

**Foremost[®]
Property and Casualty
Insurance Company**

**Homeowners
Insurance
for
Manufactured Homes**



A Stock Company

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Table of Contents

Insuring Agreement	1
Definitions	1
SECTION I — Your Property Coverages	3
Coverage A — Dwelling	3
Coverage B — Other Structures	3
Coverage C — Personal Property	3
Special Amounts of Insurance	4
Property We Do Not Insure	5
Coverage D — Additional Living Expenses	5
Your Additional Coverages	6
Debris Removal	6
Emergency Repairs After Loss	6
Emergency Removal of Your Personal Property	6
Emergency Removal of Your Dwelling	6
Fire Department Service Charge	6
Trees, Shrubs, Plants and Lawns	6
Credit Card, Money Transfer Card, Check Forgery and Counterfeit Money	7
Food Spoilage	7
Loss Assessment	8
Ordinance or Law	8
Locksmith Coverage	8
SECTION I — Insured Perils	8
SECTION I — Exclusions	8
SECTION I — Our Payment Methods	11
Coverage A — Dwelling	11
Coverage B — Other Structures	11
Coverage C — Personal Property	11
Pairs, Sets or Series of Objects	12
Stolen Property	12
SECTION I — Deductible	12
SECTION II — Your Liability Coverages	12
Coverage E — Personal Liability	12
Coverage F — Medical Payments To Others	13

SECTION II — Your Additional Coverages	13
Claim Expenses	13
First Aid Expenses	13
Damage To Property Of Others	13
Loss Assessment	14
SECTION II — Exclusions	14
Coverage E — Personal Liability	14
Coverage F — Medical Payments To Others	14
Damage To Property Of Others	17
Policy Conditions	17
Insurable Interest, Amount of Insurance and Limits of Liability	17
Joint Obligations	17
Concealment or Fraud	17
What to Do When You Have a Loss	17
Appraisals	18
Other Insurance	18
Our Right to Recover From Others	19
Legal Action Against Us	19
Lienholder Interest	19
Trustee Interest	19
Changes	20
Bankruptcy	21
Transfer of This Policy	21
Abandoned Property	21
No Benefit to Bailee	21
Inspections and Consumer Reports	21
Your Duties to Maintain Policy Amounts of Insurance	21
Salvage Rights	21
Cancellation	21
Lifetime Continuation Agreement	22
Automatic Termination	22
Notice of Cancellation or Nonrenewal	22

HOMEOWNERS INSURANCE FOR MANUFACTURED HOMES

Read the entire policy carefully to determine rights, duties, and what is and is not insured. Various provisions in this policy restrict coverage.

Words and phrases that appear in **bold-faced type** have special meaning. Refer to the Definitions.

Insuring Agreement

With your payment of the premium, we agree to provide only the Coverages, Amounts of Insurance and Limits of Liability you have selected as shown on the Declarations Page. This is subject to all policy terms and conditions. This policy, which includes the Declarations Page and endorsements, if any, is the entire agreement between you and us regarding the insurance coverages expressed in it and supersedes all previous agreements regarding those coverages, either oral or written.

We, us and our mean the insurance company named on the Declarations Page.

You, your and yours mean the person named on the Declarations Page and that person's **family member**.

For purposes of SECTION II — Your Liability Coverages, you also mean:

1. Any person or organization legally responsible for animals, golf carts or watercraft to which this policy applies.

But you does not mean a person or organization using or having custody of your animals, golf carts or watercraft in the course of any

business or without the consent of any of you.

2. Any persons employed by any of you and other persons while they are using a vehicle insured by this policy on your **premises** and with the consent of any of you.

Definitions

Actual cash value means the amount it would cost to repair or replace insured property with new materials available today of like kind and quality, less adjustment for physical deterioration and depreciation, including obsolescence. Our adjustment for physical deterioration, depreciation and obsolescence applies to all costs including the cost of labor and material.

Bodily injury means:

1. Physical damage;
2. Sickness;
3. Disease; or
4. Death;

caused by an accident.

Business means any full or part-time:

1. Trade;
2. Profession;
3. Occupation; or
4. Activity;

including **farming** or **ranching**, engaged in for economic gain.

Business does not mean:

1. The rental, or holding for rental, of part of your **premises** for use as a dwelling, unless the rental is to three or more roomers or boarders.
2. The rental, or holding for rental, of part of your **premises** as a private garage, office, school or studio.

Family member means a person who:

1. Resides in your household; and
2. Is related to you by:
 - a. Blood;
 - b. Marriage; or
 - c. Adoption.

Family member also means your ward or foster child who resides in your household.

Farm or **Farming** means the ownership or use of land for cultivation of agricultural products. However, **farm** or **farming** does not include the ownership or use of land for the cultivation of a personal garden.

Medical expenses means reasonable charges for:

1. Medical.
2. Surgical.
3. X-ray.
4. Dental.
5. Ambulance.
6. Hospital.
7. Professional nursing.
8. Recognized religious methods of healing.
9. Prosthetic devices.
10. Funeral services.

A **move** begins when the leveling jacks or blocks are removed and utilities are disconnected for the purpose of transportation. A **move** ends when the leveling jacks

or blocks are installed and utilities are reconnected.

Personal injury means injury arising out of one or more of the following offenses:

1. False arrest, detention or imprisonment;
2. Malicious prosecution; or
3. Libel, slander or defamation of character.

Pollutant means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, metals, lead paint components and compounds, and waste. Waste includes materials to be recycled, reconditioned or reclaimed. However, irritants and contaminants released by an accidental fire on your **premises** are not a **pollutant**.

Premises means:

1. The dwelling that is described on the Declarations Page.
2. The other structures, including sidewalks, driveways or other private approaches that serve your dwelling.
3. The grounds immediately adjacent to your dwelling and other structures.

For purposes of SECTION II — Your Liability Coverages, **premises** also means:

1. Vacant land, other than farm land, owned by or rented to any of you.
2. Land on which a one-family or two-family dwelling is being built for your personal use.
3. Premises not owned by you but in which you live temporarily.
4. Your cemetery plots and burial vaults.
5. Any part of a premises occasionally rented to you for other than **business** use.

Property damage means direct physical damage or destruction of tangible property

of others, including loss of its use, caused by an accident.

Ranch or **ranching** means the ownership or use of land for the raising of livestock such as cattle, sheep or horses.

Residence employee means an employee of yours who performs duties in connection with the maintenance or use of your **premises**, including household or domestic services, or who performs duties elsewhere of a similar nature not in connection with the **business** of any of you.

SECTION I — Your Property Coverages

We provide insurance only for insured losses that occur during the Policy Period shown on the Declarations Page.

Coverage A — Dwelling

We insure:

1. Your dwelling that is described on the Declarations Page.
2. Materials and supplies for use in the construction, alteration or repair of your dwelling located within or immediately adjacent to your dwelling.
3. Any structure you own that is attached to your dwelling, other than a structure attached only by a fence, utility line or similar connection.

We do not insure:

1. Fences.
2. Land including any cost to repair, rebuild, stabilize or otherwise restore land on which your dwelling is located either before or after a loss.
3. Your dwelling during a **move**.
4. Loss, including damage or remediation costs, caused by or resulting from the presence of mold, mildew, or other fungi, their secretions, and dry

and wet rot of any kind regardless of the cause, condition or loss that led to their formation or growth.

Coverage B — Other Structures

We insure:

1. Your other structures you own on your **premises** that are separated from your dwelling.
2. Your other structures you own on your **premises** connected to your dwelling by only a fence, utility line or similar connection.
3. Materials and supplies used in the construction, alteration or repair of those other structures located within or immediately adjacent to those other structures.

We do not insure:

1. Land including any cost to repair, rebuild, stabilize or otherwise restore land on which the other structures are located either before or after a loss.
2. Your other structures during a **move** from your **premises**.
3. Loss, including damage or remediation costs, caused by or resulting from the presence of mold, mildew, or other fungi, their secretions, and dry and wet rot of any kind regardless of the cause, condition or loss that led to their formation or growth.

Coverage C — Personal Property

We insure personal property you own or use anywhere in the world.

The Amount of Insurance for personal property usually located at a dwelling that you own or rent, other than your dwelling described on the Declarations Page, is 10% of the Amount of Insurance for Coverage C – Personal Property or \$1,000, whichever is greater.

While moving into a dwelling, for a 30-day period, you may apply the Amount of Insurance for Coverage C – Personal Property to your personal property located in your new dwelling.

If you request it, we will insure personal property owned by:

1. Others while the property is on the part of your **premises** occupied by any of you.
2. A guest or a **residence employee** while the property is in any dwelling occupied by any of you.

These provisions do not change the Special Amounts of Insurance.

Coverage C – Personal Property does not apply to your personal property inside your dwelling during a **move**.

Special Amounts of Insurance

Special Amounts of Insurance apply to the following groups of personal property. These Special Amounts of Insurance do not increase the total Amount of Insurance provided by Coverage C – Personal Property. The Special Amount of Insurance for each group is the maximum we will pay for any one loss for all property included in the following groups:

Special

<u>Amounts of Insurance</u>	<u>Personal Property Group</u>
1. \$250	Animals, including birds and fish.
2. \$250	Money, script bank notes, bullion, coins, metals, precious metals including platinum, gold other than gold ware and silver other than silverware, prepaid instruments including stored value cards, smart cards and gift certificates.

3. \$500 Personal property primarily used or intended for **business** purposes while away from your **premises**.

4. \$2,500 Personal property primarily used or intended for **business** purposes while on your **premises**.

5. \$1,500 Securities, accounts, deeds, evidence of debt, letters of credit, notes other than bank notes, manuscripts, passports, personal records, tickets, and stamps.

This special Amount of Insurance includes all costs to research, restore or replace the information and the medium upon which it was recorded.

6. \$5,000 Vehicles or conveyances insured by this policy.

7. \$1,500 Watercraft, including their trailers, furnishings, accessories, equipment and engines or motors.

8. \$1,500 Trailers, other than watercraft trailers.

9. \$1,500 Memorabilia, souvenirs, trading cards, collector's items and similar articles whose age or history contribute to their value.

10. \$2,500 Tools for loss by theft, including mysterious disappearance.

11. \$2,000 Jewelry, watches, furs, precious and semi-precious stones, for loss by theft, including mysterious disappearance.

12. \$5,000 Silverware, silver-plated ware, gold ware, gold-plated ware and pewter ware, for loss by theft, including mysterious disappearance.

- b. Electronic data processing tapes, discs or other software media.
c. Computer related equipment.

We do insure the cost of prerecorded computer programs available on the retail market.

Property We Do Not Insure

We do not insure:

1. Aircraft and any aircraft parts, equipment and accessories including engines and motors.

But we do insure model or hobby aircraft not used or designed to carry people or cargo.

2. Land motor vehicles, including recreational land motor vehicles, all other motorized land conveyances and any vehicle or conveyance parts, equipment and accessories.

We do insure vehicles or conveyances, other than recreational land motor vehicles or conveyances, that are:

- a. Not required to be registered for use on public roads and are used solely for the maintenance of your **premises** immediately adjacent to your dwelling described on the Declarations Page.
b. Designed for assisting the handicapped.
c. Golf carts.
3. Property separately described and specifically insured elsewhere in this or any other insurance policy.
4. Camper bodies, camper trailers or travel trailers.
5. Data stored on any media including data stored in:
- a. Paper records.

6. Credit cards, electronic fund transfer cards or access devices used solely for deposit, withdrawal or transfer of funds.
7. Materials and supplies used in the construction or repair of your dwelling or other structures.
8. Property in an apartment rented, or held for rental to others, by any of you.
9. Property rented, or held for rental to others, while that property is away from your **premises**.
10. Loss, including damage or remediation costs, caused by or resulting from the presence of mold, mildew, or other fungi, their secretions, and dry and wet rot of any kind regardless of the cause, condition or loss that led to their formation or growth.

Coverage D — Additional Living Expenses

If an insured loss makes your **premises** not fit to live in, we will pay the actual, reasonable and necessary increase in your living expense to maintain your normal standard of living while you live elsewhere. We will pay for the shortest time needed:

1. To repair or replace the damaged property.
2. For you to permanently relocate.

The total amount we will pay will not exceed the Amount of Insurance described on the Declarations Page for Coverage D – Additional Living Expense.

If damage caused by an Insured Peril occurs at a neighboring premises, we will pay reasonable additional living expenses for up to two weeks should civil authorities prohibit occupancy of your **premises**.

This period of time will not be limited by the expiration of this policy.

We will not pay for expense due to the cancellation of a lease or agreement.

No deductible will apply to this coverage.

Your Additional Coverages

We automatically include the following additional coverages:

1. **Debris Removal.** We will pay the actual, reasonable and necessary cost for the removal of debris of insured property, other than trees, from your **premises** when deposited by an Insured Peril that applies to the insured property.

The debris removal cost is included in the Amount of Insurance that applies to the damaged property. If the amount to be paid for the actual damage to the property plus the debris removal cost is more than the Amount of Insurance for the damaged property, we will pay up to an additional 5% of the Amount of Insurance for Coverage A – Dwelling, or \$5,000, whichever is greater, for debris removal.

We will also pay the actual, reasonable and necessary cost, up to \$1,000 for the removal of one or more fallen trees from your **premises** if the trees damage an insured structure and the falling of your tree or a neighbor's tree was caused by windstorm or hail, weight of ice, snow or sleet.

No deductible will apply to this coverage.

2. **Emergency Repairs After Loss.** We will pay any actual, reasonable and necessary expenses for emergency repairs incurred in protecting your insured property from further damage if the damage was caused by an Insured Peril.

No deductible will apply to this coverage.

3. **Emergency Removal of Your Personal Property.** We will pay when your personal property must be moved because it is endangered by an Insured Peril. We will pay the actual, reasonable and necessary cost up to \$250 to remove and return your personal property to your **premises** described on the Declarations Page.

No deductible will apply to this coverage.

4. **Emergency Removal of Your Dwelling.** We will pay when your dwelling must be moved because it is endangered by an Insured Peril. We will pay the actual, reasonable and necessary cost to remove and return your dwelling to your **premises** described on the Declarations Page.

No deductible will apply to this coverage.

5. **Fire Department Service Charge** (not applicable in Arizona, New Jersey and New Mexico). We will pay the actual, necessary and reasonable charges, up to \$1,000, for fire department services rendered when the fire department is called to save or protect property from an Insured Peril.

No deductible will apply to this coverage.

6. **Trees, Shrubs, Plants and Lawns.** We will pay up to 5% of the Amount

of Insurance shown for Coverage A – Dwelling for loss to trees, shrubs, plants and lawns on your **premises**. We will not pay more than \$500 for any one tree, shrub, plant or lawn including the cost of removing the debris of the insured property.

Coverage applies to loss caused by fire, lightning, explosion, riot, civil commotion, aircraft and vehicles not owned or operated by any resident of your **premises**, vandalism, malicious mischief or theft.

But we do not insure trees, plants, shrubs or lawn:

- a. Grown for **business** purposes.
- b. Located more than 150 feet from your dwelling described on the Declarations Page.

No deductible will apply to this coverage.

7. **Credit Card, Money Transfer Card, Check Forgery and Counterfeit Money.**

a. **Credit Card and Money Transfer Card Coverage.** If you are legally required to pay for the unauthorized use of a credit card or charge plate issued to you, we will insure the loss. We will also pay for loss which results from unauthorized use of a money transfer card issued to you.

But we do not insure:

- (1) use of the credit card or money transfer card by any of you.
- (2) use by someone to whom you have given the card or plate.
- (3) use unless you have met all the terms under which the card or plate was issued.

b. **Check Forgery Coverage.** We insure loss to you caused by forgery or alteration of a check. This includes all negotiable instruments.

c. **Counterfeit Money Coverage.** We insure loss sustained by you through acceptance in good faith of counterfeit United States or Canadian paper currency.

We will not pay more than \$1,500 for any one loss involving one or more of these coverages. Repeated losses caused by any one person or in which any one person is involved are to be considered one loss.

We do not insure any loss that arises from your **business** pursuits or dishonesty.

If a claim is made or suit is brought against any of you for liability under the Credit Card or Money Transfer Card Coverage, we will defend you. We will defend at our expense with legal counsel of our choice.

We may, at our option and at our expense, defend you or your bank against a suit to enforce payment under the Check Forgery Coverage.

We may investigate any claim or settle any suit as we think appropriate.

We will not defend after we have paid or offered to pay \$1,500 for any one loss involving one or more of these coverages.

No deductible will apply to this coverage.

8. **Food Spoilage.** We will pay the actual, necessary and reasonable cost, up to \$500, for spoilage of food in your freezer or refrigerator, on your **premises**, when the damage is caused by interruption of electrical service or mechanical breakdown.

A deductible of \$50 will apply to each loss.

9. **Loss Assessment.** We will pay your share of any assessment charged against all members of an association of property owners if the assessment is made as a result of direct, sudden and accidental physical loss caused by an Insured Peril to the property collectively owned by all members.

This coverage applies only to assessments made against you as the owner of your **premises** for losses which occur during the Policy Period shown on the Declarations Page. We will pay up to \$1,000 with respect to any one loss regardless of the number of assessments made.

This coverage does not apply to property that we do not insure if owned by you.

No deductible will apply to this coverage.

10. **Ordinance or Law.**

We will pay the actual, reasonable and necessary cost, up to 5% of the Amount of Insurance shown on the Declarations Page for Coverage A - Dwelling or Coverage B - Other Structures for:

- a. The increased costs caused by the enforcement of any governmental requirement regulating construction, repair, renovation, remodeling or demolition of that part of your dwelling or other structures damaged by an Insured Peril.
- b. The increased costs caused by the enforcement of any governmental requirement regulating the construction, repair, renovation, remodeling or demolition of the undamaged part of your dwelling or other

structures if it is necessary to repair that part of your dwelling or other structures damaged by an Insured Peril.

We will not pay:

- a. The costs to comply with any ordinance or law which requires any of you or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize **pollutants**.
- b. For the loss in value to your dwelling due to the requirement of any ordinance or law.
- c. The cost to repair, replace, rebuild, stabilize or otherwise restore land.

No deductible will apply to this coverage.

11. **Locksmith Coverage.** We will pay the actual, reasonable and necessary cost, up to \$500, for locksmith services required because of a loss or theft of any of your house keys.

No deductible will apply.

SECTION I — Insured Perils

We insure risk of direct, sudden and accidental physical loss to the property described in Coverage A - Dwelling, Coverage B - Other Structures and Coverage C - Personal Property unless the loss is excluded elsewhere in this policy.

SECTION I — Exclusions

We do not insure loss caused directly or indirectly by any of the following. Such loss is excluded regardless of any other cause or event contributing concurrently or in any sequence to the loss.

1. Loss intentionally caused by any of you or performed at any of your direction.
2. Loss of or to any property caused by, consisting of or increased by the enforcement of any governmental requirement regulating:
 - a. Sale.
 - b. Confiscation.
 - c. Seizure.
 - d. Occupancy.
 - e. Relocation or removal.

But we do insure loss arising out of a government action to prevent the spread of fire provided that a loss caused by fire would otherwise be insured by this policy.

3. Loss caused by the use, sale, manufacture, distribution, delivery, transfer or possession of any illegal substance or the illegal possession of a controlled substance as defined by federal or state law by any of you. Such substances include but are not limited to lysergic acid diethylamide (LSD), methamphetamines, marijuana and all narcotic drugs.
4. Loss caused by war, whether declared or undeclared, including civil war, insurrection, rebellion or revolution.
5. Loss caused by:
 - a. The actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of **pollutants**.
 - b. Loss, cost or expense from any governmental direction or request that any of you test for, monitor, clean up, remove, contain, treat, detoxify or neutralize **pollutants**.
6. Loss caused by:

- a. Flood water, surface water, waves, tidal water, storm surge, tsunami or overflow of a body of water from any source including spray from any of these whether or not driven by wind.
- b. Water or sewage which backs up through sewers or drains or that overflows from a sump.
- c. Water below the surface of the ground regardless of its source. This includes water which exerts pressure on or flows, seeps or leaks through any part of your dwelling or other structures, foundation, sidewalk, driveway or swimming pool.

This exclusion applies whether or not there was widespread damage and whether or not the loss was caused by a human activity or an act of nature.

This exclusion does not apply to ensuing loss caused by fire or explosion.

7. Loss caused by freezing, thawing, pressure or weight of water, ice or snow, whether driven by wind or not, to a fence, pavement, patio, swimming pool, septic system, foundation, retaining wall, bulkhead, pier, wharf or dock.
8. Loss caused by any **business** activity being conducted with or without your knowledge by any of you or any resident of your **premises**.
9. Loss caused by vandalism, burglary, malicious mischief, theft or any other unlawful taking of property if your dwelling has been vacant for more than 30 consecutive days immediately before the loss.

This exclusion does not apply to ensuing loss caused by fire or explosion.
10. Loss caused by:

- a. Freezing of plumbing, heating or air conditioning systems, fire protection sprinkler systems or domestic appliances.
- b. Freezing of sumps or sump pumps and related equipment and piping.
- c. Discharge, leakage or overflow from the systems or appliances damaged by freezing.

This exclusion does not apply if you have taken reasonable care to:

- a. Maintain heat in your dwelling or other structure; or
- b. Shut off the water supply and drain the systems and appliances of water.

11. Loss caused by:

- a. Wear and tear, marring, scratching, deterioration, rust or other corrosion.
- b. Inherent vice, latent defect, mechanical breakdown, manufactured defect or mechanical failure.
- c. Mold, mildew, or other fungi, their secretions, and dry and wet rot of any kind.
- d. Smog, smoke from agricultural smudging or industrial operations.
- e. Settling, cracking, shrinkage, bulging or expansion, including resulting cracking of pavements, patios, foundations, walls, floors, roofs or ceilings.
- f. Insects or domestic household animals or pets.

This exclusion does not apply to:

- a. Ensuing loss caused by fire or explosion.
- b. Water damage caused by water that suddenly escapes from a

plumbing, heating, fire protection sprinkler or air conditioning system or domestic appliance because of any of the above.

- c. The cost of tearing out and replacing any part of your dwelling or other structure necessary to repair the system or appliance.

But we do not insure loss to the system or appliance from which the water escaped.

- 12. Loss caused by continuous or repeated seepage or leakage of water or steam from within a plumbing, heating, fire protection sprinkler or air conditioning system or from within an appliance that occurs over a period of weeks, months or years.

This exclusion does not apply to ensuing loss caused by fire or explosion.

- 13. Loss to animals, including birds and fish unless caused by fire, lightning, windstorm, hail, smoke, explosion, riot or falling aircraft.

- 14. Loss caused by breakage of eyeglasses, glassware, statuary, marble, bric-a-brac, porcelains and similar fragile articles unless the breakage is caused by or results from:

- a. Fire, lightning, windstorm or hail.
- b. Explosion, riot or civil commotion.
- c. Aircraft, vehicles or vandalism and malicious mischief.
- d. Theft or attempted theft.

This exclusion does not apply to jewelry, watches, bronzes, cameras and photographic lenses.

- 15. Loss caused by leakage from rain, sleet or snow or its resulting damage whether or not wind-driven.

This exclusion does not apply to ensuing loss caused by fire or explosion.

16. Loss to your dwelling and personal property inside your dwelling during a **move**.

This exclusion does not apply to Your Additional Coverages 4. Emergency Removal of your Dwelling.

17. Loss caused by earthquake, including land shock waves or tremors before, during, or after volcanic eruptions.

This exclusion applies whether or not there was widespread damage.

This exclusion does not apply to ensuing loss caused by fire or explosion.

18. Loss caused by nuclear reaction, explosion, radiation or radioactive contamination.

This exclusion does not apply to ensuing loss caused by fire or explosion.

2. The amount required to repair or replace your dwelling.

3. The Amount of Insurance shown on the Declarations Page.

We may make a cash settlement or repair or replace your dwelling with a dwelling of like kind and quality. We will give you notice of our intention within 30 days after we receive your proof of loss.

We will not pay contractor's fees or charges for overhead and profit except to the extent that they are reasonable, incurred and actually paid.

We will not pay for loss consisting of actual or perceived reduction of market value after your damaged dwelling has been replaced, restored or repaired.

The damage to your dwelling will reduce the Amount of Insurance available during the Policy Period by the amount of the damage. Your coverage will return to the Amount of Insurance shown on the Declarations Page upon completion of the repairs or replacements.

SECTION I — Our Payment Methods

Coverage A — Dwelling

Total Loss

Agreed Loss Payment Method

A total loss occurs when your dwelling is damaged beyond reasonable repair.

When a total loss occurs, your loss will be equal to the Amount of Insurance shown on the Declarations Page.

Partial Loss

Actual Cash Value Payment Method

When a partial loss occurs, the amount we pay for loss to your dwelling will be the lowest of:

1. The **actual cash value** of the damaged portion of your dwelling at the time of the loss.

Coverage B — Other Structures

Coverage C — Personal Property

Total and Partial Loss

Actual Cash Value Payment Method

The amount we pay for loss to your other structures or personal property will be the lowest of:

1. The **actual cash value** of the lost or damaged portion of your property at the time of the loss.
2. The amount required to repair or replace your lost or damaged property.
3. The Amount of Insurance shown on the Declarations Page for your damaged property.

4. Any applicable Special Amount of Insurance.

We may make a cash settlement and take all or part of your property at its appraised or agreed upon value or repair or replace your property with property of like kind and quality. We will give you notice of our intention within 30 days after we receive your proof of loss.

We will not pay contractor's fees or charges for overhead and profit except to the extent that they are reasonable, incurred and actually paid.

We will not pay for loss consisting of actual or perceived reduction of market value after your damaged property has been replaced, restored or repaired.

The damage to your property will reduce the Amount of Insurance available during the Policy Period by the amount of the damage. Your coverage will return to the Amount of Insurance shown on the Declarations Page upon completion of the repairs or replacements.

Payment Methods — Specific Losses

Pairs, Sets or Series of Objects

In case of loss to a part of a pair, set, series of objects, pieces or panels, either interior or exterior, we may:

1. Repair or replace any part to restore the pair, set or series of objects to its value before the loss.
2. Pay the difference between **actual cash value** of the pair, set or series of objects before and after the loss.
3. Pay the reasonable cost of providing a substitute to match the remainder of the pair, set or series of objects as closely as possible.

We will not be obligated to repair or replace the entire pair, set, series of

objects, pieces or panels, either interior or exterior, when a part is lost or damaged.

Stolen Property

Before a loss for stolen property is paid or the property is replaced, we may return any recovered stolen property to you at our expense with payment for any damage.

SECTION I — Deductible

Any loss to insured property will be subject to the deductible shown on the Declarations Page or elsewhere in this policy unless stated otherwise.

If your insured loss, other than loss caused by earthquake or hurricane, exceeds \$5,000 the deductible will be waived.

SECTION II — Your Liability Coverages

Coverage E — Personal Liability

If a claim is made or a suit brought against you for damages because of **bodily injury** or **property damage**, caused by an accident to which this coverage applies, or if a claim is made or a suit brought against you for damages because of **personal injury**, caused by an offense to which this coverage applies, we will:

1. Pay up to the Limit of Liability shown on the Declarations Page for the damages for which you are legally liable.
2. Provide a defense at our expense by attorneys of our choice.

We may make any investigations and settle any claims or suits that we decide appropriate. Our obligation to defend any claim or suit ends when the amount we pay in settlement or judgment for damages resulting from the accident or offense

equals the Limit of Liability shown on the Declarations Page. This insurance applies only to **bodily injury** and **property damage** that occurs during the Policy Period and to **personal injury** only if the offense occurs during the Policy Period.

If a claim is made or a suit is brought against any of you by any other person or organization for indemnity, reimbursement or contribution toward damages for **bodily injury** or **property damage** excluded by this policy, we will not provide coverage for that claim or suit.

Coverage F — Medical Payments To Others

We will pay for you, up to the Limit of Liability shown on the Declarations Page, the actual, reasonable and necessary **medical expenses** incurred or medically determined within three years from the date of an accident causing **bodily injury**. Coverage F — Medical Payments To Others applies only to accidents that occur during the Policy Period shown on the Declarations Page.

Medical Payments To Others applies only:

1. To a person on your **premises** with your permission.
2. To a person on or off your **premises** if the **bodily injury**:
 - a. Arises out of a condition in or on your **premises**.
 - b. Is caused by your activities.
 - c. Is caused by a **residence employee** in the course of duties for you.
 - d. Is caused by a domestic household animal owned by you or in your care.

A Medical Payments To Others payment is not an admission of liability by any of you or us.

SECTION II — Your Additional Coverages

1. Claim Expenses

We will pay:

- a. Expenses we incur and costs taxed against you in any suit we defend.
- b. Premiums on bonds required in a suit we defend, but not for bond amounts greater than the Limit of Liability for Personal Liability. We are not obligated to apply for or furnish any bonds.
- c. Expenses you incur at our request, including up to \$250 a day actual loss of earnings, for assisting us in the investigation or defense of any claim or suit.
- d. Prejudgment interest awarded against you on that part of the judgment we pay.
- e. Interest on the entire entered judgment until we pay, formally offer, or deposit in court that part of the judgment that does not exceed the limit of our liability on that judgment.

2. First Aid Expenses

We will pay your expenses for first aid to others at the scene of an accident. We will not pay for first aid to any of you.

3. Damage to Property of Others

We will pay, at replacement cost, up to \$500 per accident for Damage to Property of Others caused by you,

provided that at the time of the accident the property was being used by any of you or was in your care.

4. **Loss Assessment**

We will pay up to \$1,000 per accident for your liability arising out of any loss assessment charges against you as a member of an association of property owners for compensatory damages arising out of **bodily injury** or **property damage** caused by any one accident that occurs during the Policy Period shown on the Declarations Page regardless of the number of assessments made.

This coverage only applies to loss assessments charged against you as the owner of your **premises**.

SECTION II — Exclusions

Coverage E — Personal Liability Coverage F — Medical Payments To Others

We will not pay for **bodily injury** or **property damage**:

1. Resulting from any act or omission that is intended by any of you to cause any harm or that any of you could reasonably expect to cause harm. This exclusion applies whether or not any of you:
 - a. Intended or expected the result of the act or omission so long as the resulting injury or damage was a natural or foreseeable consequence of the intended act or omission.
 - b. Was under the influence of alcohol or narcotics.
 - c. Was insane.

- d. Is deemed not to have had the mental capacity to form the legal intent to commit the act or omission causing injury or damage.

This exclusion does not apply to **bodily injury** resulting from the use of reasonable force to protect persons or property.

2. Arising out of **business** pursuits of any of you.
3. Arising out of the rendering or failing to render professional services.
4. Arising out of the actual, alleged or threatened discharge, dispersal, release, escape of, or the ingestion, inhalation or absorption of **pollutants** at or from any property you own, rent, occupy, sell, abandon or give away.
5. Arising out of loss, cost or expense from any governmental direction or request that you test for, monitor, clean up, remove, contain, treat, detoxify or neutralize **pollutants**.
6. Arising out of the ownership, operation, maintenance, use, loading or unloading of:
 - a. Aircraft.

This exclusion does not apply to model or hobby aircraft not used or designed to carry people or cargo.

- b. A land motor vehicle designed, modified or altered for use on public roads, entirely or partially owned or operated by or rented or loaned to any of you.

This exclusion does not apply if the land motor vehicle is not subject to motor vehicle registration because it is:

- (1) Used exclusively on your **premises**.

- (2) Kept in dead storage on your **premises**.
- c. A recreational land motor vehicle owned entirely or partially by any of you.
- This exclusion does not apply:
- (1) To recreational land motor vehicles on your **premises** except while used for **farming** or **ranching**.
- (2) To recreational land motor vehicles in dead storage.
- (3) To a golf cart except:
- (a) while used for **farming** or **ranching**; or
- (b) that is required to be licensed by applicable state law.
- d. Watercraft:
- (1) Owned entirely or partially by, or rented to, any of you if it has motor power of more than 50 total horsepower, as rated by its manufacturer.
- (2) Owned entirely or partially by, or rented to, any of you if it is a sailing vessel 26 feet or more in length.
- e. Trailers.
- This exclusion applies only to trailers being towed by or carried on a land motor vehicle.
- This exclusion does not apply to **bodily injury** to a **residence employee** arising out of and in the course of employment by any of you.
7. Arising out of the entrustment by any of you to any person of any aircraft, land motor vehicle, recreational land motor vehicle, watercraft or trailer.
- This exclusion applies only if exclusion 6. applies.
8. Arising out of:
- a. The negligent supervision by any of you of any person;
- b. Any liability by statute imposed on any of you; or
- c. Any liability assumed through an unwritten or written agreement by any of you;
- with regard to the ownership, operation, maintenance or use of any aircraft, land motor vehicle, recreational land motor vehicle, watercraft or trailer.
- This exclusion applies only if exclusion 6. applies.
9. Arising directly or indirectly out of war, hostile or warlike action in time of peace or war, whether or not declared, riot or civil disorder.
10. Arising out of the transmission of or exposure to a communicable disease by any of you.
11. Arising out of child care services provided for a fee by or at the direction of:
- a. Any of you.
- b. Any of your employees.
- c. Any other person actually or apparently acting on behalf of any of you.
- This exclusion does not apply to the occasional child care services provided by any of you or to the part-time child care services provided by any of you younger than 19 years of age.
12. Arising out of any sexual act, sexual molestation, corporal punishment, or physical or mental abuse by any of you.
13. Arising out of the use, sale, manufacture, distribution, delivery, transfer or possession of any illegal

substance or the illegal possession of a controlled substance as defined by federal or state law by any of you. Such substances include but are not limited to lysergic acid diethylamide (LSD), methamphetamines, marijuana and all narcotic drugs.

14. Arising out of nuclear reaction, radiation or radioactive contamination.
15. Sustained by any person who regularly resides on your **premises**.
16. Resulting from an act committed by any of you in the course of or in furtherance of any crime or offense of a violent nature.
17. Arising out of the rental, or holding for rental, of any property owned by any of you.

This exclusion does not apply to the rental, or holding for rental, of part of your **premises** shown on the Declarations Page unless intended for use as a residence by three or more roomers or boarders.
18. Arising out of the ownership, maintenance or use of any **farming** or **ranching** property.
19. Arising out of the care, handling, or riding of any animal other than a domestic household animal.
20. Arising out of any premises owned by or leased to any of you that is not described in this policy.

Coverage E — Personal Liability

We will not pay for:

1. Liability assumed in an unwritten or written agreement in connection with a **business** of any of you.
2. Liability arising out of any written or oral statement made by any of you or others on your behalf which is material to any financial transaction.

3. Damage to property owned, sold, rented to others, abandoned or given away by any of you.
4. Damage to property rented to, occupied or used by any of you or in your care, except **property damage** caused by fire, smoke or explosion.
5. **Bodily injury** to any person eligible to receive any benefits required to be provided by any of you under any workers' compensation, non-occupational disability or occupational disease law.
6. **Bodily injury** or **property damage** to any of you as defined in this policy.
7. Arising out of liability assumed by any of you in any contract or agreement whether before or after the offense occurs.
8. Caused by a violation of a penal law or ordinance committed by or with the knowledge or consent of any of you.
9. Sustained by any person as a result of an offense directly or indirectly related to the employment of this person by any of you.
10. Arising out of any of your **business** regardless of whether it is a **business** that is owned or operated by any of you or employs any of you.
11. Arising out of civic or public activities performed for pay by any of you;
12. **Personal injury** to any of you.

Coverage F — Medical Payments To Others

We will not pay for **bodily injury**:

1. To any of you or any person who regularly resides on your **premises**.
2. To a **residence employee** if **bodily injury** occurs off your **premises** and

does not arise out of, or in the course of, the employment by any of you.

3. To any person eligible to receive any benefits required to be provided by you under any workers' compensation, non-occupational disability or occupational disease law.

Damage To Property Of Others

We will not pay for damage:

1. Otherwise insured in this policy.
2. Caused intentionally by any one of you who is 13 years old or older.
3. To property owned by any of you or any person who regularly resides on your **premises**.
4. Arising out of:
 - a. Any of your **business**.
 - b. Any act or omission in connection with a premises owned, rented or controlled by any of you that is not described in this policy.
5. Arising out of the ownership, operation, maintenance or use of:
 - a. Aircraft.
 - b. Land motor vehicle.
 - c. Recreational land motor vehicle.
 - d. Watercraft.
 - e. Trailer.

This exclusion does not apply to:

- a. Golf carts except while used for **farming or ranching**.
- b. Equipment usual and incidental to the maintenance of your **premises**.

Policy Conditions

1. **Insurable Interest, Amount of Insurance and Limits of Liability.** Regardless of the number of people or organizations who have an interest in the insured property, we will not be liable in any one loss for more than the lesser of:

- a. The interest of a person or organization insured.
- b. The applicable Amount of Insurance.

The Limit of Liability for Coverage E — Personal Liability will not exceed the limit shown on the Declarations Page regardless of the number of persons or organizations insured or claims made.

The insuring of more than one person or organization by this policy does not increase the Amounts of Insurance.

2. **Joint Obligations.** The terms of this policy impose joint obligations on each and every one of you. This means that the responsibilities, acts and failures to act of any of you will be binding upon all of you.
3. **Concealment or Fraud.** The entire policy will be void if any of you:
 - a. Intentionally conceal or misrepresent any material fact or circumstance;
 - b. Engage in fraudulent conduct;
 - c. Make false statements;whether before or after a loss or claim relating to this insurance.
4. **What to Do When You Have a Loss.** You or someone on your behalf must promptly report to the police any theft, robbery or burglary loss after you discover the loss.

In the event of a loss or accident, you or someone on your behalf must notify us at once. The quickest way is to phone your insurance representative or us. Please give your name, policy number, how the loss happened, the extent of the damages or injuries, names of witnesses and all other pertinent facts. You must promptly send us any demand, notice, summons or other legal papers you receive.

If we need other information to investigate the loss, we will ask you for it. We may require this information in writing.

If you have a loss, you must protect your dwelling, other structures or personal property from any further damage. If you fail to do so, any further damage will not be insured by this policy.

We may require that you submit to us a notarized statement of loss. The statement must be submitted within 90 days of our request that you do so. You will be required to show us the damaged property and submit to examination under oath. You will be required to cooperate with us in our effort to investigate the accident or loss, settle any claims against you and defend you. If you fail to cooperate, we have the right to deny you coverage in this policy.

You may not, except at your own cost, voluntarily make any payment, assume any obligation or incur any expenses. This provision does not apply for First Aid Expenses or Emergency Repairs After Loss.

We will offer to make settlement within 30 days after we receive an acceptable proof of loss from you and the amount of loss is determined as provided in this policy.

5. **Appraisals.** If you and we fail to agree on the amount of the loss, then both you and we have the right to select a competent and disinterested appraiser within 20 days from the day of disagreement. The appraisers will determine the amount of the loss. If they do not agree, then the appraisers will choose a competent and disinterested umpire. Then each appraiser will submit his amount of the loss to an umpire selected by them or by a court having jurisdiction if the appraisers cannot agree upon an umpire. The agreement of any two will determine the amount of loss for damage to your property. You pay your appraiser and we pay our appraiser. You and we share equally the expenses of the umpire and all other expenses of the appraisals.

In no event will an appraisal be used for the purpose of interpreting any policy provision, determining causation or determining whether any item or loss is insured by this policy. If there is an appraisal, we still retain the right to deny the claim.

6. **Other Insurance.**

a. **SECTION I — Your Property Coverages**

If both this and other insurance apply to a loss, we will pay our share. Our share will be the proportionate amount that this insurance bears to the total amount of all applicable insurance.

b. **SECTION II — Your Liability Coverages**

This insurance is excess over other valid insurance except insurance written specifically to insure excess over the limits that apply in this policy.

c. SECTION I — Your Property Coverages

SECTION II — Your Liability Coverages

If at the time of loss, there is other insurance in the name of a corporation or association of property owners insuring the same property insured by this policy, this insurance will be excess over the amount recoverable under such other insurance.

7. **Our Right to Recover from Others.**

After we have paid a claim, except for Medical Payments to Others, we have the right to recover the payment from anyone who may be held responsible for the loss. You are required to sign any papers and do whatever else is necessary to transfer this right to us. Neither you nor anyone we insure in this policy has the right to do anything to prejudice our right.

You may waive your rights to recover against another person for loss involving the property insured by this policy. This waiver must be in writing prior to the date of loss.

8. **Legal Action Against Us.** You may not bring legal action against us concerning this policy unless you have fully complied with all of the policy terms. If you and we have failed to agree on the amount of the loss, then you may not bring legal action against us until you have submitted and resolved that dispute through appraisal as described in Condition 5. Suit must be brought within one year after the loss occurs.

9. **Lienholder Interest.** If you borrowed money to buy your dwelling, the person or business that loaned you the money is called the lienholder. The

designation of a lienholder is considered to be an acknowledgment by you that the entity named has a legal interest in your dwelling due to an installment sales contract or other security agreement. Your lienholder may require you to name it on the Declarations Page as a separate insured party for any insurable interest it may have.

When a lienholder is named on the Declarations Page, Our Payment Method will recognize the lienholder's interest in your property. If we elect to settle your loss or damage in money, both your name and your lienholder's will appear on our payment check. If you have paid off your lienholder, please tell us so that the lienholder's name may be removed from the Declarations Page.

If your interest in your dwelling is terminated, Our Payment Method will recognize only the lienholder's interest in this policy. No change in title or ownership of your dwelling or any acts of yours will cancel the lienholder's interest in this policy.

You or the lienholder must let us know promptly of any change of ownership or any increase in hazard which comes to you or the lienholder's knowledge.

If you fail to pay any premium due for this policy, your lienholder may be requested to pay that premium.

If we require proof of loss and you fail to give it within 90 days, the lienholder is given an additional 30 days to do so.

10. **Trustee Interest.** If legal title to the dwelling described on the Declarations Page is held by a Trust, the following provisions apply in addition to

the provisions contained in the Insuring Agreement:

a. SECTION I - Your Property Coverages

- (1) With respect to Coverage A - Dwelling, Coverage B - Other Structures, and Coverage C - Personal Property, you, your and yours mean the Trust and beneficiaries of the Trust who reside in the dwelling.
- (2) With respect to Coverage D - Additional Living Expenses, you, your and yours mean a resident of the dwelling who is a Trustee and a beneficiary of the Trust.
- (3) With respect to Your Additional Coverages, you, your and yours mean the Trust and beneficiaries of the Trust who reside in the dwelling, as their interests may appear.

b. SECTION I - Exclusions

All exclusions apply to the interests of and losses sustained by any of the Trust, Trustees and beneficiaries of the Trust.

c. SECTION II - Your Liability Coverages

With respect to Coverage E - Personal Liability and Coverage F - Medical Payments to Others, you, your and yours mean the Trust, the beneficiaries of the Trust who reside in the dwelling and the Trustees who reside in the dwelling or are acting in the course and scope of their duties as Trustees.

d. SECTION II - Exclusions

All exclusions apply to the claims made or suits brought against any of the Trust, Trustees and beneficiaries of the Trust.

11. Changes.

a. Policy Changes

- (1) If any provision of this policy is in conflict with any governmental requirements at the time your policy is written, it is automatically changed to conform to them.
- (2) If we broaden the coverages provided by this edition of the policy without additional premium charges during the Policy Period, we will give you the benefit of these broadened coverages.
- (3) The only other way this policy can be changed is if we change it in writing, which will be made a part of this policy. Any adjustment in premium will be made at that time.
- (4) If your policy is renewed, we will furnish you any form revisions applicable to your policy.

b. Midterm Rate Changes

The premium you are charged for this policy is based on information that you provided to us, and on information we gather from other sources. You must immediately inform us if any of the information you have provided to us changes, is incomplete, or is incorrect. Based on the changed, completed or corrected information, we may decrease or increase

the premium for your policy during the Policy Period.

Any premium increase or decrease will be based on the rules and rates in effect at the inception of the Policy Period.

12. **Bankruptcy.** If you become bankrupt or insolvent, we will still insure you for the period of time your premium is paid.
13. **Transfer of This Policy.** You may not transfer any interest in this policy without our written consent. If you die, this policy will continue in force for the remainder of the Policy Period shown on the Declarations Page. This policy will continue for other members of your family entitled to coverage at the time of your death or for your legal representative, but only with respect to the property insured by this policy at the time of death.
14. **Abandoned Property.** We are not obliged to accept abandoned property.
15. **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.
16. **Inspections and Consumer Reports.** We are permitted, but not obligated, to inspect your property and order consumer reports. Our inspection does not warrant that the property is safe or healthful or in compliance with any law, rule, regulation, or building code.
17. **Your Duties to Maintain Policy Amounts of Insurance.** It is your responsibility to maintain adequate amounts of insurance on your dwelling, other structures and personal property. But to help you do that we may, but are not obligated to, adjust your policy Amounts of Insurance. If

an adjustment is made, it will become effective on the renewal date of your policy and will be based upon data supplied to us by recognized agencies or organizations.

You will be notified in advance of the new Amounts of Insurance. Payment of your renewal is all that is necessary to indicate your acceptance of the new Amounts of Insurance.

If you want to change the new Amounts of Insurance, you may do so by contacting your insurance representative.

18. **Salvage Rights.** If as a result of your loss, we pay you in cash or by replacement an amount equal to the **actual cash value** of your property before the loss, at our option we have the right, but not the obligation, to take legal title of your property.
19. **Cancellation.** You may cancel your policy by returning the Declarations Page to us or by mailing to us a written notice telling us the advance date that cancellation is to become effective. If a lienholder is named on the Declarations Page, we will mail acknowledgment to the lienholder regarding cancellation of the lienholder's interest in this policy.

We may cancel this policy for any reason during the first 60 days we insure you. After the first 60 days we may cancel it if:

- a. The risk has changed substantially since the policy was issued; or
- b. If you or your representative:
 - (1) Conceal, omit or misrepresent any material facts or circumstances;
 - (2) Make a false or fraudulent claim;

- (3) Fail or refuse to eliminate known conditions that increase the potential for loss after notification by us that the condition must be removed; or
- (4) Have not paid the premium.

We will mail a cancellation notice to you at least 30 days (10 days if you have not paid the premium) before this policy is cancelled. We will mail a cancellation notice to your last address known to us or your insurance representative. We will also give the same notice to your lienholder.

Your lienholder may cancel this policy if your dwelling has been foreclosed or your lienholder has otherwise acquired ownership of it. Your lienholder may then cancel this policy on behalf of all parties who have an interest insured by this policy and upon surrender of this policy.

If there is any refund of premium due you, we will mail it to you with your cancellation notice or as soon as possible after we mail the notice. The return premium will be calculated pro rata. If you cancel, return premiums will be subject to the "Minimum Earned Premium" shown on the Declarations Page of this policy. Pro rata cancellation means that we keep premium only for the period of time you were insured. If your premium is financed, that financing interest will be recognized in any refund due.

20. Lifetime Continuation Agreement.

We agree to offer to renew your policy unless we mail to you, at least 45 days but not more than 60 days before the "To" date shown on the Declarations Page, written notice of our intention not to renew this policy.

If you do not pay the renewal premium as we require, we will assume that you have declined our offer.

We may nonrenew your policy only if:

You or your representative:

Conceal, omit or misrepresent any material facts or circumstances; or

Make a false or fraudulent claim; or

Fail or refuse to eliminate known conditions that increase the potential for loss after notification by us that the condition must be removed; or

Have knowledge of any change that substantially increases the risk assumed by us; or

Have not paid the premium.

Continuation of the policy could place us in violation of the insurance laws of your state.

21. Automatic Termination. If we offer to renew or continue this policy, but you or your representatives do not accept our offer, then this policy will automatically terminate at the end of the current policy period. Failure to pay the required renewal or continuation premium when due will mean that you have not accepted our offer.

22. Notice of Cancellation or Nonrenewal. The Notice of Cancellation or Nonrenewal will be mailed or delivered to you and your insurance representative's last address known. If notice is mailed, proof of mailing will be sufficient proof of notice.

This policy is signed at the Home Office by our President and Secretary. It is countersigned on the Declarations Page by our authorized representative(s) if required.

A handwritten signature in cursive script, appearing to read "F. Woodstock".

President

A handwritten signature in cursive script, appearing to read "Martin R. Brown".

Secretary

