

DWELLING PROPERTY 1 – BASIC FORM

AGREEMENT

We will provide the insurance described in this Policy in return for the premium and compliance with all applicable provisions of this Policy.

DEFINITIONS

In this Policy, "you" and "your" refer to the "named insured" shown in the Declarations and the spouse if a resident of the same household. "We", "us" and "our" refer to the company providing this insurance.

COVERAGES

This insurance applies to the Described Location, Coverages for which a limit of liability is shown and Perils Insured Against for which a premium is stated.

A. Coverage A – Dwelling

1. We cover:
 - a. The dwelling on the Described Location shown in the Declarations, used principally for dwelling purposes, including structures attached to the dwelling;
 - b. Materials and supplies located on or next to the Described Location used to construct, alter or repair the dwelling or other structures on the Described Location; and
 - c. If not otherwise covered in this Policy, building equipment and outdoor equipment used for the service of and located on the Described Location.
2. We do not cover land, including land on which the dwelling is located.

B. Coverage B – Other Structures

1. We cover other structures on the Described Location, set apart from the dwelling by clear space. This includes structures connected to the dwelling by only a fence, utility line or similar connection.
2. We do not cover:
 - a. Land, including land on which the other structures are located;
 - b. Other structures rented or held for rental to any person not a tenant of the dwelling, unless used solely as a private garage;

- c. Other structures used in whole or in part for commercial, manufacturing or farming purposes. However, we do cover a structure that contains commercial, manufacturing or farming property solely owned by you or a tenant of the dwelling, provided that such property does not include gaseous or liquid fuel, other than fuel in a permanently installed fuel tank of a vehicle or craft parked or stored in the structure; or
- d. Gravemarkers, including mausoleums.

C. Coverage C – Personal Property

1. Covered Property

We cover personal property, usual to the occupancy as a dwelling and owned or used by you or members of your family residing with you while it is on the Described Location. After a loss and at your request, we will cover personal property owned by a guest or servant while the property is on the Described Location.

2. Property Not Covered

We do not cover:

- a. Accounts, bank notes, bills, bullion, coins, currency, deeds, evidences of debt, gold other than goldware, letters of credit, manuscripts, medals, money, notes other than bank notes, passports, personal records, platinum other than platinumware, securities, silver other than silverware, tickets, stamps, scrip, stored value cards and smart cards;
- b. Animals, birds or fish;
- c. Aircraft, meaning any contrivance used or designed for flight, including any parts whether or not attached to the aircraft.

We do cover model or hobby aircraft not used or designed to carry people or cargo;
- d. Hovercraft and parts. Hovercraft means a self-propelled motorized ground effect vehicle and includes, but is not limited to, flarecraft and air cushion vehicles;
- e. Motor vehicles or all other motorized land conveyances.

This includes their equipment and parts while such property is in or upon the vehicle or conveyance.

However, this Paragraph **2.e.** does not apply to:

- (1) Portable electronic equipment that:
 - (a) Reproduces, receives or transmits audio, visual or data signals; and
 - (b) Is designed so that it may be operated from a power source other than the electrical system of motor vehicles and all other motorized land conveyances.
- (2) Motor vehicles or other motorized land conveyances not required to be registered for use on public roads or property which are:
 - (a) Used solely to service a residence; or
 - (b) Designed to assist the handicapped;
- f. Watercraft of all types, other than rowboats and canoes;
- g. Data, including data stored in:
 - (1) Books of account, drawings or other paper records; or
 - (2) Computers and related equipment.

We do cover the cost of blank recording or storage media and of prerecorded computer programs available on the retail market;
- h. Credit cards, electronic fund transfer cards or access devices used solely for deposit, withdrawal or transfer of funds; or
- i. Water or steam; or
- j. Gravemarkers, including mausoleums.

3. Property Removed To A Newly Acquired Principal Residence

If you remove personal property from the Described Location to a newly acquired principal residence, the Coverage **C** limit of liability will apply at each residence for the 30 days immediately after you begin to move the property there. This time period will not extend beyond the termination of this Policy. Our liability is limited to the proportion of the limit of liability that the value at each residence bears to the total value of all personal property covered by this Policy.

D. Coverage D – Fair Rental Value

1. If a loss to property described in Coverage **A**, **B** or **C** by a Peril Insured Against under this Policy makes that part of the Described Location rented to others or held for rental by you unfit for its normal use, we cover the fair rental value of that part of the Described Location rented to others or held for rental by you less any expenses that do not continue while that part of the Described Location rented or held for rental is not fit to live in.

Payment will be for the shortest time required to repair or replace that part of the Described Location rented or held for rental. We will pay only the proportionate share of the total value of the rental amount for each month the rented part of the Described Location is unfit for its normal use. The proportionate share corresponds to the number of months the Described Location is rented or held for rental.

2. If a civil authority prohibits you from use of the Described Location as a result of direct damage to a neighboring location by a Peril Insured Against in this Policy, we cover the Fair Rental Value loss for no more than two weeks.
3. The periods of time referenced above are not limited by the expiration of this Policy.
4. We do not cover loss or expense due to cancellation of a lease or agreement.

E. Other Coverages

1. Other Structures

You may use up to 10% of the Coverage **A** limit of liability for loss by a Peril Insured Against to other structures described in Coverage **B**.

Payment under this coverage reduces the Coverage **A** limit of liability by the amount paid for the same loss.

2. Debris Removal

We will pay your reasonable expense for the removal of:

- a. Debris of covered property if a Peril Insured Against causes the loss; or
- b. Ash, dust or particles from a volcanic eruption that has caused direct loss to a building or property contained in a building.

This expense is included in the limit of liability that applies to the damaged property.

3. Improvements, Alterations And Additions

If you are a tenant of the Described Location, you may use up to 10% of the Coverage C limit of liability for loss by a Peril Insured Against to improvements, alterations and additions, made or acquired at your expense, to that part of the Described Location used only by you.

Payment under this coverage reduces the Coverage C limit of liability by the amount paid for the same loss.

4. World-wide Coverage

You may use up to 10% of the Coverage C limit of liability for loss by a Peril Insured Against to property covered under Coverage C while anywhere in the world. This coverage does not apply to property of guests or servants or to rowboats or canoes.

Payment under this coverage reduces the Coverage C limit of liability by the amount paid for the same loss.

5. Rental Value

You may use up to 20% of the Coverage A limit of liability for loss of fair rental value as described in Coverage D.

Payment under this coverage reduces the Coverage A limit of liability by the amount paid for the same loss.

6. Reasonable Repairs

a. In the event that covered property is damaged by a Peril Insured Against, we will pay the reasonable cost incurred by you for necessary measures taken solely to protect against further damage.

b. If the measures taken involve repair to other damaged property, we will pay for those measures only if that property is covered under this Policy and the damage to that property is caused by a Peril Insured Against. This coverage does not:

- (1) Increase the limit of liability that applies to the covered property; or
- (2) Relieve you of your duties, in case of a loss to covered property, as set forth in Condition D.2.

7. Property Removed

We insure covered property against direct loss from any cause while being removed from a premises endangered by a Peril Insured Against and for no more than five days while removed.

This coverage does not change the limit of liability that applies to the property being removed.

8. Fire Department Service Charge

We will pay up to \$500 for your liability assumed by contract or agreement for fire department charges incurred when the fire department is called to save or protect covered property from a Peril Insured Against. We do not cover fire department service charges if the property is located within the limits of the city, municipality or protection district furnishing the fire department response.

This coverage is additional insurance. No deductible applies to this coverage.

PERILS INSURED AGAINST

We insure for direct physical loss to the property covered caused by a peril listed below unless the loss is excluded in the General Exclusions.

1A. Fire Or Lightning

1B. Internal Explosion

- a. Internal explosion means explosion occurring in the dwelling or other structure covered on the Described Location or in a structure containing personal property covered.
- b. Explosion does not mean:
 - (1) Electric arcing;
 - (2) Breakage of water pipes; or
 - (3) Breakage or operation of pressure relief devices.

This peril does not include loss by explosion of steam boilers, or steam pipes, if owned or leased by you or operated under your control.

When a Premium for Extended Coverage is shown in the Declarations, Perils 2. through 8. are made part of Perils Insured Against.

2. Windstorm Or Hail

This peril does not include loss:

- a. To the inside of a building or the property contained in a building caused by rain, snow, sleet, sand or dust unless the direct force of wind or hail damages the building causing an opening in a roof or wall and the rain, snow, sleet, sand or dust enters through this opening; or
- b. To the following property when outside of the building:
 - (1) Awnings, signs, radio or television antennas or aerials including lead-in wiring, masts or towers; or
 - (2) Canoes and rowboats.

3. Explosion

This peril does not include loss by explosion of steam boilers or steam pipes, if owned or leased by you or operated under your control.

Explosion does not mean:

- a. Electric arcing;
- b. Breakage of water pipes; or
- c. Breakage or operation of pressure relief devices.

This peril replaces Peril **1B**.

4. Riot Or Civil Commotion

5. Aircraft

This peril includes self-propelled missiles and spacecraft.

6. Vehicles

This peril does not include loss caused by:

- a. A vehicle owned or operated by you or a resident of the Described Location; or
- b. Any vehicle to fences, driveways and walks.

7. Smoke

This peril means sudden and accidental damage from smoke, including the emission or puffback of smoke, soot, fumes or vapors from a boiler, furnace or related equipment.

This peril does not include loss caused by smoke from fireplaces or from agricultural smudging or industrial operations.

8. Volcanic Eruption

This peril does not include loss caused by earthquake, land shock waves or tremors.

When a Premium for Vandalism Or Malicious Mischief is shown in the Declarations, the following is made part of Perils Insured Against.

9. Vandalism Or Malicious Mischief

This peril does not include loss:

- a. To glass or safety glazing material constituting a part of the building other than glass building blocks;
- b. By pilferage, theft, burglary or larceny, but we will be liable for damage to the building covered caused by burglars; or
- c. To property on the Described Location, and any ensuing loss caused by any intentional and wrongful act committed in the course of the vandalism or malicious mischief, if the dwelling has been vacant for more than 60 consecutive days immediately before the loss. A dwelling being constructed is not considered vacant.

GENERAL EXCLUSIONS

A. We do not insure for 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. These exclusions apply whether or not the loss event results in widespread damage or affects a substantial area.

1. Ordinance Or Law

Ordinance Or Law means any ordinance or law:

- a. Requiring or regulating the construction, demolition, remodeling, renovation or repair of property, including removal of any resulting debris;
- b. The requirements of which result in a loss in value to property; or
- c. Requiring you or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, pollutants.

Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

This Exclusion **A.1.** applies whether or not the property has been physically damaged.

2. Earth Movement

Earth Movement means:

- a. Earthquake, including land shock waves or tremors before, during or after a volcanic eruption;
- b. Landslide, mudslide or mudflow;
- c. Subsidence or sinkhole; or
- d. Any other earth movement including earth sinking, rising or shifting.

This Exclusion **A.2.** applies regardless of whether any of the above, in **A.2.a.** through **A.2.d.**, is caused by an act of nature or is otherwise caused.

However, direct loss by fire or explosion resulting from any of the above, in **A.2.a.** through **A.2.d.**, is covered.

3. Water

This means:

- a. Flood, surface water, waves, including tidal wave and tsunami, tides, tidal water, overflow of any body of water or spray from any of these, all whether or not driven by wind, including storm surge;

- b. Water which:
 - (1) Backs up through sewers or drains; or
 - (2) Overflows or is otherwise discharged from a sump, sump pump or related equipment;
- c. Water below the surface of the ground, including water which exerts pressure on, or seeps, leaks or flows through a building, sidewalk, driveway, patio, foundation, swimming pool or other structure; or
- d. Waterborne material carried or otherwise moved by any of the water referred to in **A.3.a.** through **A.3.c.** of this exclusion.

This Exclusion **A.3.** applies regardless of whether any of the above, in **A.3.a.** through **A.3.d.**, is caused by an act of nature or is otherwise caused.

This Exclusion **A.3.** applies to, but is not limited to, escape, overflow or discharge, for any reason, of water or waterborne material from a dam, levee, seawall or any other boundary or containment system.

However, direct loss by fire or explosion resulting from any of the above, in **A.3.a.** through **A.3.d.**, is covered.

4. Power Failure

Power Failure means the failure of power or other utility service if the failure takes place off the Described Location. But if the failure of power or other utility service results in a loss, from a Peril Insured Against on the Described Location, we will pay for the loss caused by that Peril Insured Against.

5. Neglect

Neglect means your neglect to use all reasonable means to save and preserve property at and after the time of a loss.

6. War

War includes the following and any consequence of any of the following:

- a. Undeclared war, civil war, insurrection, rebellion or revolution;
- b. Warlike act by a military force or military personnel;
- c. Destruction or seizure or use for a military purpose.

Discharge of a nuclear weapon will be deemed a warlike act even if accidental.

7. Nuclear Hazard

This Exclusion **7.** pertains to Nuclear Hazard to the extent set forth in the Nuclear Hazard Clause of the Conditions.

8. Intentional Loss

Intentional Loss means any loss arising out of any act you or any person or organization named as an additional insured commits or conspires to commit with the intent to cause a loss.

In the event of such loss, neither you nor any such person or organization is entitled to coverage, even those who did not commit or conspire to commit the act causing the loss.

9. Governmental Action

Governmental Action means the destruction, confiscation or seizure of property described in Coverage **A**, **B** or **C** by order of any governmental or public authority.

This exclusion does not apply to such acts ordered by any governmental or public authority that are taken at the time of a fire to prevent its spread, if the loss caused by fire would be covered under this Policy.

- B.** We do not cover loss to lawns, plants, shrubs or trees outside of buildings.

CONDITIONS

A. Insurable Interest And Limit Of Liability

Even if more than one person has an insurable interest in the property covered, we will not be liable in any one loss:

- 1. For an amount greater than the interest of a person insured under this Policy at the time of loss; or
- 2. For more than the applicable limit of liability.

B. Deductible

Unless otherwise noted in this Policy, the following deductible provision applies:

With respect to any one loss:

- 1. Subject to the applicable limit of liability, we will pay only that part of the total of all loss payable that exceeds the deductible amount shown in the Declarations.
- 2. If two or more deductibles under this Policy apply to the loss, only the highest deductible amount will apply.

C. Concealment Or Fraud

We provide coverage to no persons insured under this Policy if, whether before or after a loss, one or more persons insured under this Policy have:

- 1. Intentionally concealed or misrepresented any material fact or circumstance;
- 2. Engaged in fraudulent conduct; or
- 3. Made false statements; relating to this insurance.

D. Duties After Loss

In case of a loss to covered property, we have no duty to provide coverage under this Policy if the failure to comply with the following duties is prejudicial to us. These duties must be performed either by you or your representative:

1. Give prompt notice to us or our agent;
2. Protect the property from further damage. If repairs to the property are required, you must:
 - a. Make reasonable and necessary repairs to protect the property; and
 - b. Keep an accurate record of repair expenses;
3. Cooperate with us in the investigation of a claim;
4. Prepare an inventory of damaged personal property showing the quantity, description, actual cash value and amount of loss. Attach all bills, receipts and related documents that justify the figures in the inventory;
5. As often as we reasonably require:
 - a. Show the damaged property;
 - b. Provide us with records and documents we request and permit us to make copies; and
 - c. Submit to examination under oath, while not in the presence of another named insured, and sign the same;
6. Send to us, within 60 days after our request, your signed, sworn proof of loss which sets forth to the best of your knowledge and belief:
 - a. The time and cause of loss;
 - b. Your interest and that of all others in the property involved and all liens on the property;
 - c. Other insurance which may cover the loss;
 - d. Changes in title or occupancy of the property during the term of the Policy;
 - e. Specifications of damaged buildings and detailed repair estimates;
 - f. The inventory of damaged personal property described in Paragraph **D.4.**; and
 - g. Receipts for additional living expenses incurred and records that support the fair rental value loss.

E. Loss Settlement

Covered property losses are settled at actual cash value at the time of loss but not more than the amount required to repair or replace the damaged property.

F. Loss To A Pair Or Set

In case of loss to a pair or set, we may elect to:

1. Repair or replace any part to restore the pair or set to its value before the loss; or
2. Pay the difference between actual cash value of the property before and after the loss.

G. Glass Replacement

Loss for damage to glass caused by a Peril Insured Against will be settled on the basis of replacement with safety glazing materials when required by ordinance or law.

H. Appraisal

If you and we fail to agree on the amount of loss, either may demand an appraisal of the loss. In this event, each party will choose a competent and impartial appraiser within 20 days after receiving a written request from the other. The two appraisers will choose an umpire. If they cannot agree upon an umpire within 15 days, you or we may request that the choice be made by a judge of a court of record in the state where the Described Location is located. The appraisers will separately set the amount of loss. If the appraisers submit a written report of an agreement to us, the amount agreed upon will be the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will set the amount of loss.

Each party will:

1. Pay its own appraiser; and
2. Bear the other expenses of the appraisal and umpire equally.

I. Other Insurance And Service Agreement

If property covered by this Policy is also covered by:

1. Other fire insurance, we will pay only the proportion of a loss caused by any peril insured against under this Policy that the limit of liability applying under this Policy bears to the total amount of fire insurance covering the property; or
2. A service agreement, this insurance is excess over any amounts payable under any such agreement. Service agreement means a service plan, property restoration plan, home warranty or other similar service warranty agreement, even if it is characterized as insurance.

J. Subrogation

You may waive in writing before a loss all rights of recovery against any person. If not waived, we may require an assignment of rights of recovery for a loss to the extent that payment is made by us.

If an assignment is sought, the person insured must sign and deliver all related papers and cooperate with us.

K. Suit Against Us

No action can be brought against us unless there has been full compliance with all of the terms under this Policy and the action is started within two years after the date of loss.

L. Our Option

If we give you written notice within 30 days after we receive your signed, sworn proof of loss, we may repair or replace any part of the damaged property with material or property of like kind and quality.

M. Loss Payment

We will adjust all losses with you. We will pay you unless some other person is named in the Policy or is legally entitled to receive payment. Loss will be payable 60 days after we receive your proof of loss and:

1. Reach an agreement with you;
2. There is an entry of a final judgment; or
3. There is a filing of an appraisal award with us.

N. Abandonment Of Property

We need not accept any property abandoned by you.

O. Mortgage Clause

1. If a mortgagee is named in this Policy, any loss payable under Coverage **A** or **B** will be paid to the mortgagee and you, as interests appear. If more than one mortgagee is named, the order of payment will be the same as the order of precedence of the mortgages.
2. If we deny your claim, that denial will not apply to a valid claim of the mortgagee, if the mortgagee:
 - a. Notifies us of any change in ownership, occupancy or substantial change in risk of which the mortgagee is aware;
 - b. Pays any premium due under this Policy on demand if you have neglected to pay the premium; and

c. Submits a signed, sworn statement of loss within 60 days after receiving notice from us of your failure to do so. Policy conditions relating to:

- (1) Appraisal;
- (2) Suit Against Us; and
- (3) Loss Payment;

also apply to the mortgagee.

3. If we decide to cancel or not to renew this Policy, the mortgagee will be notified at least 10 days before the date cancellation or nonrenewal takes effect.

4. If we pay the mortgagee for any loss and deny payment to you:

- a. We are subrogated to all the rights of the mortgagee granted under the mortgage on the property; or
- b. At our option, we may pay to the mortgagee the whole principal on the mortgage plus any accrued interest. In this event, we will receive a full assignment and transfer of the mortgage and all securities held as collateral to the mortgage debt.

5. Subrogation will not impair the right of the mortgagee to recover the full amount of the mortgagee's claim.

P. No Benefit To Bailee

We will not recognize any assignment or grant any coverage that benefits a person or organization holding, storing or moving property for a fee regardless of any other provision of this Policy.

Q. Cancellation

1. You may cancel this Policy at any time by returning it to us or by letting us know in writing of the date cancellation is to take effect.

2. We may cancel this Policy only for the reasons stated below by letting you know in writing of the date cancellation takes effect. This cancellation notice may be delivered to you, or mailed to you at your mailing address shown in the Declarations. Proof of mailing will be sufficient proof of notice.

- a. When you have not paid the premium, we may cancel at any time by letting you know at least 10 days before the date cancellation takes effect.
- b. When this Policy has been in effect for less than 60 days and is not a renewal with us, we may cancel for any reason by letting you know at least 10 days before the date cancellation takes effect.

c. When this Policy has been in effect for 60 days or more, or at any time if it is a renewal with us, we may cancel:

- (1) If there has been a material misrepresentation of fact which if known to us would have caused us not to issue the policy; or
- (2) If the risk has changed substantially since the Policy was issued.

This can be done by letting you know at least 30 days before the date cancellation takes effect.

d. When this Policy is written for a period of more than one year, we may cancel for any reason at anniversary by letting you know at least 30 days before the date cancellation takes effect.

3. When this Policy is canceled, the premium for the period from the date of cancellation to the expiration date will be refunded pro rata.

4. If the return premium is not refunded with the notice of cancellation or when this Policy is returned to us, we will refund it within a reasonable time after the date cancellation takes effect.

R. Nonrenewal

We may elect not to renew this Policy. We may do so by delivering to you, or mailing to you at your mailing address shown in the Declarations, written notice at least 30 days before the expiration date of this Policy. Proof of mailing will be sufficient proof of notice.

S. Liberalization Clause

If we make a change which broadens coverage under this edition of our Policy without additional premium charge, that change will automatically apply to your insurance as of the date we implement the change in your state, provided that this implementation date falls within 60 days prior to or during the policy period stated in the Declarations.

This Liberalization Clause does not apply to changes implemented with a general program revision that includes both broadenings and restrictions in coverage, whether that general program revision is implemented through introduction of:

1. A subsequent edition of this Policy; or
2. An amendatory endorsement.

T. Waiver Or Change Of Policy Provisions

A waiver or change of a provision of this Policy must be in writing by us to be valid. Our request for an appraisal or examination will not waive any of our rights.

U. Assignment

Assignment of this Policy will not be valid unless we give our written consent.

V. Death

If you die, we insure:

1. Your legal representatives but only with respect to the property of the deceased covered under the Policy at the time of death;
2. With respect to your property, the person having proper temporary custody of the property until appointment and qualification of a legal representative.

W. Nuclear Hazard Clause

1. "Nuclear hazard" means any nuclear reaction, radiation or radioactive contamination, all whether controlled or uncontrolled or however caused, or any consequence of any of these.
2. Loss caused by the nuclear hazard will not be considered loss caused by fire, explosion or smoke, whether these perils are specifically named in or otherwise included within the Perils Insured Against.
3. This Policy does not apply to loss caused directly or indirectly by nuclear hazard, except that direct loss by fire resulting from the nuclear hazard is covered.

X. Recovered Property

If you or we recover any property for which we have made payment under this Policy, you or we will notify the other of the recovery. At your option, the property will be returned to or retained by you or it will become our property. If the recovered property is returned to or retained by you, the loss payment will be adjusted based on the amount you received for the recovered property.

Y. Volcanic Eruption Period

One or more volcanic eruptions that occur within a 72-hour period will be considered as one volcanic eruption.

Z. Loss Payable Clause

If the Declarations shows a loss payee for certain listed insured personal property, that person is considered an insured in this Policy with respect to that property.

If we decide to cancel or not renew this Policy, that loss payee will be notified in writing.

AA. Policy Period

This Policy applies only to loss which occurs during the policy period.