likely that a theft has occurred. Any theft must be promptly reported to the police.
We do not cover:
 - a) theft or attempted theft committed by an **insured person**;
 - b) theft in or from the **residence premises** while under construction or installation of materials and supplies for use in construction, until the **dwelling** is completed and occupied;
 - c) theft of any property while at any other residence owned, rented to or occupied by an **insured person** unless the **insured person** is temporarily residing there;
 - d) theft of trailers, campers, watercraft, including furnishings, equipment and outboard motors, away from the **residence premises**;
 - e) theft from that part of the **residence premises** rented by **you** to other than an **insured person**.

16. Breakage of glass, meaning damage to covered personal property caused by breakage of glass constituting a part of any **building structure** on the **residence premises**. This does not include damage to the glass.

Losses We Do Not Cover Under Coverage C:

- A. **We** do not cover loss to the property described in **Personal Property Protection–Coverage C** consisting of or caused by the following:
 1. Flood, including, but not limited to surface water, waves, tidal water or overflow of any body of water, or spray from any of these, whether or not driven by wind.
 2. Water or any other substance that backs up through sewers or drains.
 3. Water or any other substance that overflows from a sump pump, sump pump well or other system designed for the removal of subsurface water which is drained from a foundation area of a structure.
 4. Water or any other substance on or below the surface of the ground, regardless of its source. This includes water or any other substance which exerts pressure on, or flows, seeps or leaks through any part of the **residence premises**.
We do cover sudden and accidental direct physical loss caused by fire, explosion or theft resulting from items 1. through 4. listed above.
 5. Earth movement of any type, including, but not limited to earthquake, volcanic eruption, lava flow, landslide, subsidence, mudflow, pressure, sinkhole, erosion, or the sinking, rising, shifting, creeping, expanding, bulging, cracking, settling or contracting of the earth. This exclusion applies whether or not the earth movement is combined with water
We do cover sudden and accidental direct physical loss caused by fire, explosion, theft or breakage of glass or safety glazing materials resulting from earth movement.
 6. Enforcement of any building codes, ordinances or laws regulating the construction, reconstruction, maintenance, repair, placement or demolition of any **building structure** or other structure at the **residence premises**.
We do cover sudden and accidental direct physical loss to covered property caused by actions of civil authority to prevent the spread of fire.
 7. The failure by any **insured person** to take all reasonable steps to save and preserve property when the property is endangered by a cause of loss **we** cover.
 8. Loss intentionally caused by an **insured person**. This exclusion will not apply to an innocent spouse or **insured person** who did not contribute to such loss or to the interest of an innocent spouse or **insured person** in the damaged property.
 9. Vapors, fumes, acids, toxic chemicals, toxic gasses, toxic liquids, toxic solids, waste materials or other irritants, contaminants or pollutants.

10. Weather Conditions that contribute in any way with a cause of loss excluded under **Losses We Do Not Cover Under Coverage C** to produce a loss.
11. Planning, Construction or Maintenance, meaning 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, installation, renovation or remodeling; or
 - d) maintenance

of property whether on or off the **residence premises** by any person or organization.
12. Discharge or overflow of water or steam from within a plumbing, heating or air conditioning system, household appliance, fire protection or sprinkler system where the source of the discharge or overflow is either below the surface of the ground or within or below the slab or foundation of the **dwelling**, except as specifically provided in **Section I, Additional Protection** under item 15., **Foundation Water Damage**.

- B. **We** do not cover loss to the property described in **Personal Property Protection-Coverage C** when:
- 1) there are two or more causes of loss to the covered property; and
 - 2) the predominant cause(s) of loss is (are) excluded under items A.1. through A.12. above.
- C. **We** do not cover loss to the property described in **Personal Property Protection-Coverage C** consisting of or caused by mold, fungus, wet rot, dry rot or bacteria. This includes any loss which, in whole or in part, arises out of, is aggravated by or results from mold, fungus, wet rot, dry rot or bacteria.

This exclusion applies regardless of whether mold, fungus, wet rot, dry rot or bacteria arises from any other cause of loss, including but not limited to a loss involving water, water damage or discharge, which may otherwise be covered by this policy, except as specifically provided in **Section I Conditions, Mold, Fungus, Wet Rot And Dry Rot Remediation As A Direct Result Of A Covered Water Loss**.

- D. **We** do not cover loss to the property described in **Personal Property Protection-Coverage C** consisting of or caused by the following. These exclusions apply regardless of whether any other cause contributed concurrently or in any sequence to produce the loss:
1. Nuclear action, meaning nuclear reaction, discharge, radiation or radioactive contamination or any consequence of any of these. Loss caused by nuclear action is not considered loss by fire, explosion or smoke.

We do cover sudden and accidental direct physical loss by fire resulting from nuclear action.
 2. War or warlike acts, including but not limited to, insurrection, rebellion or revolution.

Additional Protection

1. Additional Living Expense

- a) **We** will pay the reasonable increase in living expenses necessary to maintain **your** normal standard of living when a direct physical loss **we** cover under **Dwelling Protection-Coverage A, Other Structures Protection-Coverage B or Personal Property Protection-Coverage C** makes **your residence premises** uninhabitable. However, additional living expense due to **remediation** of mold, fungus, wet rot or dry rot will not be paid in addition to any amounts paid or payable under **Section I Conditions, Mold, Fungus, Wet Rot And Dry Rot Remediation As A Direct Result Of A Covered Water Loss**.

Payment for covered additional living expense as a result of a covered loss under **Dwelling Protection-Coverage A, Other Structures Protection-Coverage B or Personal Property Protection-Coverage C** will be limited to the least of the following:

- 1) the time period required to repair or replace the property **we** cover, using due diligence and dispatch;
- 2) if **you** permanently relocate, the shortest time for **your** household to settle elsewhere; or
- 3) 3 consecutive months from the time of loss.

In no event shall **our** payment for additional living expenses exceed an amount equal to 10% of the Limit Of Liability shown on the Policy Declarations under **Dwelling Protection-Coverage A**.

- b) **We** will pay **your** lost fair rental income resulting from a covered loss under **Dwelling Protection-Coverage A, Other Structures Protection-Coverage B or Personal Property Protection-Coverage C**, less charges and expenses which do not continue, when a loss **we** cover under **Dwelling Protection-Coverage A, Other Structures Protection-Coverage B or Personal Property Protection-Coverage C** makes the part of the **residence premises you** rent to others, or hold for rental, uninhabitable. **We** will pay for lost fair rental income for the shortest time required to repair or replace the part rented or held for rental but not to exceed 3 consecutive months from the time of loss. However, payments for **your** lost fair rental income expense due to **remediation** of mold, fungus, wet rot or dry rot will not be paid in addition to any amounts paid or payable under **Section I Conditions, Mold, Fungus, Wet Rot And Dry Rot Remediation As A Direct Result Of A Covered Water Loss**.

In no event shall **our** payment for lost fair rental income exceed an amount equal to 10% of the Limit Of Liability shown on the Policy Declarations under **Dwelling Protection-Coverage A**.

The periods of time referenced above are not limited by the termination of this policy.

We do not cover any lost income or expense due to the cancellation of a lease or agreement.

No deductible applies to this protection.

2. **Credit Card, Bank Fund Transfer Card, Check Forgery And Counterfeit Money**

We will pay for loss:

- a) that an **insured person** is legally required to pay for the unauthorized use of any credit card or bank fund transfer card issued to or registered in the name of an **insured person**;
- b) caused by forgery or alteration of a check or negotiable instrument made or drawn upon an **insured person's** account;
- c) to an **insured person** through acceptance in good faith of counterfeit United States or Canadian paper currency.

Our maximum limit of liability for any one loss is \$1,000. All loss due to forgery or unauthorized use by or involving any one person is considered one loss.

We do not cover:

- a) loss arising from any **business** of an **insured person**;
- b) loss caused by or at the direction of an **insured person** or any other person who has been entrusted with any credit card or bank fund transfer card;
- c) loss arising out of dishonesty of an **insured person**.

When loss is discovered, the **insured person** must give **us** immediate written notice. If the loss involves a credit card or bank fund transfer card, the **insured person** must also give immediate written notice to the company or bank that issued the card. Failure to comply with the terms and conditions of the card voids this protection.

We will pay only for loss occurring during the policy period, including those losses discovered and reported to **us** within one year after the policy has terminated. **We** have the right to investigate and settle any claim or suit as **we** deem appropriate. Full payment of the amount of insurance for any one loss ends **our** obligation under each claim or suit arising from the loss.

We will defend any suit brought against an **insured person** for the enforcement of payment covered under paragraph 2.a) of this protection. The defense will be at **our** expense, with counsel of **our** choice.

We have the option to defend an **insured person** or the **insured person's** bank against a suit for the enforcement of payment covered under paragraph 2.b) of this protection. The defense will be at **our** expense, with counsel of **our** choice.

No deductible applies to this protection.

3. **Debris Removal**

We will pay reasonable expenses **you** incur to remove debris of covered property damaged by a loss **we** cover. If the loss to the covered property and the cost of debris removal are more than the limit of liability shown on the Policy Declarations for the covered property, **we** will pay up to an additional 5% of that limit for debris removal.

4. **Emergency Removal Of Property**

We will pay for sudden and accidental direct physical loss to covered property from any cause while removed from a premises because of danger from a loss **we** cover. Protection is limited to a 30-day period from date of removal. This protection does not increase the limit of liability that applies to the covered property.

5. **Fire Department Charges**

We will pay up to \$250 for service charges made by fire departments called to protect **your** property from a loss **we** cover at the **residence premises**. No deductible applies to this protection.

6. **Temporary Repairs After A Loss**

We will reimburse **you** up to \$5,000 for the reasonable and necessary cost **you** incur for temporary repairs to protect covered property from further imminent covered loss following a loss **we** cover. This coverage does not increase the limit of liability applying to the property being repaired.

7. **Trees, Shrubs, Plants And Lawns**

We will pay up to \$2,500 under **Dwelling Protection-Coverage A** for loss to trees, shrubs, plants and lawns at the address of the **residence premises**. **We** will not pay more than \$500 for any one tree, shrub, or plant including expenses incurred for removing debris. This coverage applies only to direct physical loss caused by fire or lightning, explosion, riot or civil commotion, aircraft, vehicles not owned by an occupant of the **residence premises**, vandalism or malicious mischief, theft or collapse of a **building structure** or any part of a **building structure**.

We will pay up to \$500 for reasonable expenses **you** incur for the removal of debris of trees at the address of the **residence premises** for direct physical loss caused by windstorm, hail, or weight of ice, snow or sleet. The fallen tree must have caused damage to property covered under **Dwelling Protection-Coverage A or Other Structures Protection-Coverage B**.

We do not cover trees, shrubs, plants, or lawns grown for **business** purposes.

This coverage does not increase the limit of liability applying to the damaged property.

8. **Temperature Change**

We will pay for loss to covered personal property in a **building structure** at the **residence premises** resulting from a change in temperature. The change in temperature must result from a covered loss to the **building structure**.

This coverage does not increase the limit of liability applying to the damaged property.

9. **Power Interruption**

We will pay for loss to the contents of freezers and refrigerated units on the **residence premises** caused by the interruption of power which occurs off the **residence premises**. If a power interruption is known to

an **insured person**, all reasonable means must be used to protect the contents of freezers and refrigerated units.

This coverage does not increase the limit of liability applying to the damaged property.

10. **Arson Reward**

We will pay up to \$5,000 for information leading to an arson conviction in connection with a fire loss to property covered under **Section I** of this policy. The \$5,000 limit applies regardless of the number of persons providing information.

11. **Collapse**

We will cover at the **residence premises**:

- a) the entire collapse of a covered **building structure**;
- b) the entire collapse of part of a covered **building structure**; and
- c) direct physical loss to covered property caused by a) or b) above.

For coverage to apply, the collapse of a **building structure** specified in a) or b) above must be a sudden and accidental direct physical loss caused by one or more of the following:

- a) a loss **we** cover under **Section I, Personal Property Protection-Coverage C**;
- b) weight of persons, animals, equipment or contents;
- c) weight of rain, snow or ice which collects on a roof;
- d) defective methods or materials used in construction, installation, repair, remodeling or renovation, but only if the collapse occurs in the course of such construction, repair, remodeling or renovation.

Collapse as referenced herein means the covered **building structure** or part of the covered **building structure** has actually fallen down or fallen into pieces unexpectedly and instantaneously. It does not include settling, cracking, shrinking, bulging, expansion, sagging or bowing. Furthermore, collapse does not include or mean substantial structural impairment or imminent collapse.

Loss to an awning, fence, patio, deck, pavement, swimming pool, underground pipe, flue, drain, cesspool, fuel oil tank, septic tank, cistern or similar system, foundation, retaining wall, bulkhead, pier, wharf or dock is not included, unless the loss is a direct result of the collapse of a **building structure** or part of a **building structure** that is sudden and accidental direct physical loss caused by one or more of the following:

- a) a loss **we** cover under **Section I, Personal Property Protection-Coverage C**;
- b) weight of persons, animals, equipment or contents; weight of rain, snow or ice which collects on a roof;
- c) defective methods or materials used in construction, repair, remodeling or renovation, but only if the collapse occurs in the course of such construction, repair, remodeling or renovation.

This coverage does not increase the limit of liability applying to the covered property.

12. **Change Of Manufactured Home**

If **you** replace **your dwelling** at **your residence premises**, **we** will cover the replacement under the provisions of this policy. **You** must notify **us** within 60 days and pay any additional premium required.

13. **Emergency Removal Service**

We will pay the reasonable expenses incurred by **you**, not to exceed \$500, for each removal and return of **your dwelling**, if it is endangered by a loss **we** cover. The removal must be urgently necessary to avoid damage to **your dwelling**.

14. **Building Ordinance Or Law**

You may use up to \$5,000 (at no additional premium) for the increased costs that **you** incur under **Dwelling Protection-Coverage A** or **Other Structures Protection-Coverage B** due to the enforcement of any ordinance or law, which requires or regulates:

- a) the construction, demolition or repair of that part of **your dwelling** or another covered **building structure** damaged by a covered loss;
- b) the demolition and reconstruction of the undamaged part of **your dwelling** or another covered **building structure**, when that building or structure must be totally demolished because of a covered loss to another part of **your dwelling** or another covered **building structure**; or
- c) the remodeling, removal or replacement of the portion of the undamaged part of **your dwelling** or another covered **building structure** necessary to complete the remodeling, repair or replacement of that part of **your dwelling** or another covered **building structure** damaged by a covered loss.

You may use all or part of this Additional Protection to pay for the increased costs **you** incur to remove debris resulting from the construction, repair or replacement of property as stated above.

This Additional Protection does not reduce the limits of liability under **Dwelling Protection-Coverage A** or **Other Structures Protection-Coverage B**.

We will not pay for the increased cost of construction:

- a) if **your dwelling** or other covered **building structure** is not rebuilt or repaired;
- b) if the rebuilt or repaired **dwelling** or other covered **building structure** is not intended for the same type occupancy as the current building or structure;
- c) until the **dwelling** or other covered **building structure** is actually repaired or rebuilt at the same premises; or
- d) unless the rebuilding or repairs are made as soon as reasonably possible after the loss or damage, not to exceed 365 days after loss unless **you** have requested in writing that this time limit be extended for an additional 180 days.

We do not cover:

- a) the loss in value to **your dwelling** or another covered **building structure** due to the requirements of any ordinance or law; or
- b) the costs to comply with any ordinance or law which requires **you** or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, assess the affects of, pollutants on any covered building or other structure.

Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis,

chemicals and waste. Waste includes material to be recycled, reconditioned or reclaimed.

If the insured property is located in an area which is eligible for coverage through the Texas Windstorm Insurance Association, the coverage described above also applies to the increased cost **you** incur due to the repair, replacement or demolition required for the dwelling to comply with the building specifications contained in the Texas Windstorm Insurance Association's plan of operation.

15. **Foundation Water Damage**

In the event of the sudden and accidental discharge or overflow of water or steam from within a plumbing, heating or air conditioning system, household appliance, fire protection or sprinkler system where the source of the discharge or overflow is located within or below the slab or foundation of the **dwelling**, **we** will pay up to the amount shown on the Policy Declarations for:

- a) tearing out and replacing any part of the **dwelling** necessary to access, repair or replace that part of such system,
- b) loss to property covered under **Dwelling Protection-Coverage A** and **Personal Property Protection-Coverage C** that results from the sudden and accidental escape of water or steam from within a plumbing, heating or air conditioning system, household appliance, fire protection or sprinkler system located within the slab or foundation of the dwelling.

This coverage does not include damage to the system from which the water or steam escaped.

16. **Civil Authority**

We will pay **you** up to \$100 per day, for up to two weeks, to assist with the reasonable and necessary increase in living expenses and lost fair rental income should civil authorities prohibit the use of the **residence premises** due to a loss at a neighboring premises caused by a peril **we** insure against. However, payments for increased living expenses or **your** lost fair rental income expense due to **remediation** of mold, fungus, wet rot or dry rot will not be paid in addition to any amounts paid or payable under **Section I Conditions, Mold, Fungus, Wet Rot And Dry Rot Remediation As A Direct Result Of A Covered Water Loss**.

The two-week period of time referenced above is not limited by the termination of this policy.

We do not cover any lost income or expense due to the cancellation of a lease or agreement.

No deductible applies to this protection.

The deductible amount applies to loss or damage caused by any peril other than fire or lightning.

2. **Insurable Interest And Our Liability**

In the event of a covered loss, **we** will not pay for more than an **insured person's** insurable interest in the property covered, nor more than the amount of coverage afforded by this policy.

Each time there is a loss to any building insured under **Dwelling Protection-Coverage A** or **Other Structures Protection-Coverage B**, the amount of insurance applicable to that building for loss by fire will be reduced by the amount of the loss. As repairs are made, the amount of insurance will be reinstated up to the limit of liability shown on the Policy Declarations.

Section 862.053. Policy A Liquidated Demand.

A fire insurance policy, in case of a total loss by fire of property insured, shall be held and considered to be a liquidated demand against the company for the full amount of such policy. The provisions of this article shall not apply to personal property.

3. **What You Must Do After A Loss**

In the event of a loss to any property that may be covered by this policy, **you** must:

- a) promptly give **us** or **our** agent notice. Report any theft to the police as soon as possible. If the loss involves a credit card or bank fund transfer card, give written notice to the company or bank that issued the card.
- b) protect the property from further loss. Make any reasonable repairs necessary to protect it. Keep an accurate record of any repair expenses.
- c) separate damaged from undamaged personal property. Give **us** a detailed list of the damaged, destroyed or stolen property, showing the quantity, cost, actual cash value and the amount of loss claimed.
- d) give **us** all accounting records, bills, invoices and other vouchers, or certified copies, which **we** may reasonably request to examine and permit **us** to make copies.
- e) produce receipts for any increased costs to maintain **your** standard of living while **you** reside elsewhere, and records supporting any claim for loss of rental income.
- f) as often as **we** reasonably require:
 - 1) show **us** the damaged property.
 - 2) at **our** request, submit to examinations under oath, separately and apart from any other person defined as **you** or **insured person** and sign a transcript of the same.
 - 3) produce representatives, employees, members of the insured's household or others to the extent it is within the **insured person's** power to do so; and
- g) within 91 days after the loss, give **us** a signed, sworn proof of the loss. **We** must request a signed, sworn proof of loss not later than the 15th day after **we** receive **your** written notice, or **we** waive **our** right to require a proof of loss. Such waiver will not waive **our**

Section I Conditions

1. **Deductible**

We will pay when a covered loss exceeds the deductible shown on the Policy Declarations. **We** will then pay only the excess amount, unless **we** have indicated otherwise in this policy.

other rights under this policy. This signed, sworn proof of loss must include the following information:

- 1) the date, time, location and cause of loss;
- 2) the interest **insured persons** and others have in the property, including any encumbrances;
- 3) the actual cash value and amount of loss for each item damaged, destroyed or stolen;
- 4) any other insurance that may cover the loss;
- 5) any changes in title, use, occupancy or possession of the property that have occurred during the policy period;
- 6) at **our** request, the specifications of any damaged **building structure** or other structure; and
- 7) evidence supporting any claim under the Credit Card, Bank Fund Transfer Card, Check Forgery And Counterfeit Money protection. State the cause and amount of loss.

We have no duty to provide coverage to **you** or an **insured person** under this section if **you**, an **insured person**, or a representative of either fail to comply with items a) through g) above, and this failure to comply is prejudicial to **us**.

4. Options

In the event of a covered loss, **we** have the option to:

- a) repair, rebuild or replace all or any part of the damaged, destroyed or stolen property with property of like kind and quality within a reasonable time; or
- b) pay for all or any part of the damaged, destroyed or stolen property as described in item 5., **How We Pay For A Loss**.

Not later than the 15th day after **we** receive **your** written notice of claim, **we** must acknowledge receipt of the claim, begin any investigation of the claim, and specify the information **you** must provide.

If **our** acknowledgment of the claim is not in writing, **we** will keep a record of the date, method and content of **our** acknowledgement.

We may request additional information, if during the investigation of the claim such additional information is necessary.

We will notify **you** of the settlement option or options **we** intend to exercise within 15 **business days** after **we** receive **your** signed, sworn proof of loss. This shall be extended to 30 days if **we** have reason to believe the loss resulted from arson.

If **we** do not approve payment of **your** claim, **we** must give the reason for denying **your** claim, or give the reasons **we** require additional time to process **your** claim. But, **we** must either approve or deny **your** claim within 45 days after **our** request for additional time.

If covered property is partially destroyed or damaged by fire, **you** may:

- a) receive payment for damage done to the covered property; or
- b) have **us** repair the covered property so that it will be in as good a condition as before the fire.

5. How We Pay For A Loss

Under **Dwelling Protection–Coverage A, Other Structures Protection–Coverage B** and **Personal Property Protection–Coverage C**, payment for covered loss will be by one or more of the following methods:

- a) Special Payment. At **our** option, **we** may make payment for a covered loss before **you** repair, rebuild or replace the damaged, destroyed or stolen property if:
 - 1) the whole amount of loss for property covered under **Dwelling Protection–Coverage A** and **Other Structures Protection–Coverage B**, without deduction for depreciation, is less than \$2,500 and if the property is not excluded from the Building Structure Reimbursement provision, or;
 - 2) the whole amount of loss for property covered under **Personal Property Protection–Coverage C** without deduction for depreciation, is less than \$2,500 and if **your** Policy Declarations shows that the Personal Property Reimbursement provision applies, and the property is not excluded from the Personal Property Reimbursement provision.

- b) Actual Cash Value. If **you** do not repair or replace the damaged, destroyed or stolen property, payment will be on an actual cash value basis. This means there may be a deduction for depreciation. Payment will not exceed the limit of liability shown on the Policy Declarations for the coverage that applies to the damaged, destroyed or stolen property, regardless of the number of items involved in the loss.

You may make claim for additional payment as described in paragraph c), and paragraph d) below if applicable, if **you** repair or replace the damaged, destroyed or stolen covered property within 365 days of the actual cash value payment unless you request in writing that this time limit be extended for an additional 180 days.

- c) Building Structure Reimbursement. Under **Dwelling Protection–Coverage A** and **Other Structures Protection–Coverage B**, **we** will make additional payment to reimburse **you** for cost in excess of actual cash value if **you** repair, rebuild or replace damaged, destroyed or stolen covered property within 365 days of the actual cash value payment unless you request in writing that this time limit be extended for an additional 180 days. This additional payment includes the reasonable and necessary expense for treatment or removal and disposal of contaminants, toxins or pollutants as required to complete repair or replacement of that part of a **building structure** damaged by a covered loss. This additional payment shall not include any amounts which may be paid or payable under **Section I Conditions, Mold, Fungus, Wet Rot And Dry Rot Remediation As A Direct Result Of A Covered Water Loss**, and shall not be payable for any losses excluded in **Section I—Your Property**, under **Losses We Do Not Cover Under Coverages A and B**.

Building Structure Reimbursement will not exceed the smallest of the following amounts:

- 1) the replacement cost of the part(s) of the **building structure(s)** for equivalent construction for similar use on the same **residence premises**;
- 2) the amount actually and necessarily spent to repair or replace the damaged **building structure(s)** with equivalent construction for similar use on the same **residence premises**; or
- 3) the limit of liability applicable to the **building structure(s)** as shown on the Policy Declarations for **Dwelling Protection-Coverage A** or **Other Structures Protection-Coverage B**, regardless of the number of **building structures** and structures other than **building structures** involved in the loss.

If **you** replace the damaged **building structure(s)** at an address other than shown on the Policy Declarations through construction of a new structure or purchase of an existing structure, such replacement will not increase the amount payable under Building Structure Reimbursement describe above. The amount payable under Building Structure Reimbursement described above does not include the value of any land associated with the replacement structure(s).

Building Structure Reimbursement payment will be limited to the difference between any actual cash value payment made for the covered loss to **building structures** and the smallest of 1), 2) or 3) above.

Building Structure Reimbursement will not apply to:

- 1) property covered under **Personal Property Protection-Coverage C**;
- 2) property covered under **Other Structures Protection-Coverage B** that is not a **building structure**;
- 3) wall-to-wall carpeting, fences, awnings and outdoor antennas whether or not fastened to a **building structure**; or
- 4) land.

Payment under a), b), or c) above will not include any increased cost due to the enforcement of building codes, ordinances or laws regulating the construction, reconstruction, maintenance, repair, relocation or demolition of **building structures** or other structures.

- d) **Personal Property Reimbursement.** When the Policy Declarations shows that the Personal Property Reimbursement provision applies under **Personal Property Protection-Coverage C**, **we** will make additional payment to reimburse **you** for cost in excess of actual cash value if **you** repair, rebuild or replace damaged, destroyed or stolen covered personal property or wall-to-wall carpeting within 180 days of the actual cash value payment.

Personal Property Reimbursement payment will not exceed the smallest of the following amounts:

- 1) the amount actually and necessarily spent to repair or replace the property with similar property of like kind and quality;
- 2) the cost of repair or restoration; or
- 3) the limit of liability shown on the Policy Declarations for **Personal Property Protection-Coverage C**, or any special limit of liability described in the policy, regardless of the number of items of personal property involved in the loss.

Personal Property Reimbursement will be limited to the difference between any actual cash value payment made for the covered loss to personal property and the smallest of 1), 2) or 3) above.

Personal Property Reimbursement will not apply to:

- 1) property insured under **Dwelling Protection-Coverage A** and **Other Structures Protection-Coverage B**, except wall-to-wall carpeting;
- 2) antiques, fine arts, paintings, statuary and similar articles which, by their inherent nature, cannot be replaced;
- 3) articles whose age or history contribute substantially to their value. This includes, but is not limited to memorabilia, souvenirs and collector's items; or
- 4) property that was obsolete or unusable for the originally intended purpose because of age or condition prior to the loss.

6. **Our Settlement Of Loss**

We will settle any covered loss with **you** unless some other person or entity is named in the policy or is legally entitled to receive payment. The amount of loss may be determined by an agreement between **you** and **us**, an appraisal award, or by a court judgment.

If **we** notify **you** that **we** will pay **your** claim, or part of **your** claim, **we** must pay within 5 **business days** after **we** notify **you**. If payment of **your** claim or part of **your** claim requires the performance of an act by **you**, **we** must pay within 5 **business days** after the date **you** perform the act.

7. **Catastrophe Claims**

If a claim results from a weather-related catastrophe or a major natural disaster, each claim-handling deadline shown under the **What You Must Do After A Loss, Our Settlement Options, and Our Settlement Of Loss** provisions is extended for an additional 15 days.

Catastrophe or major natural disaster means a weather-related event which:

- a) is declared a disaster under the Texas Disaster Act of 1975; or
- b) is determined to be a catastrophe by the State Board of Insurance.

8. **Appraisal**

In case the insured and this company shall fail to agree as to the actual cash value or the amount of loss, then, on the written demand of either, each shall select a competent and disinterested appraiser and notify the other of the appraiser selected within twenty (20) days of such demand. The appraisers shall first select a competent and disinterested umpire; and failing for fifteen (15) days to agree upon such umpire, then, on

request of the insured or this company, such umpire shall be selected by a judge of a court of record in the state and county (or city if the city is not within a county) in which the property covered is located. The appraisers shall then appraise the loss, stating separately actual cash value and loss to each item; and, failing to agree, shall submit their differences, only, to the umpire. The umpire shall make the award within thirty (30) days after the umpire receives the appraisers' submissions of their differences. An award in writing, so itemized, of any two when filed with this company shall determine the amount of actual cash value and loss. Each appraiser shall be paid by the party selecting such appraiser and the expenses of appraisal and umpire shall be paid by the parties equally.

9. **Abandoned Property**

We are not obligated to accept any property or responsibility for any property abandoned by an **insured person**.

10. **Permission Granted To You**

- a) The **residence premises** may be vacant or unoccupied for any length of time, except where a time limit is indicated in this policy for specific perils. A **building structure** under construction or installation is not considered vacant.
- b) **You** may make alterations, additions or repairs, and **you** may complete structures under construction or installation.

11. **Our Rights To Recover Payment**

When **we** pay for any loss, an **insured person's** right to recover from anyone else becomes **ours** up to the amount **we** have paid. An **insured person** must protect these rights and help **us** enforce them. **You** may waive **your** rights to recover against another person for loss involving the property covered by this policy. This waiver must be in writing prior to the date of the loss.

12. **Our Rights To Obtain Salvage**

We have the option to take all or any part of the damaged or destroyed covered property upon replacement by **us** or payment of the agreed or appraised value.

We will notify **you** of **our** intent to exercise this option within 30 days after **we** receive **your** signed, sworn proof of loss.

When **we** settle any loss caused by theft or disappearance, **we** have the right to obtain all or part of any property which may be recovered. An **insured person** must protect this right and inform **us** of any property recovered. **We** will inform **you** of **our** intent to exercise this right within 10 days of **your** notice of recovery to **us**.

13. **Action Against Us**

No one may bring an action against **us** in any way related to the existence or amount of coverage, or the amount of loss for which coverage is sought, under a coverage which **Section I Conditions** applies, unless:

- a) There has been full compliance with all policy terms, and
- b) The action is commenced within two years and one day after the inception of loss or damage.

14. **Loss To A Pair Or Set**

If there is a covered loss to a pair or set, **we** may:

- a) repair or replace any part of the pair or set to restore it to its actual cash value before the loss; or
- b) pay the difference between the actual cash value of the pair or set before and after the loss.

15. **Glass Replacement**

Payment for loss to covered glass includes the cost of using safety glazing materials when required by law.

16. **No Benefit To Bailee**

This insurance will not benefit any person or organization who may be caring for or handling **your** property for a fee.

17. **Other Insurance**

If both this insurance and other insurance apply to a loss, **we** will pay the proportionate amount that this insurance bears to the total amount of all applicable insurance. However, in the event of a loss by theft, this insurance shall be excess over any other insurance that covers loss by theft.

18. **Property Insurance Adjustment**

When the Policy Declarations indicates that the Property Insurance Adjustment Condition applies, **you** agree that, at each policy anniversary, **we** may increase the limit of liability shown on the Policy Declarations for **Dwelling Protection-Coverage A** to reflect one of the following:

- a) the rate of change in the Index identified in the "Important Payment and Coverage Information" section of the Policy Declarations. The limit of liability for **Dwelling Protection-Coverage A** for the succeeding premium period will be determined by changing the existing limit in proportion to the change in the Index between the time the existing limit was established and the time the change is made. The resulting amount will be rounded to the nearest \$1,000; or
- b) the minimum amount of insurance coverage **we** are willing to issue for the succeeding premium period under **Dwelling Protection-Coverage A** for **your dwelling** and other property **we** cover under **Dwelling Protection-Coverage A**.

Any adjustment in the limit of liability for **Dwelling Protection-Coverage A** will result in an adjustment in the limit of liability for **Other Structures Protection-Coverage B** and **Personal Property Protection-Coverage C** in accordance with **our** manual of Rules and Rates.

Any adjustment in premium resulting from the application of this condition will be made based on premium rates in use by **us** at the time a change in limits is made.

We will not reduce the limit of liability shown on the Policy Declarations without **your** consent. **You** agree that it is **your** responsibility to ensure that each of the limits of liability shown on the Policy Declarations are appropriate for **your** insurance needs. If **you** want to increase or

decrease the limits of liability shown on the Policy Declarations, **you** must contact **us** to request such a change.

19. **Lienholder**

A covered loss will be payable to the mortgagees or lienholders named on the Policy Declarations, to the extent of their interest and in the order of precedence. All provisions of **Section I** of this policy apply to these mortgagees and lienholders.

We will:

- a) protect the mortgagee's or lienholder's interest in a covered **building structure** in the event of an increase in hazard, intentional or criminal acts of, or directed by, an **insured person**, failure by any **insured person** to take all reasonable steps to save and preserve property after a loss, a change in ownership, or foreclosure if the mortgagee or lienholder has no knowledge of these conditions; and
- b) give the mortgagee or lienholder at least 10 days notice if this policy is cancelled.

The mortgagee or lienholder will:

- a) furnish proof of loss within 91 days after notice of the loss if an **insured person** fails to do so;
- b) pay upon demand any premium due if an **insured person** fails to do so;
- c) notify **us** in writing of any change of ownership or occupancy or any increase in hazard of which the mortgagee or lienholder has knowledge;
- d) give **us** the mortgagee's or lienholder's right of recovery against any party liable for loss; and
- e) after a loss, and at **our** option, permit **us** to satisfy the mortgage or lien requirements and receive full transfer of the mortgage or lien.

This mortgagee interest provision shall apply to any trustee, loss payee, lienholder, or other secured party.

20. **Mold, Fungus, Wet Rot And Dry Rot Remediation As A Direct Result Of A Covered Water Loss**

In the event of a covered water loss under **Dwelling Protection–Coverage A, Other Structures Protection–Coverage B or Personal Property Protection–Coverage C**, **we** will pay up to \$5,000 for mold, fungus, wet rot or dry rot **remediation**.

Remediation means the reasonable and necessary treatment, removal or disposal of mold, fungus, wet or dry rot as required to complete repair or replacement of property **we** cover under **Dwelling Protection–Coverage A, Other Structures Protection–Coverage B or Personal Property Protection–Coverage C** damaged by a covered water loss, including payment for any reasonable increase in living expenses necessary to maintain **your** normal standard of living if mold, fungus, wet or dry rot makes **your residence premises** uninhabitable.

Remediation also includes any investigation or testing to detect, measure or evaluate mold, fungus, wet or dry rot.

This Condition does not increase the limits of liability under **Dwelling Protection–Coverage A, Other Structures Protection–Coverage B or Personal Property Protection–Coverage C**.

Section II—Family Liability And Guest Medical Protection

Family Liability Protection–Coverage X

Losses We Cover Under Coverage X:

Subject to the terms, conditions and limitations of this policy, **we** will pay damages which an **insured person** becomes legally obligated to pay because of **bodily injury or property damage** arising from an **occurrence** to which this policy applies, and is covered by this part of the policy.

We may investigate or settle any claim or suit for covered damages against an **insured person**. If an **insured person** is sued for these damages, **we** will provide a defense with counsel of **our** choice, even if the allegations are groundless, false or fraudulent. **We** are not obligated to pay any claim or judgment after **we** have exhausted **our** limit of liability.

Losses We Do Not Cover Under Coverage X:

1. **We** do not cover **bodily injury or property damage** which is caused intentionally by or at the direction of an **insured person**.
2. **We** do not cover **bodily injury** to an **insured person** or **property damage** to property owned by an **insured person** whenever any benefit of this coverage would accrue directly or indirectly to an **insured person**.
3. **We** do not cover **bodily injury** to any person eligible to receive benefits required to be provided or voluntarily provided by an **insured person** under any workers' compensation, non-occupational disability or occupational disease law.
4. **We** do not cover **bodily injury or property damage** arising out of the ownership, maintenance, use, occupancy, renting, loaning, entrusting, loading or unloading of aircraft.
5. **We** do not cover **bodily injury or property damage** arising out of the ownership, maintenance, use, occupancy, renting, loaning, entrusting, loading or unloading of any motor vehicle or trailer. However, this exclusion does not apply to:
 - a) a motor vehicle in dead storage or used exclusively on an **insured premises**;
 - b) any motor vehicle designed principally for recreational use off public roads, unless that vehicle is owned by an **insured person** and is being used away from an **insured premises**;
 - c) a motorized wheelchair;
 - d) a vehicle used to service an **insured premises** which is not designed for use on public roads and not subject to motor vehicle registration;
 - e) a golf cart owned by an **insured person** when used for golfing purposes;

- f) a trailer of the boat, camper, home or utility type unless it is being towed or carried by a motorized land vehicle;
 - g) lawn or garden implements under 40 horsepower;
 - h) **bodily injury** to a **residence employee**.
6. **We do not cover **bodily injury** or **property damage** arising out of the ownership, maintenance, use, occupancy, renting, loaning, entrusting, loading or unloading of watercraft away from an **insured premises** if the watercraft:**
- a) has inboard or inboard-outboard motor power of more than 50 horsepower;
 - b) is a sailing vessel 26 feet or more in length;
 - c) is powered by one or more outboard motors with more than 25 total horsepower;
 - d) is designated as an airboat, air cushion, or similar type of watercraft; or
 - e) is a personal watercraft, meaning a craft propelled by a water jet pump engine and designed to be operated by a person or persons sitting, standing or kneeling on the craft.

This exclusion does not apply to **bodily injury** to a **residence employee**.

7. **We do not cover **bodily injury** or **property damage** arising out of:**
- a) the negligent supervision by any **insured person** of any person; or
 - b) any liability statutorily imposed on any **insured person**
- arising from the ownership, maintenance, use, occupancy, renting, loaning, entrusting, loading or unloading of any aircraft, watercraft, motorized land vehicle or trailer which is not covered under **Section II** of this policy.
8. **We do not cover any **bodily injury** which results in any manner from the discharge, dispersal, release or escape of vapors, fumes, acids, toxic chemicals, toxic gasses, toxic liquids, toxic solids, waste materials or other irritants, contaminants or pollutants.**
- We do cover **bodily injury** which results from such discharge if the discharge is sudden and accidental.**
9. **We do not cover any **property damage** consisting of or caused by vapors, fumes, acids, toxic chemicals, toxic gasses, toxic liquids, toxic solids, waste materials or other irritants, contaminants or pollutants.**
10. **We do not cover any **bodily injury** or **property damage** arising out of any liability statutorily imposed upon any **insured person** in any manner, consisting of or caused by vapors, fumes, acids, toxic chemicals, toxic gasses, toxic liquids, toxic solids, waste materials or other irritants, contaminants or pollutants.**
11. **We do not cover **bodily injury** or **property damage** arising out of the rendering of, or failure to render, professional services by an **insured person**.**
12. **We do not cover **bodily injury** or **property damage** arising out of the past or present **business** activities of an **insured person**.**

We do cover the occasional or part-time **business activities of an **insured person** who is a student under 21 years of age who is self-employed and has no employees.**

- 13. **We do not cover **bodily injury** or **property damage** arising out of any premises, other than an **insured premises**, owned, rented or controlled by an **insured person**. This exclusion does not apply to **bodily injury** to a **residence employee**.**
- 14. **We do not cover **property damage** to property rented to, occupied or used by, or in the care of, an **insured person**. This exclusion does not apply if the **property damage** is caused by fire, explosion or smoke.**
- 15. **We do not cover any liability an **insured person** assumes arising out of any contract or agreement.**
- 16. **We do not cover **bodily injury** or **property damage** caused by war or warlike acts, including, but not limited to insurrection, rebellion or revolution.**
- 17. **We do not cover any liability imposed upon any **insured person** by any governmental authority for **bodily injury** or **property damage** which, in whole or in part, arises out of, is aggravated by or results from mold, fungus, wet rot, dry rot or bacteria.**
- 18. **We do not cover **bodily injury** or **property damage** which, in whole or in part, arises out of, is aggravated by or results from mold, fungus, wet rot, dry rot or bacteria.**

Guest Medical Protection—Coverage Y

Losses We Cover Under Coverage Y:

We will pay the reasonable expenses incurred for necessary medical, surgical, X-ray and dental services; ambulance, hospital, licensed nursing and funeral services; and prosthetic devices, eyeglasses, hearing aids, and pharmaceuticals. These expenses must be incurred and the services performed within three years from the date of an **occurrence causing **bodily injury** to which this policy applies, and is covered by this part of the policy.**

Each person who sustains **bodily injury** is entitled to this protection when that person is:

- 1. on the **insured premises** with the permission of an **insured person**; or
- 2. off the **insured premises**, if the **bodily injury**:
 - a) arises out of a condition on the **insured premises** or immediately adjoining ways;
 - b) is caused by the activities of an **insured person** or a **residence employee**;
 - c) is caused by an animal owned by or in the care of an **insured person**; or
 - d) is sustained by a **residence employee**.

Losses We Do Not Cover Under Coverage Y:

- 1. **We do not cover **bodily injury** which is caused intentionally by or at the direction of an **insured person**.**

2. **We** do not cover **bodily injury** to any **insured person** or regular resident of the **insured premises**. However, this exclusion does not apply to a **residence employee**.
3. **We** do not cover **bodily injury** to any person eligible to receive any benefits voluntarily provided, or required to be provided, under any workers' compensation, non-occupational disability or occupational disease law.
4. **We** do not cover **bodily injury** arising out of the ownership, maintenance, use, occupancy, renting, loaning, entrusting, loading or unloading of aircraft.
5. **We** do not cover **bodily injury** arising out of the ownership, maintenance, use, occupancy, renting, loaning, entrusting, loading or unloading of any motor vehicle or trailer. However, this exclusion does not apply to:
 - a) a motor vehicle in dead storage or used exclusively on an **insured premises**;
 - b) any motor vehicle designed principally for recreational use off public roads, unless that vehicle is owned by an **insured person** and is being used away from an **insured premises**;
 - c) a motorized wheelchair;
 - d) a vehicle used to service an **insured premises** which is not designed for use on public roads and not subject to motor vehicle registration;
 - e) a golf cart owned by an **insured person** when used for golfing purposes;
 - f) a trailer of the boat, camper, home or utility type unless it is being towed or carried by a motorized land vehicle;
 - g) lawn or garden implements under 40 horsepower;
 - h) **bodily injury** to a **residence employee**.
6. **We** do not cover **bodily injury** arising out of the ownership, maintenance, use, occupancy, renting, loaning, entrusting, loading or unloading of watercraft away from an **insured premises** if the watercraft:
 - a) has inboard or inboard-outboard motor power of more than 50 horsepower;
 - b) is a sailing vessel 26 feet or more in length;
 - c) is powered by one or more outboard motors with more than 25 total horsepower;
 - d) is designated as an airboat, air cushion, or similar type of watercraft; or
 - e) is a personal watercraft, meaning a craft propelled by a water jet pump engine and designed to be operated by a person or persons sitting, standing or kneeling on the craft.

This exclusion does not apply to a **bodily injury** to a **residence employee**.
7. **We** do not cover **bodily injury** arising out of:
 - a) the negligent supervision by any **insured person** of any person; or
 - b) any liability statutorily imposed on any **insured person**

arising from the ownership, maintenance, use, occupancy, renting, loaning, entrusting, loading or unloading of any aircraft, watercraft, motorized land vehicle or trailer which is not covered under **Section II** of this policy.

8. **We** do not cover any **bodily injury** which results in any manner from the discharge, dispersal, release or escape of vapors, fumes, acids, toxic chemicals, toxic gasses, toxic liquids, toxic solids, waste materials or other irritants, contaminants or pollutants.
We do cover **bodily injury** which results from such discharge if the discharge is sudden and accidental.
9. **We** do not cover **bodily injury** arising out of the rendering of, or failure to render professional services by, an **insured person**.
10. **We** do not cover **bodily injury** arising out of the past or present business activities of an **insured person**.
We do cover the occasional or part-time **business** activities of an **insured person** who is a student under 21 years of age who is self-employed and has no employees.
11. **We** do not cover **bodily injury** to any person on the **insured premises** because of a **business** activity or professional service conducted there.
12. **We** do not cover **bodily injury** arising out of any premises, other than an **insured premises**, owned, rented or controlled by an **insured person**. This exclusion does not apply to **bodily injury** to a **residence employee**.
13. **We** do not cover **bodily injury** caused by war or warlike acts, including, but not limited to insurrection, rebellion, or revolution.
14. **We** do not cover **bodily injury** which, in whole or in part, arises out of, is aggravated by or results from mold, fungus, wet rot, dry rot or bacteria.

Additional Protection

We will pay, in addition to the limits of liability:

1. **Claim Expenses**
We will pay:
 - a) all costs **we** incur in the settlement of any claim or the defense of any suit against an **insured person**;
 - b) interest accruing on damages awarded, including prejudgment interest, if any. **We** will pay this interest only until **we** have paid, formally offered, or deposited in court the amount for which **we** are liable under this policy. Interest will be paid only on damages which do not exceed **our** limits of liability;
 - c) premiums on bonds required in any suit **we** defend; **we** will not pay bond premiums in an amount that is more than **our** limit of liability; **we** have no obligation to apply for or furnish bonds;
 - d) up to \$150 per day for loss of wages and salary, when **we** ask **you** to attend trials and hearings;
 - e) any other reasonable expenses incurred by an **insured person** at **our** request.

2. **Emergency First Aid**

We will pay reasonable expenses incurred by an **insured person** for first aid to other persons at the time of an accident involving **bodily injury** covered under this policy.

3. **Damage To Property Of Others**

At **your** request, **we** will pay up to \$500 each time an **insured person** causes **property damage** to someone else's property. At **our** option, **we** will pay the cost to either repair or replace the property damaged by an **insured person**, without deduction for depreciation.

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

- a) to property covered under **Section I** of this policy;
- b) to property intentionally damaged by an **insured person** who has attained the age of 13;
- c) to property owned by or rented to an **insured person**, any tenant of an **insured person**, or any resident in **your** household; or
- d) arising out of:
 - 1) past or present **business** activities;
 - 2) any act or omission in connection with a premises, other than an **insured premises**, owned, rented or controlled by an **insured person**; or
 - 3) the ownership or use of a motorized land vehicle, trailer, aircraft or watercraft.

Section II Conditions

1. **What You Must Do After An Accidental Loss**

In the event of **bodily injury** or **property damage**, **you** must do the following:

- a) Promptly notify **us** or **our** agent stating:
 - 1) **your** name and policy number;
 - 2) the date, the place and the circumstances of the loss;
 - 3) the name and address of anyone who might have a claim against an **insured person**;
 - 4) the names and addresses of any witnesses.
- b) Promptly send **us** any legal papers relating to the accident.
- c) At **our** request, an insured person will:
 - 1) cooperate with **us** and assist **us** in any matter concerning a claim or suit;
 - 2) help **us** enforce any right of recovery against any person or organization who may be liable to an **insured person**;
 - 3) attend any hearing or trial.
- d) Under the **Damage To Property Of Others** protection, give **us** a sworn statement of the loss. This must be made within 91 days after the date of loss. Also, an **insured person** must be prepared to show **us** any damaged property under that person's control.

Any **insured person** will not voluntarily pay any money, assume any obligations or incur any expense, other than for first aid to others at the time of the loss as provided for in this policy.

Unless **we** are prejudiced by an insured person's failure to comply with the requirements under a) and b) above, any provision of this policy requiring the insured to give notice of action, occurrence or loss, or

requiring the insured to forward demands, notice, summons or other legal process, shall not bar liability under **Liability Protection-Coverage X** of this policy.

2. **What An Injured Person Must Do—Guest Medical Protection-Coverage Y**

If someone is injured, that person, or someone acting for that person, must do the following:

- a) Promptly give **us** written proof of the loss. If **we** request, this must be done under oath.
- b) Give **us** written authorization to obtain copies of all medical records and reports.
- c) Permit doctors **we** select to examine the injured person as often as **we** may reasonably require.

3. **Our Payment Of Loss—Guest Medical Protection-Coverage Y**

We may pay the injured person or the provider of the medical services. Payment under this coverage is not an admission of liability by **us** or an **insured person**.

4. **Our Limits Of Liability**

Regardless of the number of **insured persons**, injured persons, claims, claimants or policies involved, **our** total liability under **Family Liability Protection-Coverage X** for damages resulting from one **occurrence** will not exceed the limit shown on the Policy Declarations. All **bodily injury** and **property damage** resulting from continuous or repeated exposure to the same general conditions is considered the result of one **occurrence**.

Our total liability under **Guest Medical Protection-Coverage Y** for all medical expenses payable for **bodily injury**, to any one person, shall not exceed the "each person" limit shown on the Policy Declarations.

5. **Bankruptcy**

We are not relieved of any obligation under this policy because of the bankruptcy or insolvency of an **insured person**.

6. **Our Rights To Recover Payment—Family Liability Protection-Coverage X**

When **we** pay any loss, an **insured person's** right to recover from anyone else becomes **ours** up to the amount **we** have paid. An **insured person** must protect these rights and help **us** enforce them.

7. **Action Against Us**

- a) No one may bring an action against **us** in any way related to the existence or amount of coverage, or the amount of loss for which coverage is sought, unless there has been full compliance with all policy terms.
- b) No one may bring an action against **us** in any way related to the existence or amount of coverage, or the amount of loss for which coverage is sought, under **Family Liability Protection-Coverage X**, unless the obligation of an **insured person** to pay has been finally determined either by judgment against the **insured person** after actual trial, or by written agreement of the **insured person**, injured person and **us**, and the action against **us** is commenced within two years and one day of such judgment or agreement.

- c) No one may bring an action against **us** in any way related to the existence or amount of coverage, or the amount of loss for which coverage is sought, under **Guest Medical Protection–Coverage Y**, unless such action is commenced within two years and one day after the date the expenses for which coverage is sought were actually incurred.
 - d) No one may bring an action against **us** in any way related to the existence or amount of coverage, or the amount of loss for which coverage is sought, under **Section II, Additional Protection**, unless such action is commenced within two years and one day after the date the claim expenses or emergency first aid expenses for which coverage is sought were actually incurred, or within 2 years and 1 day after the date of loss to the property if coverage is being sought under the **Damage To Property Of Others** provision.
 - e) No one shall have any right to make **us** a party to an action to determine the liability of an **insured person**.
8. **Other Insurance—Family Liability Protection–Coverage X**
This insurance is excess over any other valid and collectible insurance except insurance that is written specifically as excess over the limits of liability that apply to this policy.
9. **Notice Of Settlement Of Liability Claim**
- a. **We** will notify the **insured person** in writing of any initial offer to compromise or settle a claim against the **insured person** under the liability section of this policy. **We** will give the **insured person** notice within 10 days after the date the offer is made.
 - b. **We** will notify the **insured person** in writing of any settlement of a claim against the **insured person** under the liability section of this policy. **We** will give the **insured person** notice within 30 days after the date of the settlement.

Section III—Optional Protection

Optional Coverages You May Buy

The following Optional Coverages may supplement coverages found in **Section I** or **Section II** and apply only when they are indicated on the Policy Declarations. The provisions of this policy apply to each Optional Coverage in this section unless modified by the terms of the specific Optional Coverage.

- 1. **Fire Department Charges–Coverage F**
The \$250 limit applying to the fire department service charges under **Additional Protection** is increased to the amount shown on the Policy Declarations.
- 2. **Increased Coverage On Theft Of Jewelry, Watches And Furs–Coverage JT**
The limitation on theft of jewelry, watches, precious and semiprecious stones, gold other than goldware, silver other than silverware, pewter other than pewterware, platinum other than platinumware or furs under **Personal Property Protection–Coverage C** is increased to the amount shown on the Policy Declarations.

- 3. **Business Pursuits–Coverage P**
Family Liability Protection–Coverage X and **Guest Medical Protection–Coverage Y** are extended to cover specified **business** pursuits of an insured person.

We do not cover:

- a) **bodily injury** or **property damage** arising out of the **business** pursuits of an **insured person** when the **business** is owned or financially controlled by the **insured person**. This also means a partnership or joint venture of which an **insured person** is a partner or member;
- b) **bodily injury** or **property damage** arising out of the rendering or failure to render a professional service of any nature, other than teaching;
- c) **bodily injury** to a fellow employee of an **insured person** arising out of and in the course of employment;
- d) **bodily injury** or **property damage** when an **insured person** is a member of a teaching staff or faculty of any school or college and the **bodily injury** or **property damage** arises out of the maintenance or use of saddle animals, vehicles used with saddle animals, motorized land vehicles, aircraft or watercraft when owned, hired or operated by an **insured person** or used for the purpose of instruction; or
- e) **bodily injury** to any person arising out of corporal punishment administered by or at the direction of an **insured person** when an **insured person** is a member of the teaching staff or faculty of any school of instruction.

- 4. **Satellite Dish Antennas–Coverage SD**
Personal Property Protection–Coverage C is extended to pay for sudden and accidental direct physical loss to satellite dish antennas and their systems on **your residence premises**, subject to the provisions of **Personal Property Protection–Coverage C**.

The amount of coverage is shown on the Policy Declarations.