



CERTIFIED INSURANCE COUNSELORS

Personal Lines

The National Alliance
2022 Online Learning Guide

CERTIFIED INSURANCE COUNSELORS
Personal Lines
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A Letter from William J. Hold, President/CEO

We know that choosing the right professional development programs to strengthen your career can be challenging. There are many options for you to choose from; so how can you be sure that your time, efforts, and money are being invested and not wasted?

By becoming a committed participant of The National Alliance, you can rest assured that you are also making the best educational choice for your career—no matter what step of your learning path you are on.

For the last 50 years, our designations have been regarded throughout the industry as symbols of quality and trust. Our practical insurance and risk management courses are taught by active insurance practitioners, include polices and forms currently used in the field, and guide you through real-world scenarios to give you a deeper understanding of what your clients are facing today. The knowledge and skills you develop in any one of our courses (or designation programs) can be put to use immediately.

You will build long-lasting relationships with your clients, stay ahead of industry trends, emerging risks, and products that are constantly evolving in our dynamic market. You will have access to the industry's latest learning materials and will be the first to hear about new courses. With a learning path customized to fit your needs, you will be better equipped to protect your clients.

Have no doubt that your success is our priority. Whether you are new to your career, or a seasoned professional, you are about to embark on a wonderful professional development journey. Thank you for choosing The National Alliance for Insurance Education & Research as your guide toward a thriving career.

Let's take the first step.

William J. Hold, M.B.A., CRM, CISR
President/CEO

DISCLAIMER

This outline is intended as a general guideline and may not apply in each situation.

For any matters of legal and/or tax issues, one should consult with competent counsel or advisor for the matter in question and in the jurisdiction in question.

The Society of CIC and any organization for which this seminar is conducted shall have neither liability nor responsibility to any person or entity with respect to any loss or damage alleged to be caused directly or indirectly as a result of the information contained in this outline.

Insurance policy forms, clauses, rules, court decisions, and laws change constantly. Policy forms and underwriting rules vary from company to company.

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EXAM INFORMATION

Examination Techniques

During the Program

1. Listen Professionally

Adjust the way you listen to the pace of the instructor. Listen actively for the “big ideas” and search for facts to back them up. Listen for key words and clue phrases like “You should know...,” “Three steps are...,” etc. Listen to the speaker’s inflection and tone. If you intend to take the examination, study and review each evening while it is fresh—don’t wait for the night before the exam.

2. Take Careful Notes

During the lectures, take clear notes on each topic and be sure to ask the instructor if you need clarification on a point. Each evening, review these notes, as well as the materials to be covered next. Compose your own exam questions from the material. Study with others and concentrate on the areas you are least certain of—but don’t forget to get a good night’s rest before the examination.

During the Examination

1. Remain Calm

Some of you may have had experiences in your previous schooling that have caused you to feel anxious at the thought of taking an examination. Relax and you will do much better. You will have more access to your memory if you take the examination as a confirmation of your understanding of the material and not as a test of your value as a person. Even if you do not pass the examination the first time, you cannot fail an institute! Your mere presence here is proof of your dedication to professional education and improvement.

2. Understand the Examination Format

The examination period is two hours long for the CIC institutes and CPRM courses, and two and one-half hours long for the CRM courses. It is an essay-type exam with a total value of 200 points. In order to pass the exam a participant must score at least 140 points. The examination questions are in the order of presentation of the topics and are weighted to the length of the presentations. To work at a proper pace within the two-hour or two and one-half hour period, you should allow approximately six to eight minutes to answer each question. To work slower may mean that some questions might not be answered. It is a good rule of thumb in exam writing to NEVER LEAVE AN ANSWER BLANK.

During the Examination (*continued*)

3. Understand Each Question

Read the question carefully, looking for clues contained in it. Look for action words, such as: compare, contrast, define, summarize, explain, etc. Underline key points or questions. Be sure that you answer the question that is asked and not the one that you wish had been asked.

4. Plan Before You Write

It makes sense to briefly outline your answer before you begin writing. This will help you make sure you understand the full scope of the question and make it less likely that you will leave something important out of your answer. Be specific and give reasons. “Yes” or “No,” “Covered” or “Not Covered” are not adequate answers. Rarely will a question require only a short, one-sentence answer. Take the time to explain.

5. Use All of Your Time

Even if you finish your examination early, use the extra time to carefully review both the questions and the answers. Have you really answered the question that was asked? Is your answer as complete as it should be to convey your understanding? Use all of your time. Have you answered ALL of the questions?

Sample Examination Questions and Composite Answers

Note to Candidates:

This composite set of answers to the Certified Insurance Counselors examinations is published for CIC candidates and others interested in the CIC study program. The answers have been taken from actual student papers and have been edited by the staff of the Society. The questions and answers are ***illustrative only***; the answers are not necessarily perfect.

It should be understood that these answers may be longer and more complete than necessary to receive a high grade. Your answers will be graded on the factual response to the question asked, the instructions given, and the completeness of the answer. You should not use this set of questions and answers as a substitute for a thorough study of the subject matter.

Agency Management Institute

Sample Examination Questions and Composite Answers

Sample Question 1:

Agency planning should be conducted through a formal process that includes several steps. Please identify the five formal steps in the planning process.

Sample Answer 1:

1. *Conduct a situation analysis*
2. *Review the agency's mission statement*
3. *Write the agency plan*
4. *Implement*
5. *Monitor/evaluate and adjust*

Sample Question 2:

Agent Best placed a Commercial Property policy with the Fire and Casualty Company. Subsequently, Agent Best's client suffered a large fire loss covered by the policy. However, because of financial difficulties, Fire and Casualty could not pay. Explain the possible liability of the agent in this case.

Sample Answer 2:

One of the agent's legal responsibilities to clients is the duty to investigate the solvency of an insurance company. This can include not only the initial placement, but also an ongoing duty.

Commercial Casualty Institute

Sample Examination Questions and Composite Answers

Sample Question 1:

Your insured states that he understands his Commercial General Liability (CGL) Policy provides coverage for an “insured contract.” He then asks, “What is an ‘insured contract’?” Answer your insured’s question by listing the six “insured contracts” found in the CGL policy.

Sample Answer 1:

1. *Lease of premises, except for fire damage to the rented premises.*
2. *Sidetrack agreement.*
3. *Easement or license agreement, except construction or demolition on or within 50 feet of a railroad.*
4. *An obligation to indemnify a municipality as required by ordinance, except in connection with work for municipality.*
5. *Elevator maintenance agreement.*
6. *That part of any other contract, pertaining to an insured’s business, assuming tort liability of another to pay a third party.*

Sample Question 2:

The Workers Compensation and Employers Liability Insurance Policy is composed of three coverages. Name each coverage and briefly describe the purpose of one of the coverages.

Sample Answer 2:

Must Name All Three Coverages:

Workers Compensation Insurance

Employers Liability Insurance

Other States Insurance

Provide Any One Description:

Workers Compensation Insurance provides coverage for workers compensation benefits to employees as required by state law.

or

Employers Liability Insurance provides coverage for liability other than state mandated benefits arising out of an employee’s work-related injuries.

or

Other States Insurance provides temporary automatic coverage for new operations in other states, plus coverage for incidental exposures in other states. The states must be listed in Item 3C on the Information Page for other states insurance to apply.

Commercial Property Institute

Sample Examination Questions and Composite Answers

Sample Question 1:

MAP Company insures its corporate headquarters under an unendorsed Building and Personal Property Coverage Form with the Special Causes of Loss Form. The building is insured for \$600,000 and the business personal property for \$200,000. The 80% coinsurance requirement is satisfied. Ms. Peterson, the comptroller, asks the following questions. How would you respond to each question? Support your answer.

- A. "Part of our premises includes an unattached retaining wall for decorative effects. The value of this wall is \$15,000. What coverage applies if someone runs their car into the wall?"
- B. "Will our policy pay for loss to our employees' belongings while they are at work?"

Sample Answer 1A:

No coverage. Retaining walls that are not part of the building are defined as Property Not Covered.

Sample Answer 1B:

Covered. Under the Coverage Extension Personal Effects And Property of Others coverage applies up to \$2,500 at each described premises. However, loss or damage by theft is not covered.

Sample Question 2:

A prospect of yours decides to purchase Business Income Coverage from your agency. This prospect asks you the following question: "How is the term 'Business Income' defined?" Please respond to the client's question.

Sample Answer 2:

Business Income is defined as Net Income that would have been earned/incurred and continuing normal operating expenses including payroll.

Life & Health Institute

Sample Examination Questions and Composite Answers

Sample Question 1:

The following policy provisions are commonly found in most major medical insurance policies: (a) coinsurance clause, (b) deductible. Describe each provision.

Sample Answer 1:

- (a) *The coinsurance clause requires that the insured pay a portion of each dollar loss after the deductible has been exceeded.*
- (b) *A deductible is an amount of money paid by the insured. It must be satisfied before the insurance contract responds.*

Sample Question 2:

One of the standard provisions found in most life insurance contracts is the reinstatement provision. Explain the reinstatement provision and list the requirements needed to reinstate a policy.

Sample Answer 2:

After the expiration of the grace period, the insured may request the reinstatement of the contract. Requirements: proof of insurability, payment of all back premiums, interest, and policy loans.

Personal Lines Institute

Sample Examination Questions and Composite Answers

Sample Question 1:

John has his home insured on a Homeowner 3 - Special Policy that has a \$200,000 Coverage A – Dwelling limit and a \$300,000 Coverage E - Liability coverage.

- A. John has an apartment above his detached garage that he rents to a college student. The tenant accidentally starts a fire that causes \$25,000 damage to the garage/apartment. The fire also causes \$6,000 damage to the tenant's personal property. Ignoring any deductible, how much of this loss is covered by John's Homeowners Policy? Include the reason for your answer.
- B. While John was on vacation, a neighbor cared for his dog as a favor. When the neighbor failed to shut the gate to the fence, John's dog got out of the yard and bit a child. The parents of the injured child have filed a \$500,000 lawsuit against both John and his neighbor for the bodily injury to the child. Will John's Homeowner Policy provide coverage to both him and his neighbor? Explain your answer.

Sample Answer 1:

- A. *While fire is a covered peril, the homeowners policy does not cover another structure rented or held for rental to others unless used solely as a private garage. The tenant's property is not covered as the homeowner policy excludes property of tenants.*
- B. *John is an insured and is provided coverage for bodily injury caused by his dog. The neighbor is also an insured while caring for John's dog as the neighbor is not in the business of caring for animals. The maximum the policy will pay is the \$300,000 per occurrence limit.*

Sample Question 2:

Sue is the named insured on a Personal Auto Policy on which she insures her 2014 Toyota. The policy has Part A – Liability limits of 50,000/100,000/25,000. Sue also has a company car provided by her employer.

- A. Sue has an at-fault accident while driving her company car. The driver of the other car is seriously injured, and the other vehicle is totaled. Explain whether or not Sue's Personal Auto Policy will provide liability coverage for the injury to the other driver and the damage to the other vehicle.
- B. Sue is helping her friend move. While driving her Toyota, Sue has an accident and the friend's property in her car is damaged. Explain whether or not Sue's Personal Auto Policy will pay for the \$1,500 damage to her friend's property.

Sample Answer 2:

- A. *Sue's policy does not provide liability coverage while she is driving her company car. There is an exclusion for a vehicle furnished or available for her regular use.*
- B. *Sue's policy will not cover the damage to her friend's property. There is an exclusion for property damage to property being transported.*



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Section 1

PERSONAL RESIDENTIAL COVERAGES

Personal Residential Coverages

Section Goal

In this section, we will provide participants with the transformative knowledge and skills to enable them to determine if a client is eligible for an ISO Homeowners Policy.

Learning Objectives

1. Using their knowledge of ISO eligibility, the participant will determine whether or not a Homeowners 3 – Special Form policy can be written for a client based on ownership, occupancy and use of the residence.
2. Using their knowledge of the Additional Insured – Residence Premises (HO 04 41) endorsement, the participant will determine the circumstances when this endorsement is necessary and explain to clients the coverage it provides.
3. By understanding who is a **you, your**, and an “insured”, participants will use their knowledge to explain to clients who is provided coverage by their homeowners policy and recommend the appropriate endorsement to extend such coverage to others.

4. By understanding the following terms, participants will use their knowledge to explain to clients the property coverage limited, excluded or provided by their Homeowner 3 – Special Form policy:
 - “Business”
 - “Motor vehicle”
 - “Residence employee”
 - “Residence premises”

5. Applying their knowledge of the following Section I – Property Coverages, participants will recognize when property is provided, limited or excluded and be able to recommend the appropriate endorsement to provide coverage for property limited or excluded:
 - Coverage A – Dwelling
 - Coverage B – Other Structures
 - Coverage C – Personal Property

6. Applying their knowledge of Coverage D – Loss of Use, participants will explain to clients the importance of Additional Living Expense and the coverage it provides.

7. By understanding the following Section I – Additional Coverages, participants will explain to clients the coverage provided, limited or excluded and recommend an endorsement, if available, to provide coverage for specific loss situations:
 - Debris Removal
 - Loss Assessment
 - Collapse
 - Ordinance Or Law

8. By understanding the Perils Insured Against and Section I Exclusions, participants will explain the types of losses covered by the Homeowners 3 – Special form policy.

9. By understanding the Section I Condition - Loss Settlement, participants will explain to clients the:
 - importance of complying with the insurance-to-value requirement
 - basis on which a loss to the dwelling, other structures and/or personal property is settled
 - coverage provided by endorsements available to modify valuation at the time of loss

10. Using their knowledge of the definition of “bodily injury”, “property damage”, “occurrence” and the Section II – Liability Coverages Insuring Agreements, participants will explain to clients:
 - the coverage provided for an “insured” by the Insuring Agreements
 - the need for the Personal Injury Coverage (HO 24 82) endorsement and the coverage it provides

11. Applying their knowledge of the definition of the following defined terms and their related exclusions, participants will explain to clients the limitations and exclusions for each and recommend the appropriate endorsement to provide coverage if one is available.
 - “Motor vehicle liability”
 - “Watercraft liability”
 - “Aircraft liability”

12. Using their knowledge of the Coverage E – Personal Liability And Coverage F – Medical Payments To Others exclusions, the Coverage E – Personal Liability exclusions, and the Coverage F – Medical Payments To Others exclusions, participants will explain coverage and potential coverage gaps to their clients and when applicable, provide counsel on the appropriate endorsement to provide coverage.

13. Applying their knowledge of the Section II – Additional Coverages, participants will explain how Damage to Property of Others coordinates with coverage for property of others provided in Section I – Property and Section II – Personal Liability.

Introduction to Personal Residential – Eligibility, Policy Structure, Coverage Parts

Overview of Homeowners Forms

HO-2 Broad Form	Dwelling <ul style="list-style-type: none"> • Named Peril • Replacement Cost Personal Property <ul style="list-style-type: none"> • Named Peril • Actual Cash Value (ACV)
HO-3 Special Form MOST COMMONLY SOLD POLICY	Dwelling <ul style="list-style-type: none"> • Open Peril • Replacement Cost Personal Property <ul style="list-style-type: none"> • Named Peril • ACV
HO-4 Contents Broad Form (Tenants Form)	Personal Property <ul style="list-style-type: none"> • Named Peril • ACV
HO-5 Comprehensive Form	Dwelling <ul style="list-style-type: none"> • Open Peril • Replacement Cost Personal Property <ul style="list-style-type: none"> • Open Peril • ACV
HO-6 Unit-Owners Form	Dwelling <ul style="list-style-type: none"> • Named Peril • Replacement Cost Personal Property <ul style="list-style-type: none"> • Named Peril • ACV
HO-8 Modified Coverage Form	Dwelling <ul style="list-style-type: none"> • Named Peril (Limited) • Functional Replacement Cost Personal Property <ul style="list-style-type: none"> • Named Peril (Limited) • ACV

Learning Objective 1:

Using knowledge of ISO eligibility, the participant will determine whether or not a Homeowners 3 – Special Form policy can be written for a client based on ownership, occupancy and use of the residence.

Owned

1. Owner-Occupied
 - A single-family dwelling occupied by an individual owner or joint owners and used exclusively for private residential purposes
 - Certain incidental business occupancies are permitted
 - May have up to one additional family or two roomers or boarders
 - Includes a seasonal dwelling, which is defined as a dwelling with continuous unoccupancy of three or more consecutive months during any one-year period (ISO Rule 108)
 - Includes a dwelling during course of construction as long as the named insured is the intended owner-occupant upon completion
 - Eligible for an HO-2, HO-3, or HO-5
 - If a co-owner does not occupy the dwelling, the **Additional Insured – Residence Premises (HO 04 41)** endorsement is used to protect the non-resident co-owner for his/her interest in the dwelling and other structures as well as premises liability coverage

2. Life Estate

- This is a temporary ownership agreement.
- Property owned by an individual only through the duration of his or her lifetime. When the individual dies, the estate (or real property) is returned to the other people (owners) named in the life estate agreement (legally referred to as remaindermen).
- Eligible for an HO-2, HO-3, or HO-5
- The **Additional Insured – Residence Premises (HO 04 41)** endorsement is used to protect remaindermen for their interest in the dwelling and other structures as well as premises liability coverage

3. Contract of sale or land contract

- Individual or individuals residing in a dwelling under a contract to purchase the property and making payments to the seller; the seller holds the title.
- Eligible for an HO-2, HO-3, or HO-5
- The **Additional Insured – Residence Premises (HO 04 41)** endorsement is used to protect seller for his/her interest in the dwelling and other structures as well as premises liability coverage

4. Dwelling owned by a trust

- Eligible for HO-2, HO-3, or HO-5 in the name of the grantor who continues to reside in the house and is designated as the trustee
- The trust is listed in the **Trust Endorsement (HO 06 15)** schedule and shown as an insured
- Protects the trust for its insurable interest in Coverage A – Dwelling, Coverage B – Other Structures, Coverage E – Personal Liability, and Coverage F – Medical Payments To Others with respect to the residence premises
- If a state does not recognize a trust as a legal entity, an alternate endorsement will be used
- Trust documents must be provided to the insurance company as often as reasonably requested
- The insurance company must be notified promptly of any change in the name and address of the trust, the addition or removal of a trustee, or a change in the mailing address of a trustee; termination of the trust; death or disability of a trustee; or when the grantor of the trust no longer resides at the “residence premises”

5. Multi-family dwelling

- A two-family dwelling with one unit occupied by the owner is eligible for an HO-2, HO-3, or HO-5
- Three or four-family dwelling with one unit occupied by the owner may be eligible for an HO-2, HO-3, or HO-5 depending on the state in which it is located.
- It is not uncommon for co-owners of multi-family dwellings to each occupy a separate unit

When Co-Owners Each Occupy A Unit		
HO-3	One owner is the named insured	Additional Insured – Residence Premises (HO 04 41) endorsement is used to protect the other owner for his/her interest in the dwelling and other structures as well as premises liability coverage for the unit(s) he/she does not occupy.
HO-4	Other owner is the named insured	Provides Coverage C – Personal Property, Coverage D – Loss of Use and Section II Personal Liability coverages.

6. Non-owner occupied (single to four-family)

- Tenant occupied dwelling is not eligible for a homeowner policy (Eligible for the Dwelling Fire Program)

Shared Ownership

1. Townhouse

- Similar to single family dwelling with the difference being the common wall between the units
- The owner owns the land beneath the unit or house, the air above, all improvements on the land and an undivided interest in any common elements
- There may be an association, which may be organized in the same fashion as a condominium owners association
- Eligible for an HO-2, HO-3 and HO-5

2. Condominium

- The owner owns the airspace inside a specific unit; an undivided interest, along with all other unit owners, in the common elements of the condominium unit; Limited common elements, if any; and everything inside the owned unit that is not specified as common elements
- Eligible for an HO-6 Unit-Owners Form

3. Cooperative

- Individual owns a share in a structure with the right to occupy a portion and the right to sell the share; does not own any part of the structure or the land upon which it sits
- Eligible for HO-4 Contents Broad Form or HO-6 Unit-Owners Form depending on the bylaws of the cooperative and the insurance coverage provided by the cooperative

Non-Owned Dwelling

1. Tenant living in a single-family dwelling, multi-family dwelling, apartment, townhouse or condo
2. Eligible for an HO-4 or HO-6

Dwellings with More Than Four-Family Capacity

- These are not eligible for either a homeowners

Learning Objective 2:

Using knowledge of the Additional Insured – Residence Premises (HO 04 41) endorsement, the participant will determine the circumstances when this endorsement is necessary and explain to clients the coverage it provides.

Protecting the Non-Resident Owner

1. The non-resident owner has a insurable interest in the Dwelling and Other Structures. The non-resident owner may also be legally responsible should someone be injured on the premises.
2. **Additional Insured – Residence Premises (HO 04 41)** endorsement is used to protect a non-resident owner. This individual or entity is shown on the schedule in the endorsement.

3. Coverage provided:

- Coverage A – Dwelling and Coverage B – Other Structures
- Coverage E – Personal Liability and Coverage F – Medical Payments to Others for “bodily injury” or “property damage” arising out of the ownership, maintenance or use of the “residence premises”
- Notices of cancellation or non-renewal will be provided in writing to the person or organization named in the schedule

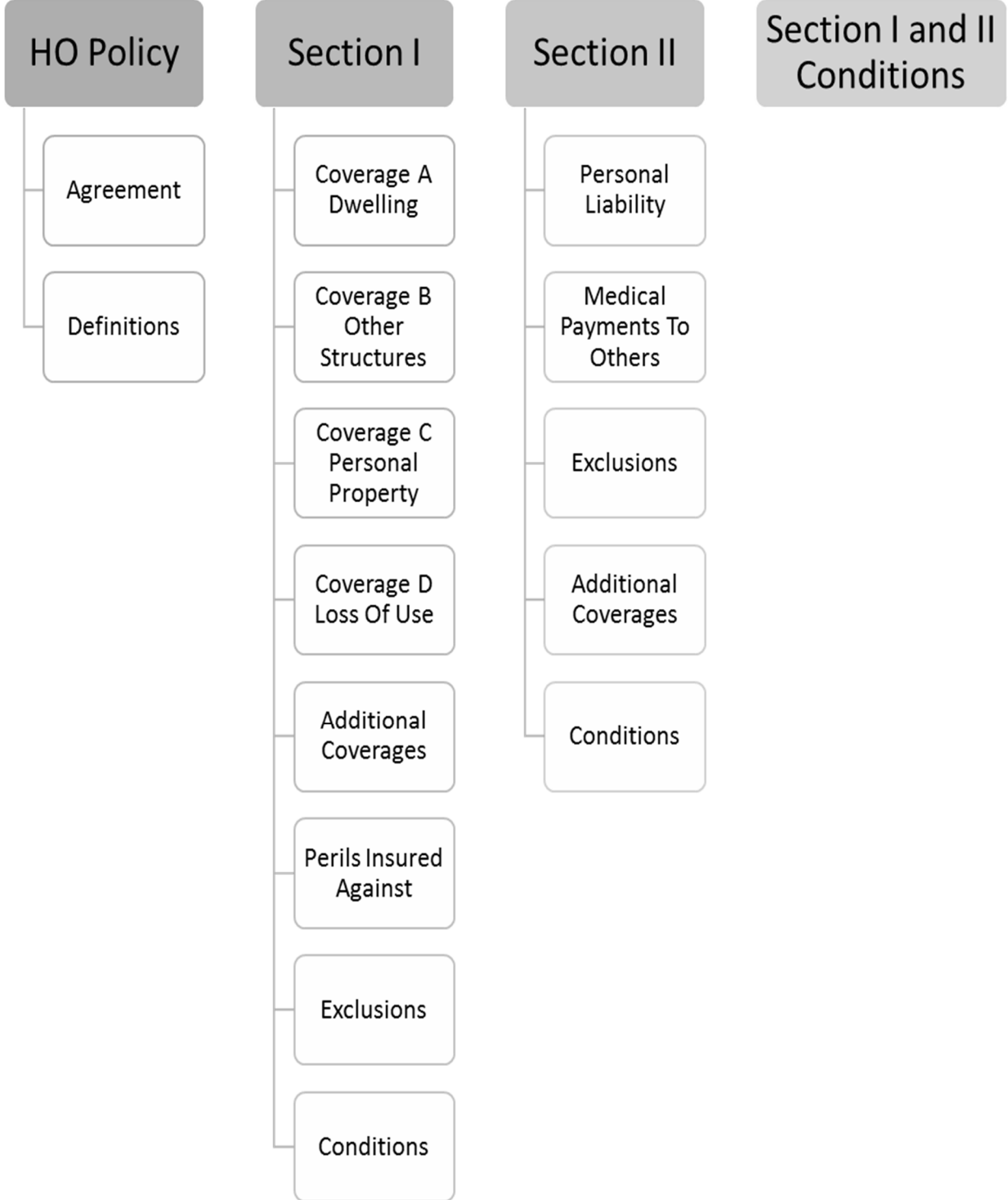
4. **Additional Interests – Residence Premises (HO 04 10)** endorsement is used to protect the person’s insurable interest in the “residence premises”

- Can be used if the **Additional Insured – Residence Premises (HO 04 41)** is not

Example:

Bailey’s parents loaned her money when she purchased her house and the parents are not on the property deed. Her parents have a property interest only in Bailey’s house.

Policy Structure



Coverage Parts

	HO-2, HO-3 AND HO-5	HO-4	HO-6
Coverage A – Dwelling	Replacement Cost	None	To Be Determined \$5,000 Included
Coverage B – Other Structures	10% Coverage A	None	Included in Coverage A
Coverage C – Personal Property	50% Coverage A	To Be Determined	To Be Determined
Coverage D – Loss of Use	30% Coverage A	30% Coverage C	50% Coverage C
Coverage E – Personal Liability	\$100,000 Per Occurrence		
Coverage F – Medical Payments To Others	\$1,000 Per Person		
<p>Percentages shown above are for a 1 or 2 family dwelling Coverage B can be increased for a specific structure by endorsement Coverage C can be increased or decreased (to not less than 40% of Coverage A) Coverage D can be increased Coverage E can be increased up to \$500,000 Coverage F can be increased up to \$5,000</p>			

2011 Homeowners Special Form HO-3 Policy

Agreement

Conditional contract

States the company will provide the coverage as long as the premium is paid, and the provisions of the policy are complied with

AGREEMENT

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

Learning Objective 3:

By understanding who is a **you, your**, and an “insured”, participants will use their knowledge to explain to clients who is provided coverage by their homeowners policy and recommend the appropriate endorsement to extend such coverage to others.

You and Your

- Named Insured shown on the Declarations
- A spouse not named in the Declarations if a resident of the same household as the individual named in the Declarations.
 - Many states amend this definition to include partners of civil unions or domestic partnerships
 - Advisable to name both spouses/partners in the Declarations

“We”, “Us” and “Our”

- Insurance company that issued the policy and is providing the coverage

DEFINITIONS

- A. 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.

Note:

While these two sets of terms are defined, they do not appear in quotation marks in the policy as do all of the other defined terms.

“Insured”

- **You**
- Resident Relatives
- Anyone who is a resident under the age of 21 and in the care of you or a resident relative
- Full-time student if a resident of your household before attending school and either a relative under the age of 24 OR under 21 and in the care of you or a resident relative
- Section II insured status for persons legally responsible for animals or watercraft covered by this policy, employees using a covered “motor vehicle”, and others using a covered “motor vehicle” on an “insured location”

5. "Insured" means:

- a. You and residents of your household who are:
 - (1) Your relatives; or
 - (2) Other persons under the age of 21 and in your care or the care of a resident of your household who is your relative;
- b. A student enrolled in school full-time, as defined by the school, who was a resident of your household before moving out to attend school, provided the student is under the age of:
 - (1) 24 and your relative; or
 - (2) 21 and in your care or the care of a resident of your household who is your relative; or
- c. Under Section II:
 - (1) With respect to animals or watercraft to which this policy applies, any person or organization legally responsible for these animals or watercraft which are owned by you or any person described in **5.a.** or **b.** "Insured" does not mean a person or organization using or having custody of these animals or watercraft in the course of any "business" or without consent of the owner; or
 - (2) With respect to a "motor vehicle" to which this policy applies:
 - (a) Persons while engaged in your employ or that of any person described in **5.a.** or **b.**; or
 - (b) Other persons using the vehicle on an "insured location" with your consent.

- Endorsements changing definition of “insured”

Additional Insured - Residence Premises [HO 04 41]
<ol style="list-style-type: none"> 1. Protects the interest of the named person in the endorsement 2. Coverages A and B 3. On premises liability only

Other Members Of Your Household [HO 04 58]
<ol style="list-style-type: none"> 1. Provides coverage for named person such as significant others, domestic partners, roommates, etc. 2. Coverages C, D, E & F

Additional Insured – Student Living Away From The Residence Premises [HO 05 27]
<ol style="list-style-type: none"> 1. Used when student is older than 24 2. Premises (school) and student are listed 3. Student must still have been a resident of the household before moving out to attend school 4. Coverages C, D, E, & F

Assisted Living Care Coverage [HO 04 59]
<ol style="list-style-type: none"> 1. Provides limited coverage for relative living in assisted care facility 2. Facility and relative are listed 3. Provides personal property up to limit selected 4. Additional Special Limits for some types of property (hearing aids, glasses, dentures, etc.) 5. Additional Living Expense limited to \$500 per month 6. Provides Coverage E Liability but NO Coverage F Medical Payments To Others

Trust Endorsement [HO 06 15]
<ol style="list-style-type: none"> 1. Eligible for HO-3 in the name of the grantor who continues to reside in the house and is designated as the trustee 2. The trust is listed in the Trust Endorsement (HO 06 15) schedule and shown as an insured 3. Protects the trust for its insurable interest in Coverage A – Dwelling, Coverage B – Other Structures as well as Coverage E – Personal Liability and Coverage F – Medical Payments To Others with respect to the residence premises



Knowledge Check – Who is An “Insured”

1. Glen’s fiancée who just moved in with him? They are getting married in 90 days.
2. Glen’s new wife? They just got married but he has not changed his Homeowners Policy.
3. Glen’s 12-year old son who lives with him?
4. Glen’s new 15-year old stepdaughter who lives with them?
5. Glen’s 92-year old father who is visiting for a couple of weeks?
6. Glen’s new 76-year old mother-in-law who is now living with them?
7. An 18-year old foreign exchange student who is living with them for the school year?
8. The neighbor while caring for Glen’s labradoodle puppy?
9. Glen’s mother-in-law’s friend who is now living with them?

Learning Objective 4:

By understanding the following terms, participants will use their knowledge to explain to clients if property coverage is limited, excluded or provided by their Homeowner 3 – Special Form policy:

- “Business”
 - “Motor vehicle”
 - “Residence employee”
 - “Residence premises”
-

“Business”

This is a two-part definition

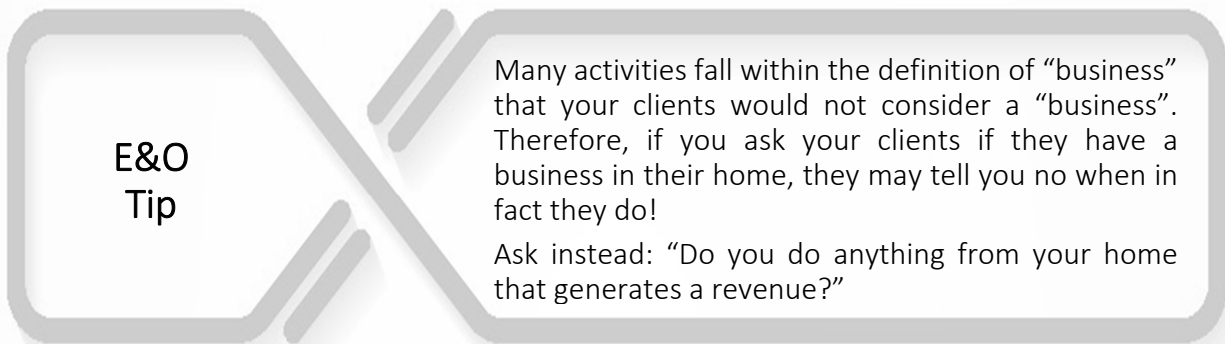
Part 1. Is trade, profession or occupation engaged in on a full-time, part-time or occasional basis

- If the activity falls with Part 1 of the Definition, it is a “business” regardless of how much compensation has been received.
- A person can have more than one trade, profession or occupation!

Part 2. States if Part 1 doesn’t apply, any activity engaged in for money or compensation is STILL a “business” EXCEPT the following:

- Activities if insured received no more than \$2,000 in the 12 months before the beginning of the policy period
- Volunteer activities if no money is received other than expenses
- Home day care if not paid; even if mutual exchange of services
- Home day care to a relative of an “insured”, even if paid

3. "Business" means:
- a. A trade, profession or occupation engaged in on a full-time, part-time or occasional basis; or
 - b. Any other activity engaged in for money or other compensation, except the following:
 - (1) One or more activities, not described in (2) through (4) below, for which no "insured" receives more than \$2,000 in total compensation for the 12 months before the beginning of the policy period.
 - (2) Volunteer activities for which no money is received other than payment for expenses incurred to perform the activity;
 - (3) Providing home day care services for which no compensation is received, other than the mutual exchange of such services; or
 - (4) The rendering of home day care services to a relative of an "insured".



“Motor Vehicle”

- Self-propelled land or amphibious vehicle
- Trailer while on, towed by, or hitched for towing by a. above

7. "Motor vehicle" means:

- a. A self-propelled land or amphibious vehicle; or
- b. Any trailer or semitrailer which is being carried on, towed by or hitched for towing by a vehicle described in a. above.

“Employee”

- Any employee or leased employee of an “insured” other than a “residence employee”
- Not used as a defined term in the Homeowners Policy, but is used in various endorsements

4. "Employee" means an employee of an "insured", or an employee leased to an "insured" by a labor leasing firm under an agreement between an "insured" and the labor leasing firm, whose duties are other than those performed by a "residence employee".

“Residence Employee”

- An employee of an “insured” or leased to an “insured”
- Performs household or domestic duties related to the maintenance or use of the “residence premises”
- Includes a person performing similar duties elsewhere as long as the duties are not related to an “insured's” “business”

10. "Residence employee" means:

- a. An employee of an "insured", or an employee leased to an "insured" by a labor leasing firm, under an agreement between an "insured" and the labor leasing firm, whose duties are related to the maintenance or use of the "residence premises", including household or domestic services; or
- b. One who performs similar duties elsewhere not related to the "business" of an "insured".

A "residence employee" does not include a temporary employee who is furnished to an "insured" to substitute for a permanent "residence employee" on leave or to meet seasonal or short-term workload conditions.

“Residence Premises”

- Revised by the **Residence Premises Definition Endorsement (HO 06 48)** that is required to be attached to the policy
- It is where you reside on the inception date of the policy and shown in the Declarations as the “residence premises”
- It is different from an “insured location”
- Some personal property is limited or excluded when it is away from the “residence premises”

11. "Residence premises" means:

- a. The one family dwelling where you reside;
- b. The two-, three- or four- family dwelling where you reside in at least one of the family units; or
- c. That part of any other building where you reside;

on the inception date of the policy period shown in the Declarations and which is shown as the "residence premises" in the Declarations.

"Residence premises" also includes other structures and grounds at that location.

- **Broadened Residence Premises Definition Endorsement (HO 06 49)**
 - Used when the named insured will not be residing in the dwelling on the effective date of the policy

For Example:
The insured purchases a home, but will be making significant alterations or renovations before moving in.
 - Residency requirement temporarily removed for the period of time shown in the Schedule

Section I – Property Coverages

Learning Objective 5:

Applying their knowledge of the following Section I – Property Coverages, participants will recognize when property is provided, limited or excluded and be able to recommend the appropriate endorsement to provide coverage for property limited or excluded:

- Coverage A – Dwelling
 - Coverage B – Other Structures
 - Coverage C – Personal Property
-

Coverage A – Dwelling

Dwelling and attached structures on the “residence premises”

Materials and supplies USED to construct, alter or repair the dwelling or other structures and located on or next to the “residence premises”

Excludes land

SECTION I – PROPERTY COVERAGES

A. Coverage A – Dwelling

1. We cover:
 - a. The dwelling on the "residence premises" shown in the Declarations, including structures attached to the dwelling; and
 - b. Materials and supplies located on or next to the "residence premises" used to construct, alter or repair the dwelling or other structures on the "residence premises".
2. We do not cover land, including land on which the dwelling is located.

Coverage B – Other Structures

On “residence premises” set apart from the dwelling by clear space or connected only by a fence, utility line or similar connection

Includes hardscape

Things that may be an Other Structure		
Detached Garage	Tool Shed	Fence
Flagpole	Swing Set/Big Toy	Well House
Deck	Dock	Swimming Pool
Mailbox	Satellite Dish	Rockery
Pond	Gazebo	Tree House
Dog Kennel	Driveway	Hot Tub

Excludes land

Excludes other structures rented or held for rental to anyone not a tenant of the dwelling for use other than a private garage

- An Other Structure rented to others for use as a private garage is not excluded
- A detached garage with an apartment is excluded

Excludes other structures from which a “business” is conducted

Excludes other structures used to store “business” property unless the “business” property is solely owned by an “insured” or tenant of the dwelling and is not gaseous or liquid fuel

Limit for all other structures is 10 percent of Coverage A

B. Coverage B – Other Structures

1. We cover other structures on the "residence premises" 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 from which any "business" is conducted; or
 - d. Other structures used to store "business" property. However, we do cover a structure that contains "business" property solely owned by an "insured" or a tenant of the dwelling provided that "business" 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.
3. The limit of liability for this coverage will not be more than 10% of the limit of liability that applies to Coverage A. Use of this coverage does not reduce the Coverage A limit of liability.

Endorsements changing Coverage B

- **Structures Rented to Others – Residence Premises (HO 04 40)**
 - Used to provide property coverage for an other structure that is rented to others for use as a private residence
 - The other structure is described and a limit of liability is shown in the Schedule
 - This endorsement also provides liability coverage

- **Permitted Incidental Occupancies – Residence Premises (HO 04 42)**
 - Used to provide property coverage for an other structure with an eligible business exposure
 - The other structure is described and a limit of liability is shown in the Schedule

- **Other Structures On The Residence Premises – Increased Limits (HO 04 48)**
 - Used to provide coverage when 10% of Coverage A is insufficient for other structures
 - The limit for the structure shown in the Schedule is in addition to the limit for Coverage B – Other Structures

- **Home Business Insurance Coverage (HO 07 01)**
 - Provides coverage for an other structure with an eligible business exposure
 - Business owner must be a resident of the household
 - Full Coverage C for “business” property and other additional coverages provided

Overview of Coverage C – Personal Property Coverage

Personal Property Owned or Used By An “Insured” Anywhere in the World



Insured Can Request Coverage for Property of Others (subject to exclusion for unrelated tenant, roomer or boarder) on the Residence Premises or While in Any Residence Occupied by an Insured

Property Usually Located At Another Residence of an Insured is Limited to 10% of Coverage C or \$1000 Whichever is Greater
Limitation Does Not Apply to Property in A Newly Acquired Residence for the First 30 Days

Property Located in a Self-Storage Facility is Limited to 10% of Coverage C or \$1000 Whichever is Greater

Special Limits of Liability
11 Types of Property Limited

Property Excluded
11 Types of Property Excluded

Note:

There are two places where coverage is limited to 10% of Coverage C or \$1,000 – whichever is greater.

For \$1,000 to be greater than 10% of Coverage C, the Coverage C limit would have to be under \$10,000. Therefore, for all practical purposes the coverage limitation will always be 10% of Coverage C.

Coverage C – Personal Property

Covered Property

- Property owned or used by an “insured”
- Anywhere in the world
- At “your” request, losses will be paid for:
 - Personal property of others while located on the part of the “residence premises” occupied by an “insured”; or
 - Personal property of a guest or a “residence employee” while the property is located in any residence occupied by an “insured”

C. Coverage C – Personal Property

1. Covered Property

We cover personal property owned or used by an "insured" while it is anywhere in the world. After a loss and at your request, we will cover personal property owned by:

- a. Others while the property is on the part of the "residence premises" occupied by an "insured"; or
- b. A guest or a "residence employee", while the property is in any residence occupied by an "insured".

Limit for Property at Other Locations

- Other Residences
 - Property usually located at another residence of an “insured” is limited to 10% of Coverage C (or \$1,000 – whichever is greater)
 - Limitation does not apply to property moved because of repairs, renovation, or rebuilding of “residence premises” and it is neither fit to live in nor store property in
 - Limitation does not apply to property in a newly acquired residence for the first 30 days
 - The policy will later exclude theft coverage for property at any other residence except while an “insured” is temporarily living there. (Exception if the student was there any time during the 90 days prior to the loss.)

2. Limit For Property At Other Locations

a. Other Residences

Our limit of liability for personal property usually located at an "insured's" residence, other than the "residence premises", is 10% of the limit of liability for Coverage C, or \$1,000, whichever is greater. However, this limitation does not apply to personal property:

- (1) Moved from the "residence premises" because it is:
 - (a) Being repaired, renovated or rebuilt; and
 - (b) Not fit to live in or store property in; or
- (2) In a newly acquired principal residence for 30 days from the time you begin to move the property there.

- Limit at Self-Storage Facilities
 - Limit of 10% of Coverage C (or \$1,000 – whichever is greater) for personal property that is owned or used by an “insured” while located in a self-storage facility
 - Limitation does not apply to:
 - 1) Personal property moved from the “residence premises” because the “residence premises” is being repaired, renovated, or rebuilt and is not fit to live in or store property in; or
 - 2) Personal property that is usually at an “insured’s” residence other than the “residence premises”
 - **Increased Amount of Insurance For Personal Property Located In A Self-Storage Facility (HO 06 14)**
 - 1) Coverage can be increased up to the limit shown in the Schedule
 - 2) Limit shown in the Schedule is **not** in addition to the coverage automatically provided by the policy; the limit in the schedule is the **total limit** available

b. Self-storage Facilities

Our limit of liability for personal property owned or used by an "insured" and located in a self-storage facility is 10% of the limit of liability for Coverage C, or \$1,000, whichever is greater. However, this limitation does not apply to personal property:

- (1) Moved from the "residence premises" because it is:
 - (a) Being repaired, renovated or rebuilt; and
 - (b) Not fit to live in or store property in; or
- (2) Usually located in an "insured's" residence, other than the "residence premises".

Special Limits of Liability

- The sub-limits do not increase the Coverage C Limit
- The policy's deductible applies
- Three types of property are limited for theft only; the limitation does not apply to other covered perils
- Eight types of property are limited for all perils

PROPERTY	LIMIT PER LOSS
Money, bank notes, bullion, gold other than goldware, silver other than silverware, platinum other than platinumware, coins, medals, scrip, stored value cards and smart cards	\$200
Securities, accounts, deeds, evidences of debt, letters of credit, notes other than bank notes, manuscripts, personal records, passport, tickets and stamps	\$1,500
Watercraft of all types, including trailers, equipment and outboard engines and motors	\$1,500
Trailers or semi-trailers not used with watercraft of all types	\$1,500
Theft of jewelry, watches, furs, precious and semi-precious stones	\$1,500
Theft of firearms and related equipment	\$2,500
Theft of silverware, silver-plated ware, goldware, gold-plated ware, platinum, platinum-plated ware and pewterware	\$2,500
Property used primarily for "business" while on the "residence premises"	\$2,500
Property used primarily for "business" while away from the "residence premises" (not including certain wires, disks and other media)	\$1,500
Portable electronic equipment used to reproduce, receive or transmit audio, visual or data signals while in a "motor vehicle" if powered by motor vehicle and another source	\$1,500
Antennas, tapes, disks, wires and other media used with electronic equipment that reproduces, receives or transmits audio, visual or data signals while in a "motor vehicle"	\$250

3. Special Limits Of Liability

The special limit for each category shown below is the total limit for each loss for all property in that category. These special limits do not increase the Coverage C limit of liability.

- a. \$200 on money, bank notes, bullion, gold other than goldware, silver other than silverware, platinum other than platinumware, coins, medals, scrip, stored value cards and smart cards.
- b. \$1,500 on securities, accounts, deeds, evidences of debt, letters of credit, notes other than bank notes, manuscripts, personal records, passports, tickets and stamps. This dollar limit applies to these categories regardless of the medium (such as paper or computer software) on which the material exists.
This limit includes the cost to research, replace or restore the information from the lost or damaged material.
- c. \$1,500 on watercraft of all types, including their trailers, furnishings, equipment and outboard engines or motors.
- d. \$1,500 on trailers or semitrailers not used with watercraft of all types.
- e. \$1,500 for loss by theft of jewelry, watches, furs, precious and semiprecious stones.
- f. \$2,500 for loss by theft of firearms and related equipment.
- g. \$2,500 for loss by theft of silverware, silver-plated ware, goldware, gold-plated ware, platinumware, platinum-plated ware and pewterware. This includes flatware, hollowware, tea sets, trays and trophies made of or including silver, gold or pewter.
- h. \$2,500 on property, on the "residence premises", used primarily for "business" purposes.
- i. \$1,500 on property, away from the "residence premises", used primarily for "business" purposes. However, this limit does not apply to antennas, tapes, wires, records, disks or other media that are:
 - (1) Used with electronic equipment that reproduces, receives or transmits audio, visual or data signals; and
 - (2) In or upon a "motor vehicle".
- j. \$1,500 on portable electronic equipment that:
 - (1) Reproduces, receives or transmits audio, visual or data signals;
 - (2) Is designed to be operated by more than one power source, one of which is a "motor vehicle's" electrical system; and
 - (3) Is in or upon a "motor vehicle".
- k. \$250 for antennas, tapes, wires, records, disks or other media that are:
 - (1) Used with electronic equipment that reproduces, receives or transmits audio, visual or data signals; and
 - (2) In or upon a "motor vehicle".

E&O Tip

Special Limits of Liability differ among insurance companies with regards to the type of property limited, the limit of coverage, and the perils to which the limitation applies. Other insurance companies may limit wine, tapestries, sport card collections, bicycles, personal computers, etc.

It is important to understand the client's exposures to loss and the Special Limits that may apply to that client.

For example:

It may be better for a client who owns firearms to be insured with a company that does not limit firearms.

It is important to know the differences among the policies in your agency.



Knowledge Check – Coverage C – Special Limits

The insured had a theft loss and the following property was stolen. What limits, if any, are applied after the deductible?

_____	\$500 Coin Collection	_____	\$5,000 Jewelry
_____	\$5,000 Firearms	_____	\$1,000 Piano
_____	\$9,000 Persian Tapestry	_____	\$3,000 Computer

The insured had a fire loss in the house and attached garage. The following property was damaged. What limits, if any, are applied after the deductible?

_____	\$250 TV	_____	\$900 Cash
_____	\$12,000 Jewelry	_____	\$500 Wine
_____	\$4,000 Firearms	_____	\$900 Sports Cards

Endorsements changing Coverage C:

- **Coverage C Increased Special Limits Of Liability (HO 04 65)**
 - Use to increase the special limits for some property up to the maximum limits shown:
 - 1) Money, Coins up to \$1,000
 - 2) Valuable Papers up to \$3,000
 - 3) Jewelry, Furs up to \$6,500 (Not to exceed \$1,000 per item)
 - 4) Firearms and Equipment up to \$6,500
 - 5) Silverware up to \$10,000
 - 6) Portable Electronic Equipment in or upon a “motor vehicle” up to \$6,000
 - Appraisals not needed
 - Same perils

- **Increased Limits On Business Property (HO 04 12)**
 - Use to increase \$2,500 limit on “business” personal property on premises up to \$10,000
 - Off premises limit is increased to 60% of the on premises limit
 - Excludes property for a “business” conducted on the premises
 - Excludes samples, property held for sale, and items in storage
 - Does not increase Coverage C limit

- **Permitted Incidental Occupancies – Residence Premises (HO 04 42)**
 - Increases certain “business” property of described “business” while on the “residence premises” to the full Coverage C limit for the “business” shown in the Schedule
 - Does not increase the coverage for property used primarily for “business” while away from the “residence premises”

- **Home Business Insurance Coverage (HO 07 01)**
 - Coverage C limit is available for “business” property

- **Scheduled Personal Property Endorsement (HO 04 61)**
 - Specified amount of insurance on scheduled items
 - 1) Jewelry
 - 2) Furs
 - 3) Cameras
 - 4) Musical instruments
 - 5) Silverware
 - 6) Golfer's equipment
 - 7) Fine arts
 - 8) Postage stamps
 - 9) Rare and current coins
 - Blanket coverage allowed for silverware, golfer's equipment, postage stamps, and rare and current coins
 - Appraisal or proof of value typically required
 - Worldwide coverage
 - Deductible does not apply
 - Not included in Coverage C Limit of Liability

- Direct physical loss unless excluded
 - 1) Wear and tear
 - 2) Insects or vermin
 - 3) War and nuclear hazard
 - 4) Additional exclusions for fine arts, stamps and coins

- Loss to fine arts is on an agreed value basis

- Loss to other property settled for the least of:
 - 1) ACV (Does not apply if policy includes the Personal **Property Replacement Cost Loss Settlement (HO 04 90)** endorsement)
 - 2) Cost of repair
 - 3) Cost of replacement
 - 4) Limit of insurance

- Newly acquired coverage
 - 1) Jewelry, furs, cameras and musical equipment is the lesser of 25% of the amount of insurance or \$10,000 whichever is less; must notify carrier within 30 days.
 - 2) Fine arts are up to 25% of the amount of insurance on an ACV basis; must notify carrier within 90 days.

- **Scheduled Personal Property Endorsement (With Agreed Value Loss Settlement) (HO 04 60)**
 - Same as the **Scheduled Personal Property Endorsement (HO 04 61)** except it provides agreed value loss settlement on all scheduled property

Schedule or Not?

Potential Advantages Of Scheduling	Potential Disadvantages Of Scheduling
1. No Deductible	1. Premium Charge
2. Open Peril Coverage	2. Appraisal May Be Required
3. Item(s) Are Not Included in the Coverage C Limit of Coverage, Freeing Up Coverage C for Other Personal Property	3. Values May Not Be Kept Current Resulting in an Inadequate Limit of Coverage
4. Establishes the Existence of Item	4. Insured May Not Understand the Loss Settlement Provisions; May Believe the Policy is Agreed Value for All Property
5. Establishes the Value of Item	5. Depending on the Cause of Loss and the Schedule Limit, the Insured Could Be Penalized in the Event of a Loss
6. May be the Only Way to Get Coverage if the Policy Otherwise Limits or Excludes	6. Scheduled Property is Excluded From Coverage C Personal Property Coverage

Property Not Covered

- a. Articles specifically insured here or elsewhere
- b. Animals, birds, or fish
- c. "Motor vehicles"
 - 1) Excludes all "motor vehicles" unless coverage specifically given back
 - 2) Includes equipment and parts
 - 3) Gives back property coverage for "motor vehicles" which are not required to be registered AND which are either used solely to service a residence or designed to assist the handicapped.
 - 4) The inclusion of the word "solely" makes this an extremely broad exclusion.
 - 5) **Owned Motorized Golf Cart Physical Loss Coverage (HO 05 28)** can be used to insure an owned golf cart for physical damage
- d. Aircraft and parts, except model or hobby
- e. Hovercraft and parts

4. Property Not Covered

We do not cover:

- a. Articles separately described and specifically insured, regardless of the limit for which they are insured, in this or other insurance;
- b. Animals, birds or fish;
- c. "Motor vehicles".

This includes a "motor vehicle's" equipment and parts. However, this Paragraph 4.c. 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 a "motor vehicle's" electrical system.
 - (2) "Motor vehicles" 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;
- d. 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;
- e. Hovercraft and parts. Hovercraft means a self-propelled motorized ground effect vehicle and includes, but is not limited to, flarecraft and air cushion vehicles;

- f. Property of roomers, boarders, and tenants unless related to an “insured”
- g. Property in a rental apartment
 - Additional Coverage #10 provides \$2,500 **EXCLUDING** theft
- h. Property rented to others off the “residence premises”
- i. “Business” data including books of account, drawings or paper records and electronically stored data. Coverage is given back for the cost of blank media and prerecorded software.
- j. Credit cards, fund transfer cards, etc.
 - Additional Coverage #6 provides \$500
- k. Water or steam

4. Property Not Covered

We do not cover:

- f. Property of roomers, boarders and other tenants, except property of roomers and boarders related to an "insured";
- g. Property in an apartment regularly rented or held for rental to others by an "insured", except as provided in **E.10. Landlord's Furnishings** under Section I – Property Coverages;
- h. Property rented or held for rental to others off the "residence premises";
- i. "Business" data, including such 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;
- j. Credit cards, electronic fund transfer cards or access devices used solely for deposit, withdrawal or transfer of funds except as provided in **E.6. Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money** under Section I – Property Coverages; or
- k. Water or steam.



Knowledge Check – Property Covered, Limited, or Excluded

1. The detached garage in which your insured operates a beauty salon.
2. \$10,000 in personal property the insureds take on their vacation to Europe.
3. The insured's 18-year old son has personal property valued at \$5,000 in his college dorm room.
4. Furniture and household goods valued at \$10,000 that your insureds keep at their mountain cabin.
5. The insured's \$10,000 tractor is stolen.
6. The insureds' personal watercraft valued at \$5,500 is stolen from their back yard.
7. The insured received the \$8,000 limit from the Scheduled Personal Property Endorsement for the stolen ring but want to be paid more since the replacement value at the time of the loss was \$10,000.
8. The policy has a \$500,000 Coverage A Dwelling Limit. There are three outbuildings valued at \$10,000, \$35,000 and \$25,000.

Learning Objective 6:

Applying their knowledge of Coverage D – Loss of Use, participants will explain to clients the importance of Additional Living Expense and the coverage it provides.

Additional Living Expense covers the necessary *increase* in living expenses (for insured's normal standard of living) when the "residence premises" becomes unfit to live in due to a covered loss to covered property. Payment will be for the shortest time required to repair or replace the damage or the insured permanently relocates.

Fair Rental Value covers the fair rental value if a covered loss makes that part of the "residence premises" rented to others or held for rental to others not fit to live in. Payment will be for the shortest time required to repair or replace such premises.

Civil Authority provides up to two weeks coverage (both Additional Living Expenses and/or Fair Rental Value) if a civil authority prohibits the use of the "residence premises" due to direct damage to a neighboring premises by a peril insured against

Coverage is not limited by expiration of policy

Loss or expense due to cancellation of lease or agreement is excluded

Deductible applies

D. Coverage D – Loss Of Use

The limit of liability for Coverage D is the total limit for the coverages in **1. Additional Living Expense**, **2. Fair Rental Value** and **3. Civil Authority Prohibits Use** below.

1. Additional Living Expense

If a loss covered under Section I makes that part of the "residence premises" where you reside not fit to live in, we cover any necessary increase in living expenses incurred by you so that your household can maintain its normal standard of living.

Payment will be for the shortest time required to repair or replace the damage or, if you permanently relocate, the shortest time required for your household to settle elsewhere.

2. Fair Rental Value

If a loss covered under Section I makes that part of the "residence premises" rented to others or held for rental by you not fit to live in, we cover the fair rental value of such premises less any expenses that do not continue while it is not fit to live in.

Payment will be for the shortest time required to repair or replace that part of the premises rented or held for rental.

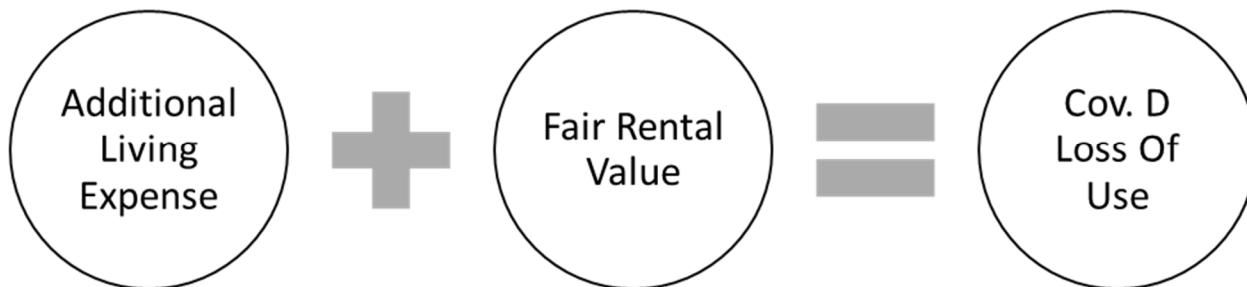
3. Civil Authority Prohibits Use

If a civil authority prohibits you from use of the "residence premises" as a result of direct damage to neighboring premises by a Peril Insured Against, we cover the loss as provided in 1. Additional Living Expense and 2. Fair Rental Value above for no more than two weeks.

4. Loss Or Expense Not Covered

We do not cover loss or expense due to cancellation of a lease or agreement.

The periods of time under 1. Additional Living Expense, 2. Fair Rental Value and 3. Civil Authority Prohibits Use above are not limited by expiration of this policy.





Knowledge Check – Loss of Use

Tom and Tammy had a fire at their home. While repairs were being made, they had to stay at a hotel.

Which expenses will be paid by their insurance company under Additional Living Expense?

	Prior to Loss	Now	How Much is Covered by Additional Living Expenses?
House Payment	\$1,200	\$1,200	
Hotel	-0-	2,000	
Meals	500	1,500	
Telephone	40	60	
Dog Kennel	-0-	300	
Laundry	20	40	

Additional Coverages

Learning Objective 7:

By understanding the following Section I – Additional Coverages, participants will explain to clients the coverage provided, limited or excluded and recommend an endorsement, if available, to provide coverage for specific loss situations:

- Debris Removal
 - Loss Assessment
 - Collapse
 - Ordinance Or Law
-

Debris Removal

Debris Removal

- Removal of debris of covered property damaged by a covered peril
- Removal of volcanic ash if it causes direct loss to covered property
- Included in the limit of coverage for the damaged property
- An additional 5 percent of the limit is available if the direct damage and the debris removal exceed the limit of coverage for that property

Tree Removal

- Removal from the “residence premises” (not just from the damaged structure)
- Up to \$500 per tree with maximum of \$1,000 per loss
- Your tree falls from windstorm, hail, or weight of ice, snow or sleet
- A neighbor’s tree felled by a Peril Insured Against in Coverage C
- Tree must damage a covered structure **OR** block a driveway which prevents a “motor vehicle” from entering or leaving the “residence premises” **OR** block a ramp or other fixture designed to provide a handicapped person access in/out of the dwelling.
- Additional insurance

E. Additional Coverages

1. Debris Removal

a. We will pay your reasonable expense for the removal of:

- (1) Debris of covered property if a Peril Insured Against that applies to the damaged property causes the loss; or
- (2) 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. If the amount to be paid for the actual damage to the property plus the debris removal expense is more than the limit of liability for the damaged property, an additional 5% of that limit is available for such expense.

b. We will also pay your reasonable expense, up to \$1,000, for the removal from the "residence premises" of:

- (1) Your tree felled by the peril of Windstorm or Hail or Weight of Ice, Snow or Sleet; or
- (2) A neighbor's tree felled by a Peril Insured Against under Coverage C; provided the tree:
 - (3) Damages a covered structure; or
 - (4) Does not damage a covered structure, but:
 - (a) Blocks a driveway on the "residence premises" which prevent(s) a "motor vehicle", that is registered for use on public roads or property, from entering or leaving the "residence premises"; or
 - (b) Blocks a ramp or other fixture designed to assist a handicapped person to enter or leave the dwelling building.

The \$1,000 limit is the most we will pay in any one loss regardless of the number of fallen trees. No more than \$500 of this limit will be paid for the removal of any one tree.

This coverage is additional insurance.

Reasonable Repairs

Reasonable cost incurred by you

Necessary to protect covered property damaged by a covered peril from further damage

Not additional insurance

2. Reasonable Repairs
 - a. We will pay the reasonable cost incurred by you for the necessary measures taken solely to protect covered property that is damaged by a Peril Insured Against from further damage.
 - b. If the measures taken involve repair to other damaged property, we will only pay if that property is covered under this policy and the damage 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, described in **C.4.** under Section I – Conditions.

Trees, Shrubs And Other Plants

Limited perils

5% of Coverage A with a maximum of \$500 for any one tree, plant or shrub

3. Trees, Shrubs And Other Plants

We cover trees, shrubs, plants or lawns, on the "residence premises", for loss caused by the following Perils Insured Against:

 - a. Fire or Lightning;
 - b. Explosion;
 - c. Riot or Civil Commotion;
 - d. Aircraft;
 - e. Vehicles not owned or operated by a resident of the "residence premises";
 - f. Vandalism or Malicious Mischief; or
 - g. Theft.

We will pay up to 5% of the limit of liability that applies to the dwelling for all trees, shrubs, plants or lawns. No more than \$500 of this limit will be paid for any one tree, shrub or plant. We do not cover property grown for "business" purposes.

This coverage is additional insurance.

Fire Department Service Charge

Only for fire department service charges incurred to save or protect property from a covered peril

No coverage for charges if the property is located within the city or municipal entity that provides the fire department response

\$500 maximum

No deductible applies

Additional insurance

4. 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.

Property Removed

Direct loss from any cause (true all risk coverage) for up to 30 days for covered property if removed to protect it from being damaged by a covered peril

Not additional insurance

5. 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 30 days while removed.

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

Credit Card, Electronic Fund Transfer Card, Etc.

\$500 coverage

Additional insurance

Exclusions apply

Deductible does not apply

Increase limit with **Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money Coverage Increased Limit (HO 04 53)** endorsement

6. Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money

a. We will pay up to \$500 for:

- (1) The legal obligation of an "insured" to pay because of the theft or unauthorized use of credit cards issued to or registered in an "insured's" name;
- (2) Loss resulting from theft or unauthorized use of an electronic fund transfer card or access device used for deposit, withdrawal or transfer of funds, issued to or registered in an "insured's" name;
- (3) Loss to an "insured" caused by forgery or alteration of any check or negotiable instrument; and
- (4) Loss to an "insured" through acceptance in good faith of counterfeit United States or Canadian paper currency.

All loss resulting from a series of acts committed by any one person or in which any one person is concerned or implicated is considered to be one loss.

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

b. We do not cover:

- (1) Use of a credit card, electronic fund transfer card or access device:
 - (a) By a resident of your household;
 - (b) By a person who has been entrusted with either type of card or access device; or
 - (c) If an "insured" has not complied with all terms and conditions under which the cards are issued or the devices accessed; or
- (2) Loss arising out of "business" use or dishonesty of an "insured".

c. If the coverage in a. above applies, the following defense provisions also apply:

- (1) We may investigate and settle any claim or suit that we decide is appropriate. Our duty to defend a claim or suit ends when the amount we pay for the loss equals our limit of liability.
- (2) If a suit is brought against an "insured" for liability under a.(1) or (2) above, we will provide a defense at our expense by counsel of our choice.
- (3) We have the option to defend at our expense an "insured" or an "insured's" bank against any suit for the enforcement of payment under a.(3) above.

Loss Assessment

Covers assessments resulting from damage to commonly owned property caused directly by a covered peril (*other than earthquake or land shock waves or tremors from a volcanic eruption*). It does not cover routine maintenance or repair assessments.

Assessment must be made during the policy period

\$1,000 Limit

Additional Insurance

Supplemental Loss Assessment Coverage (HO 04 35) endorsement can be used to increase coverage up to \$50,000 and includes both property and liability loss assessments.

Loss Assessment Coverage For Earthquake (HO 04 36)

7. Loss Assessment

- a. We will pay up to \$1,000 for your share of loss assessment charged during the policy period against you, as owner or tenant of the "residence premises", by a corporation or association of property owners. The assessment must be made as a result of direct loss to property, owned by all members collectively, of the type that would be covered by this policy if owned by you, caused by a Peril Insured Against under Coverage **A**, other than:
- (1) Earthquake; or
 - (2) Land shock waves or tremors before, during or after a volcanic eruption.

The limit of \$1,000 is the most we will pay with respect to any one loss, regardless of the number of assessments. We will only apply one deductible, per unit, to the total amount of any one loss to the property described above, regardless of the number of assessments.

- b. We do not cover assessments charged against you or a corporation or association of property owners by any governmental body.
- c. Paragraph **Q**, Policy Period under Section I – Conditions does not apply to this coverage. This coverage is additional insurance.

E&O Tip

Loss Assessment is an often-overlooked exposure for the non-condominium owner. Many housing developments have a Home Owners Association (HOA) and commonly owned property. Therefore, the Loss Assessment Exposure should be identified and discussed.

Ask: "Is your home located in an area governed by a homeowners association?"

Collapse

Defined as abrupt falling down or caving in of a building or any part of a building that makes it unable to be occupied for its intended purpose

Collapse only covered for specified causes of loss:

- Coverage C Perils
- Hidden decay, insects and vermin damage as long as it was not known to an “insured” prior to the loss
- Weight of contents, equipment, animal, people, or rain on roof
- Use of defective materials or methods during construction, remodeling or renovation if the collapse occurs during the construction, remodeling or renovation

Certain outside and/or underground property is not covered for collapse unless the damage is a direct result of the collapse of a building or part of a building

Not additional insurance



8. Collapse

- a. The coverage provided under this Additional Coverage – Collapse applies only to an abrupt collapse.
- b. For the purpose of this Additional Coverage – Collapse, abrupt collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose.
- c. This Additional Coverage – Collapse does not apply to:
 - (1) A building or any part of a building that is in danger of falling down or caving in;
 - (2) A part of a building that is standing, even if it has separated from another part of the building; or
 - (3) A building or any part of a building that is standing, even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.
- d. We insure for direct physical loss to covered property involving abrupt collapse of a building or any part of a building if such collapse was caused by one or more of the following:
 - (1) The Perils Insured Against named under Coverage C;
 - (2) Decay, of a building or any part of a building that is hidden from view, unless the presence of such decay is known to an "insured" prior to collapse;
 - (3) Insect or vermin damage, to a building or any part of a building that is hidden from view, unless the presence of such damage is known to an "insured" prior to collapse;
 - (4) Weight of contents, equipment, animals or people;
 - (5) Weight of rain which collects on a roof; or
 - (6) Use of defective material or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation.
- e. Loss to an awning, fence, patio, deck, pavement, swimming pool, underground pipe, flue, drain, cesspool, septic tank, foundation, retaining wall, bulkhead, pier, wharf or dock is not included under d.(2) through (6) above, unless the loss is a direct result of the collapse of a building or any part of a building.
- f. This coverage does not increase the limit of liability that applies to the damaged covered property.

Glass Or Safety Glazing Material

Covers breakage of glass or safety glazing material which is part of a covered building, storm door, or storm window including loss caused directly by earth movement

Covers damage to other covered property caused solely by the broken glass or safety glazing material

No coverage if dwelling has been vacant for more than 60 consecutive days immediately before the loss unless breakage results directly from earth movement

Not additional insurance

Deductible applies



9. Glass Or Safety Glazing Material

a. We cover:

- (1) The breakage of glass or safety glazing material which is part of a covered building, storm door or storm window;
- (2) The breakage of glass or safety glazing material which is part of a covered building, storm door or storm window when caused directly by earth movement; and
- (3) The direct physical loss to covered property caused solely by the pieces, fragments or splinters of broken glass or safety glazing material which is part of a building, storm door or storm window.

b. This coverage does not include loss:

- (1) To covered property which results because the glass or safety glazing material has been broken, except as provided in **a.(3)** above; or
- (2) On the "residence premises" if the dwelling has been vacant for more than 60 consecutive days immediately before the loss, except when the breakage results directly from earth movement as provided in **a.(2)** above. A dwelling being constructed is not considered vacant.

c. This coverage does not increase the limit of liability that applies to the damaged property.

Landlord's Furnishings

\$2,500 in each apartment on the "residence premises"

Appliances, carpeting, and other household furnishings

Coverage C Perils EXCLUDING theft

Not additional insurance

Landlord's Furnishings (HO 05 46) endorsement can be used to increase coverage up to \$10,000. Included in Coverage C limit.

10. Landlord's Furnishings

We will pay up to \$2,500 for your appliances, carpeting and other household furnishings, in each apartment on the "residence premises" regularly rented or held for rental to others by an "insured", for loss caused by a Peril Insured Against in Coverage C, other than Theft.

This limit is the most we will pay in any one loss regardless of the number of appliances, carpeting or other household furnishings involved in the loss.

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



Ordinance Or Law

10% of Coverage A is automatically provided for a loss caused by the enforcement of an ordinance or law

Additional insurance

Covers increase costs due to:

- Ordinance or law regulating construction, demolition, remodeling, renovation or repair of a covered building or other structure damaged by a covered peril
- Demolition and reconstruction of the undamaged part of a covered building
- Remodeling, removal or replacement of the undamaged part of a covered building or other structure necessary to complete the remodeling, repair or replacement of the covered building damaged by a Peril Insured Against

Includes debris removal for 3. above

Excludes loss of value due to the requirements of any ordinance or law

Excludes testing and cleanup or pollutants

Increase limits with **Ordinance or Law – Increased Amount Of Coverage (HO 04 77)** with limit options of 25%, 50%, 75% or more

Undamaged
Cost of
Demolition,
Debris Removal, and
Rebuilding Undamaged
Portion of Dwelling



11. Ordinance Or Law

- a. You may use up to 10% of the limit of liability that applies to Coverage **A** for the increased costs you incur due to the enforcement of any ordinance or law which requires or regulates:
- (1) The construction, demolition, remodeling, renovation or repair of that part of a covered building or other structure damaged by a Peril Insured Against;
 - (2) The demolition and reconstruction of the undamaged part of a covered building or other structure, when that building or other structure must be totally demolished because of damage by a Peril Insured Against to another part of that covered building or other structure; or
 - (3) The remodeling, removal or replacement of the portion of the undamaged part of a covered building or other structure necessary to complete the remodeling, repair or replacement of that part of the covered building or other structure damaged by a Peril Insured Against.
- b. You may use all or part of this ordinance or law coverage to pay for the increased costs you incur to remove debris resulting from the construction, demolition, remodeling, renovation, repair or replacement of property as stated in **a.** above.
- c. We do not cover:
- (1) The loss in value to any covered building or other structure due to the requirements of any ordinance or law; or
 - (2) The costs to comply with any ordinance or law which requires any "insured" 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 in or 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 materials to be recycled, reconditioned or reclaimed.

This coverage is additional insurance.

Examples of Ordinance Or Law Requirements

Anchoring of windows and doors	Wind resistance materials and methods
Sprinkler system	Fire resistive roofing materials
Electrical	Plumbing
Setback from property line	Windows
Green construction materials and methods	

Grave Markers

\$5,000 for grave markers including mausoleums on or away from the “residence premises”

Damaged by Coverage C peril

Not additional insurance

Policy later limits loss settlement to ACV

12. Grave Markers

We will pay up to \$5,000 for grave markers, including mausoleums, on or away from the "residence premises" for loss caused by a Peril Insured Against under Coverage C.

This coverage does not increase the limits of liability that apply to the damaged covered property.



RECAP OF ADDITIONAL COVERAGES			
Coverage	Limit	Additional Insurance	Deductible Applies
Debris Removal	Included in limit for that property unless it exceeds limit; then additional 5% of covered property limit available \$1,000 trees per loss/ \$500 maximum each tree	Only if it exceeds the limit for Covered Property	Yes
Reasonable Repairs	Included in Coverage A	No	Yes
Trees, Shrubs, Plants, and Lawns (Fire, lightning, explosion, riot, civil commotion, aircraft, vehicles, V&MM, and theft.)	5% of Coverage A with maximum of \$500 for one tree, shrub or plant	Yes	Yes
Fire Department Service Charge	\$500	Yes	No
Property Removed (All risk for 30 days)	Included in the limit that applies to property damaged	No	Yes
Credit Card, Fund Transfer, etc.	\$500	Yes	No
Loss Assessment	\$1,000	Yes	Yes
Collapse	Included in the limit that applies to property damaged	No	Yes
Glass or Safety Glazing Material	Included in the limit that applies to property damaged	No	Yes
Landlord's Furnishings	\$2,500	No	Yes
Ordinance or Law	10% of Coverage A	Yes	Yes
Grave Markers	\$5,000	No	Yes

Perils Insured Against

Overview Charts

POLICY FORM	DWELLING	PERSONAL PROPERTY
HO-2 Broad Form	Broad Form Named Perils	Broad Form Named Perils
HO-3 Special Form	Open Perils	Broad Form Named Perils
HO-4 Tenants Form	N/A	Broad Form Named Perils
HO-5 Comprehensive Form	Open Perils	Open Perils



PERILS INSURED AGAINST	HO-2 DWELLING HO-2 PERSONAL PROPERTY HO-3 PERSONAL PROPERTY	HO-3 DWELLING HO-5 DWELLING HO-5 PERSONAL PROPERTY
Fire or Lightning	X	X
Windstorm or Hail	X	X
Explosion	X	X
Riot or Civil Commotion	X	X
Aircraft	X	X
Vehicles	X	X
Smoke	X	X
Vandalism & Malicious Mischief	X	X
Theft	X	X
Falling Objects	X	X
Weight of Ice, Snow or Sleet	X	X
Accidental Discharge or Overflow of Water or Steam	X	X
Sudden & Accidental Tearing Apart, Cracking, Burning, Bulging, etc., of Heating System, Air Conditioning, or Hot Water Heater	X	X
Freezing	X	X
Artificially Generated Electrical Current	X	X
Volcanic Eruption	X	X
Direct Physical Loss Unless Excluded		X

Coverage A – Dwelling And Coverage B – Other Structures (HO-3 & HO-5)

Learning Objective 8:

By understanding the Perils Insured Against and Section I Exclusions, participants will be able to explain the types of losses covered by the Homeowners 3 – Special form policy.

Direct physical loss to property subject to exclusions

The burden of proof is on the insurance company to prove the cause of loss is excluded

Includes Section I – Exclusions (Discussed after Coverage C – Personal Property Perils Insured Against section)

Excludes Collapse except as provided in Additional Coverages #8

SECTION 1 – PERILS INSURED AGAINST

A. Coverage A – Dwelling And Coverage B – Other Structures

1. We insure against direct physical loss to property described in Coverages A and B.
 2. We do not insure, however, for loss:
 - a. Excluded under Section I – Exclusions;
 - b. Involving collapse, including any of the following conditions of property or any part of the property:
 - (1) An abrupt falling down or caving in;
 - (2) Loss of structural integrity, including separation of parts of the property or property in danger of falling down or caving in; or
 - (3) any cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion as such condition relates to (1) or (2) above;
- except as provided in **E.8.** Collapse under Section I – Property Coverages, or;

Excludes Losses Caused By

- Freezing excluded only if the insured fails to either:
 - Take steps to maintain the heat OR
 - Shut off the water supply and drain all systems and appliances
 - Reasonable care must be used to continue the water supply and maintain heat if the building is protected by an automatic fire protective sprinkler system

c. Caused by:

(1) Freezing of a plumbing, heating, air conditioning or automatic fire protective sprinkler system or of a household appliance, or by discharge, leakage or overflow from within the system or appliance caused by freezing. This provision does not apply if you have used reasonable care to:

(a) Maintain heat in the building; or

(b) Shut off the water supply and drain all systems and appliances of water.

However, if the building is protected by an automatic fire protective sprinkler system, you must use reasonable care to continue the water supply and maintain heat in the building for coverage to apply.

For purposes of this provision, a plumbing system or household appliance does not include a sump, sump pump or related equipment or a roof drain, gutter, downspout or similar fixtures or equipment;

- Freezing, thawing, pressure or weight of water or ice to fences, pavement, patios, swimming pools, etc.

(2) Freezing, thawing, pressure or weight of water or ice, whether driven by wind or not, to a:

(a) Fence, pavement, patio or swimming pool;

(b) Footing, foundation, bulkhead, wall, or any other structure or device that supports all or part of a building, or other structure;

(c) Retaining wall or bulkhead that does not support all or part of a building or other structure; or

(d) Pier, wharf or dock;

- Theft to a dwelling under construction or materials and supplies for use in construction until the dwelling is BOTH finished and occupied

(3) Theft in or to a dwelling under construction, or of materials and supplies for use in the construction until the dwelling is finished and occupied;

- Excludes vandalism and any ensuing loss if the dwelling has been vacant for more than 60 consecutive days

(4) Vandalism and malicious mischief, 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;

- Mold, Fungus or Wet Rot

But will cover that which is hidden in walls or ceilings, beneath floors, or above ceilings and is caused by accidental discharge or overflow of water or steam within:

- Plumbing, heating or air conditioning, sprinkler system or household appliance on a “residence premises”; or
- Storm drains, or water, steam or sewer pipes off the “residence premises”
- No coverage for damage from a sump, sump pump, roof drain, gutter or downspout or similar equipment

Limited Fungi, Wet Or Dry Rot, Or Bacteria Coverage (HO 04 27) is used to limit coverage for 1) through 3) above

(5) Mold, fungus or wet rot. However, we do insure for loss caused by mold, fungus or wet rot that is hidden within the walls or ceilings or beneath the floors or above the ceilings of a structure if such loss results from the accidental discharge or overflow of water or steam from within:

(a) A plumbing, heating, air conditioning or automatic fire protective sprinkler system, or a household appliance, on the "residence premises"; or

(b) A storm drain, or water, steam or sewer pipes, off the "residence premises".

For purposes of this provision, a plumbing system or household appliance does not include a sump, sump pump or related equipment or a roof drain, gutter, downspout or similar fixtures or equipment; or

- Any of the following:
 - Wear and tear, marring or deterioration
 - Mechanical breakdown, latent defect, inherent vice, or quality causing self-destruction of property
 - **Mechanical Breakdown Coverage (HO 06 33 01 14)** endorsement can provide up to a \$50,000 aggregate limit for “mechanical breakdown” as defined in the endorsement.
 - Smog, rust or other corrosion or dry rot
 - Smoke from agricultural smudging or industrial operations
 - Pollution; unless discharge, dispersal, seepage, migration, release or escape is caused by a Coverage C named peril
 - Settling, shrinking, bulging or expansion (including resultant cracking) of bulkheads, pavements, patios, footings, foundations, walls, floors, roofs, or ceilings
 - Birds, rodents or insects
 - Nesting or infestation or release of waste products or secretions by any animal
 - Animals owned or kept by an “insured”

- (6) Any of the following:
- (a) Wear and tear, marring, deterioration;
 - (b) Mechanical breakdown, latent defect, inherent vice or any quality in property that causes it to damage or destroy itself;
 - (c) Smog, rust or other corrosion, or dry rot;
 - (d) Smoke from agricultural smudging or industrial operations;
 - (e) Discharge, dispersal, seepage, migration, release or escape of pollutants unless the discharge, dispersal, seepage, migration, release or escape is itself caused by a Peril Insured Against named under Coverage C.
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;
 - (f) Settling, shrinking, bulging or expansion, including resultant cracking, of bulkheads, pavements, patios, footings, foundations, walls, floors, roofs or ceilings;
 - (g) Birds, rodents or insects;
 - (h) Nesting or infestation, or discharge or release of waste products or secretions, by any animals; or
 - (i) Animals owned or kept by an "insured".

Exceptions to 6 a. through i.

Exception To c.(6)

Unless the loss is otherwise excluded, we cover loss to property covered under Coverage **A** or **B** resulting from an accidental discharge or overflow of water or steam from within a:

- (i) Storm drain, or water, steam or sewer pipe, off the "residence premises"; or
- (ii) Plumbing, heating, air conditioning or automatic fire protective sprinkler system or household appliance on the "residence premises". This includes the cost to tear out and replace any part of a building, or other structure, on the "residence premises", but only when necessary to repair the system or appliance. However, such tear out and replacement coverage only applies to other structures if the water or steam causes actual damage to a building on the "residence premises".

We do not cover loss to the system or appliance from which this water or steam escaped.

For purposes of this provision, a plumbing system or household appliance does not include a sump, sump pump or related equipment or a roof drain, gutter, down spout or similar fixtures or equipment.

Section **I** – Exclusion **A.3**. Water, Paragraphs **a.** and **c.** that apply to surface water and water below the surface of the ground do not apply to loss by water covered under **c.(5)** and **(6)** above.

Under **2.b.** and **c.** above, any ensuing loss to property described in Coverages **A** and **B** not precluded by any other provision in this policy is covered.

Coverage C – Personal Property Perils Insured Against

Fire, lightning

Windstorm or Hail

- Excludes watercraft unless in a fully enclosed building
- Does not exclude wind damage to property inside the building, but it does exclude rain, snow, sleet, sand or dust loss to property ***unless there is first damage to the building***

Explosion

Riot or Civil Commotion

Aircraft

Vehicles

Smoke

- Must be sudden and accidental
- Includes puffback from boiler, furnace or related equipment
- Excludes agricultural smudging or industrial operations

Vandalism or Malicious Mischief

B. Coverage C – Personal Property

We insure for direct physical loss to the property described in Coverage C caused by any of the following perils unless the loss is excluded in Section I – Exclusions.

1. Fire Or Lightning**2. Windstorm Or Hail**

This peril includes loss to watercraft of all types and their trailers, furnishings, equipment, and outboard engines or motors, only while inside a fully enclosed building.

This peril does not include loss to 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.

3. Explosion**4. Riot Or Civil Commotion****5. Aircraft**

This peril includes self-propelled missiles and spacecraft.

6. Vehicles**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 agricultural smudging or industrial operations.

8. Vandalism Or Malicious Mischief**Broad Form Named Perils**

The burden of proof is on the insured to prove the cause of loss is named.

Theft

- Includes attempted theft and loss of property from a known place when it is likely the property was stolen
- Excludes theft committed by an “insured”
- Excludes theft to a dwelling under construction of materials and supplies for use in construction until dwelling is finished and occupied
 - **Limited Coverage For Theft Of Personal Property Located In A Dwelling Under Construction (HO 06 07)** provides coverage for theft of personal property. It does NOT provide coverage for theft of materials and supplies.
- Excludes theft from the part of the “residence premises” rented by an “insured” to other than an “insured”
 - **Extended Theft Coverage For Residence Premises Occasionally Rented To Others (HO 05 41)** gives back theft coverage for the “residence premises” occasionally rented to others.
- Excludes theft of watercraft, trailers and campers away from the “residence premises”
- Excludes theft of property at another residence occupied by an “insured”
 - Gives back coverage while “insured” is temporarily residing there
 - Gives back coverage for the student “insured” as long as the student was there at some time during the 90 days prior to the loss

- 9. Theft**
- a. This peril includes attempted theft and loss of property from a known place when it is likely that the property has been stolen.
 - b. This peril does not include loss caused by theft:
 - (1) Committed by an "insured";
 - (2) In or to a dwelling under construction, or of materials and supplies for use in the construction until the dwelling is finished and occupied;
 - (3) From that part of a "residence premises" rented by an "insured" to someone other than another "insured"; or
 - (4) That occurs off the "residence premises" of:
 - (a) Trailers, semitrailers and campers;
 - (b) Watercraft of all types, and their furnishings, equipment and outboard engines or motors; or
 - (c) Property while at any other residence owned by, rented to, or occupied by an "insured", except while an "insured" is temporarily living there. Property of an "insured" who is a student is covered while at the residence the student occupies to attend school as long as the student has been there at any time during the 90 days immediately before the loss.

RECAP OF THEFT LIMITATIONS	
Section I Property Coverages Coverage C – Special Limits of Liability	\$1,500 Jewelry, watches and furs \$2,500 Silverware, etc \$2,500 Firearms and Related Equipment
Section I Property Coverages Additional Coverages	\$2,500 Landlord’s Furnishings excludes theft Credit Card, Electronic Fund Transfer Card, etc. excludes theft by a resident of your household or someone to whom the card has been entrusted or if the insured has not complied with all the terms of the agreement,
Section I Perils Insured Against Coverage A – Dwelling & Coverage B – Other Structures	Theft to a dwelling under construction until completed and occupied Theft to materials and supplies for use in the construction until completed and occupied
Section I Perils Insured Against Coverage C – Personal Property	Theft to a dwelling under construction until completed and occupied Theft to materials and supplies for use in the construction until completed and occupied Theft from the part of the residence premises rented to someone other than an insured Theft of watercraft, trailers, campers that occurs off the residence premises Theft of property of an insured student at college unless the student has been there anytime within the 90 days prior to the loss Theft of property at any other residence owned, rented or occupied by an insured except while the insured is temporarily living there

Falling objects

- The falling object must first damage the roof or outside wall of the building before damage to personal property inside the building is covered

Weight of ice, snow or sleet

Accidental discharge or overflow of water or steam

- Only covers resulting damage
- Excludes damage to the appliance itself
- Excludes loss caused by freezing except for coverage provided in Freezing Peril #14
- Excludes damage resulting from off-premises discharge or overflow
- Excludes mold, fungus or wet rot unless hidden within the walls or ceilings or beneath the floors or above the ceilings of a structure
- Plumbing system does not include a sump, sump pump or related equipment; a roof drain, gutter, downspout or similar fixtures or equipment
- **Limited Water Back-Up And Sump Discharge Or Overflow Coverage (HO 04 95)** provides coverage for backup of sewers and drains, and overflow from a sump pump including mechanical breakdown of the sump. Water must originate from within the dwelling in which the “insured” resides. Limits up to \$25,000 are available.

Sudden and accidental tearing apart, cracking, burning, or bulging of a steam or hot water system, etc.

10. Falling Objects

This peril does not include loss to property contained in a building unless the roof or an outside wall of the building is first damaged by a falling object. Damage to the falling object itself is not included.

11. Weight Of Ice, Snow Or Sleet

This peril means weight of ice, snow or sleet which causes damage to property contained in a building.

12. Accidental Discharge Or Overflow Of Water Or Steam

- a. This peril means accidental discharge or overflow of water or steam from within a plumbing, heating, air conditioning or automatic fire protective sprinkler system or from within a household appliance.
- b. This peril does not include loss:
 - (1) To the system or appliance from which the water or steam escaped;
 - (2) Caused by or resulting from freezing except as provided in Peril Insured Against **14. Freezing**;
 - (3) On the "residence premises" caused by accidental discharge or overflow which occurs off the "residence premises"; or
 - (4) Caused by mold, fungus or wet rot unless hidden within the walls or ceilings or beneath the floors or above the ceilings of a structure.
- c. In this peril, a plumbing system or household appliance does not include a sump, sump pump or related equipment or a roof drain, gutter, downspout or similar fixtures or equipment.
- d. Section I – Exclusion **A.3. Water**, Paragraphs **a.** and **c.** that apply to surface water and water below the surface of the ground do not apply to loss by water covered under this peril.

13. Sudden And Accidental Tearing Apart, Cracking, Burning Or Bulging

This peril means sudden and accidental tearing apart, cracking, burning or bulging of a steam or hot water heating system, an air conditioning or automatic fire protective sprinkler system, or an appliance for heating water.

We do not cover loss caused by or resulting from freezing under this peril.

Freezing

- Freezing excluded only if the insured fails to take steps to maintain the heat OR shut off the water supply and drain all systems and appliances.
- Must continue the water supply to any sprinkler system

Artificially generated electrical current

- Excludes tubes, transistors, electronic components or circuitry

Volcanic eruption

14. Freezing

- a. This peril means freezing of a plumbing, heating, air conditioning or automatic fire protective sprinkler system or of a household appliance but only if you have used reasonable care to:

(1) Maintain heat in the building; or

(2) Shut off the water supply and drain all systems and appliances of water.

However, if the building is protected by an automatic fire protective sprinkler system, you must use reasonable care to continue the water supply and maintain heat in the building for coverage to apply.

- b. In this peril, a plumbing system or household appliance does not include a sump, sump pump or related equipment or a roof drain, gutter, downspout or similar fixtures or equipment.

15. Sudden And Accidental Damage From Artificially Generated Electrical Current

This peril does not include loss to tubes, transistors, electronic components or circuitry that is a part of appliances, fixtures, computers, home entertainment units or other types of electronic apparatus.

16. Volcanic Eruption

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



Endorsements/Coverage Changing Coverage C Perils Insured Against

Special Personal Property Coverage (HO 05 24)

- Used with HO-4 only
- Changes Coverage C to open peril coverage

Homeowners 5 – Comprehensive Form (HO 00 05)

- Provides open peril coverage for Coverage C Personal Property
- Adds additional exclusions for Coverage C Personal Property
 - Breakage of fragile items unless caused by specified perils
 - Dampness of atmosphere or extremes of temperature unless direct cause of loss is rain, snow, sleet or hail
 - Refinishing, renovating, repairing property other than watches, jewelry or furs
 - Collision, other than collision with a land vehicle, and sinking of watercraft
 - Destruction by government authority
 - Acts or decisions of a group
- Flood coverage is provided for personal property away from a premises or location owned, rented, occupied or controlled by an “insured”
- Provides theft coverage for property located in a residence other than “residence premises”
- Provides coverage for losses caused by artificially generated electrical current (power surges)

Section I – Exclusions

SECTION I – 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.

Applies to all Section I Property

Ordinance or Law

- Exclusion does not apply to the Additional Coverage #11 which provides up to 10% of the Coverage A – Dwelling limit
- The **Ordinance Or Law Increased Amount Of Coverage (HO 04 77)** endorsement can be used to increase the amount of coverage to 25%, 50%, 75%, or 100% of the Coverage A Dwelling limit

SECTION I – EXCLUSIONS

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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. This Exclusion **A.1.a.** does not apply to the amount of coverage that may be provided for in **E.11.** Ordinance Or Law under Section I – Property Coverages;
- b. The requirements of which result in a loss in value to property; or
- c. Requiring any "insured" 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.

Earth Movement

- Excludes earthquake including land shock waves or tremors before, during or after a volcanic eruption
- Excludes landslide, mudslide and mudflow
- Excludes subsidence or sinkhole
 - **Sinkhole Collapse (HO 04 99)** endorsement
- Excludes any other earth movement including earth sinking, rising or shifting
- Exclusion applies whether caused by an act of nature or is otherwise caused
- Ensuing fire, explosion, and theft still covered
- **Earthquake (HO 04 54)** endorsement

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, explosion or theft resulting from any of the above, in **A.2.a.** through **A.2.d.**, is covered.

Water

- Excludes specified types of water losses – flood, surface water, tidal waves, tsunami, tides, tidal water, overflow of any body of water, or spray from all of these whether or not driven by wind including storm surge
- Excludes water which backs up through sewers or drains; or overflows or otherwise discharges from a sump, sump pump or related equipment
- Excludes 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
- Excludes waterborne material carried or otherwise moved by any of the water referred to above
- Exclusion applies whether caused by an act of nature or otherwise caused
- Exclusion includes escape, overflow or discharge for any reason of water or waterborne material from a dam, levee, seawall or any other boundary or containment system
- Ensuing fire, explosion or theft covered
- The **Limited Water Back Up And Sump Discharge Or Overflow Coverage (HO 04 95)** endorsement provides up to \$25,000 coverage for loss types specified in the endorsement

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, explosion or theft resulting from any of the above, in **A.3.a.** through **A.3.d.**, is covered.

Power Failure

- Excludes power failure taking place away from the “residence premises”
- There is coverage for a loss caused by a Peril Insured Against that results from the failure
- **Refrigerated Property Coverage (HO 04 98)** endorsement provides \$500 coverage with a \$100 deductible and covers interruption of power or mechanical failure

Neglect

- Excludes neglect of an “insured” to protect the property from further damage after a loss has occurred

War

4. Power Failure

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

5. Neglect

Neglect means neglect of an "insured" 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; or
- c. Destruction, seizure or use for a military purpose.

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

Nuclear Hazard

Intentional Loss

Governmental Action

- Action by government order to destroy, confiscate, or seize any property
- Exclusion does not apply if action was taken to prevent the spread of fire

7. Nuclear Hazard

This Exclusion **A.7.** pertains to Nuclear Hazard to the extent set forth in **N.** Nuclear Hazard Clause under Section I – Conditions.

8. Intentional Loss

Intentional Loss means any loss arising out of any act an "insured" commits or conspires to commit with the intent to cause a loss.

In the event of such loss, no "insured" is entitled to coverage, even "insureds" 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.

Concurrent Causation Exclusions

Apply to Coverage A – Dwelling and Coverage B – Other Structures

1. Weather conditions
2. Acts or decision, failure to act or decide
3. Faulty planning or zoning, faulty design or construction or maintenance, etc.

- B.** We do not insure for loss to property described in Coverages **A** and **B** caused by any of the following. However, any ensuing loss to property described in Coverages **A** and **B** not precluded by any other provision in this policy is covered.
1. Weather conditions. However, this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in **A.** above to produce the loss.
 2. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.
 3. Faulty, inadequate or defective:
 - a. Planning, zoning, development, surveying, siting;
 - b. Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
 - c. Materials used in repair, construction, renovation or remodeling; or
 - d. Maintenance; of part or all of any property whether on or off the "residence premises".

Section I – Conditions (Selected Ones)

Insurable Interest

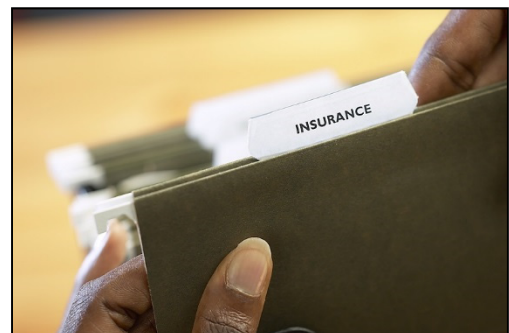
Policy will not pay more than an insured's insurable interest at the time of the loss

Deductible

If loss occurs and more than one deductible applies, only the higher deductible will apply

Duties After Loss

1. **Protect the property from further damage**
2. **Inventory the damaged property**
3. **Notify the carrier or agent**
4. **Exhibit the property to an adjuster**
5. **Submit a sworn statement**



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. To an "insured" for more than the amount of such "insured's" interest 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. 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, an "insured" seeking coverage, or a representative of either:

1. Give prompt notice to us or our agent;
2. Notify the police in case of loss by theft;
3. Notify the credit card or electronic fund transfer card or access device company in case of loss as provided for in **E.6. Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money** under Section I – Property Coverages;
4. 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;
5. Cooperate with us in the investigation of a claim;
6. 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;
7. 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 "insured", and sign the same;
8. 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. The interests of all "insureds" and 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 **6.** above;
 - g. Receipts for additional living expenses incurred and records that support the fair rental value loss; and
 - h. Evidence or affidavit that supports a claim under **E.6. Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money** under Section I – Property Coverages, stating the amount and cause of loss.

Learning Objective 9:

By understanding the Section I Condition – Loss Settlement, participants will explain to clients the:

- importance of complying with the insurance-to-value requirement
- basis on which a loss to the dwelling, other structures and/or personal property is settled
- coverage provided by endorsements available to modify valuation at the time of loss.

Replacement Cost does NOT include increased cost from ordinance or law

ACV settlement for the following types of property:

- a. Personal property
- b. Awnings, carpeting, appliances, and outdoor equipment
- c. Structures that are not buildings
- d. Grave markers, including mausoleums

D. Loss Settlement

In this Condition D., the terms "cost to repair or replace" and "replacement cost" do not include the increased costs incurred to comply with the enforcement of any ordinance or law, except to the extent that coverage for these increased costs is provided in **E.11. Ordinance Or Law** under Section I – Property Coverages. Covered property losses are settled as follows:

1. Property of the following types:
 - a. Personal property;
 - b. Awnings, carpeting, household appliances, outdoor antennas and outdoor equipment, whether or not attached to buildings;
 - c. Structures that are not buildings; and
 - d. Grave markers, including mausoleums;at actual cash value at the time of loss but not more than the amount required to repair or replace.

Replacement cost on buildings covered under Coverage A or B

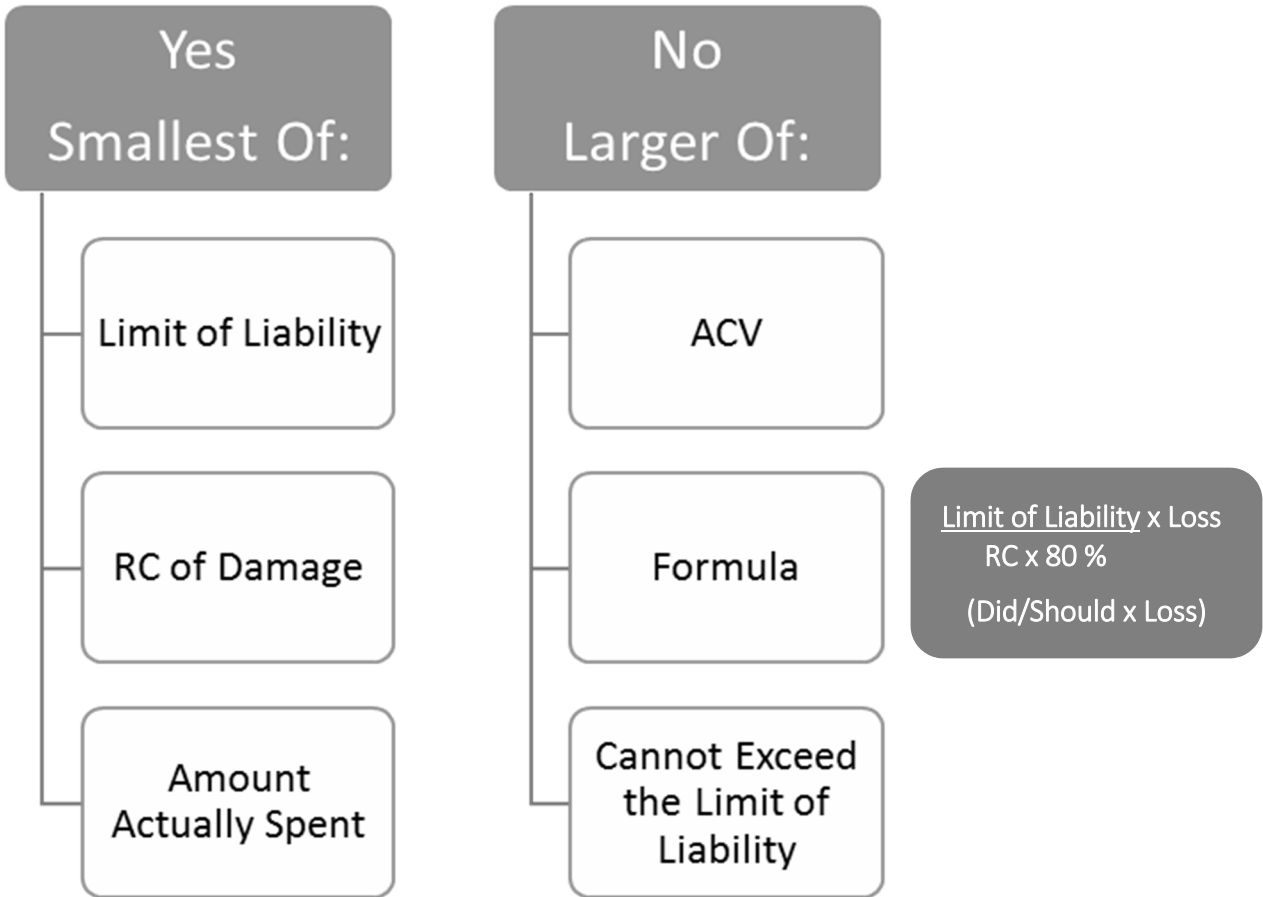
- a. The policy has an 80 percent insurance-to-value requirement for buildings covered under Coverage A or B
- b. As long as the building is insured for at least 80 percent of its replacement cost at the time of a loss, replacement cost coverage applies
- c. If not insured-to-value, the loss is settled on either an ACV basis or as determined by the formula
- d. Certain items are not included when determining compliance with the 80 percent requirement. (Excavations, footings, foundations, below the undersurface, etc.)
- e. Replacement cost is not paid until repair or replacement is made UNLESS the loss is both less than 5 percent of the amount of insurance on the building AND less than \$2,500.
- f. Insured can ALWAYS choose an ACV settlement if it would be financially beneficial.
- g. If a building is rebuilt at a new premises, the cost is limited to the amount it would have been had it been rebuilt at its original premises

2. Buildings covered under Coverage **A** or **B** at replacement cost without deduction for depreciation, subject to the following:
- a. If, at the time of loss, the amount of insurance in this policy on the damaged building is 80% or more of the full replacement cost of the building immediately before the loss, we will pay the cost to repair or replace, after application of any deductible and without deduction for depreciation, but not more than the least of the following amounts:
 - (1) The limit of liability under this policy that applies to the building;
 - (2) The replacement cost of that part of the building damaged with material of like kind and quality and for like use; or
 - (3) The necessary amount actually spent to repair or replace the damaged building.If the building is rebuilt at a new premises, the cost described in (2) above is limited to the cost which would have been incurred if the building had been built at the original premises.
 - b. If, at the time of loss, the amount of insurance in this policy on the damaged building is less than 80% of the full replacement cost of the building immediately before the loss, we will pay the greater of the following amounts, but not more than the limit of liability under this policy that applies to the building:
 - (1) The actual cash value of that part of the building damaged; or
 - (2) That proportion of the cost to repair or replace, after application of any deductible and without deduction for depreciation, that part of the building damaged, which the total amount of insurance in this policy on the damaged building bears to 80% of the replacement cost of the building.
 - c. To determine the amount of insurance required to equal 80% of the full replacement cost of the building immediately before the loss, do not include the value of:
 - (1) Excavations, footings, foundations, piers, or any other structures or devices that support all or part of the building, which are below the undersurface of the lowest basement floor;
 - (2) Those supports described in (1) above which are below the surface of the ground inside the foundation walls, if there is no basement; and
 - (3) Underground flues, pipes, wiring and drains.
 - d. We will pay no more than the actual cash value of the damage until actual repair or replacement is complete. Once actual repair or replacement is complete, we will settle the loss as noted in **2.a.** and **b.** above.

However, if the cost to repair or replace the damage is both:

 - (1) Less than 5% of the amount of insurance in this policy on the building; and
 - (2) Less than \$2,500;we will settle the loss as noted in **2.a.** and **b.** above whether or not actual repair or replacement is complete.
 - e. You may disregard the replacement cost loss settlement provisions and make claim under this policy for loss to buildings on an actual cash value basis. You may then make claim for any additional liability according to the provisions of this Condition **C. Loss Settlement**, provided you notify us of your intent to do so within 180 days after the date of loss.

BUILDING INSURED FOR AT LEAST 80 PERCENT OF ITS RC AT THE TIME OF THE LOSS?



Valuation

Importance Of Correct Valuation

Total Loss:

If the amount of insurance is less than the replacement value of the structure, the insured will not have enough coverage to replace the property

Partial Loss:

If the amount of insurance is less than the replacement value of the structure, the policy contains an insurance-to-value provision that may result in a penalty in the event of a partial loss

Over Insured:

If the amount of insurance is more than the replacement cost of the dwelling, the insured is paying for unnecessary insurance

How To Determine The Amount

Cost estimator

Contractor appraisal

Mortgage appraisal or other sources of information that provide information regarding square footage, construction, and additional features. The market value of the dwelling shown on the appraisal is not the insurable value of the dwelling

Property tax assessed value is not the insurable value of the dwelling

How To Keep Amount Of Insurance Current

Inflation guard endorsements

Occasional agency inspection

Account review

Endorsements changing loss settlement

- **Personal Property Replacement Cost Loss Settlement (HO 04 90)**
 - Changes personal property, awnings, antennas, outdoor equipment, carpeting, and household appliances from ACV to replacement cost.
 - Specific property not eligible for replacement cost; includes items such as antiques, fine arts, articles of rarity, memorabilia and souvenirs, articles not maintained in good or working condition, articles that are outdated and are stored or not being used.
 - If the cost to repair or replace is more than \$500, ACV will be paid until item actually replaced. Insured has up to 180 days after ACV settlement to notify insurer that they intend to replace property and receive the difference between ACV and RC when replaced.

- **Replacement Cost Loss Settlement For Certain Non-Building Structures On The Residence Premises (HO 04 43)**
 - Provides replacement cost coverage for loss to non-building other structures including certain types of fences; patios; driveways; certain types of inground or semi-inground pools; etc.

- **Green Upgrades Coverage (HO 06 31 01 14)**
 - It provides coverage for “green” upgrades that serve the primary function as the damaged property and which are recognized by a “green standards-setter”. These two terms are defined in the endorsement.

- **Specified Additional Amount Of Insurance For Coverage A – Dwelling (HO 04 20)**
 - Additional 25% or 50% of the Coverage A Limit of Liability
 - Does not increase the Coverage A – Dwelling limit
 - You must:
 1. Insure to 100% of replacement cost of Dwelling
 2. Advise within 30 days after the completion of alterations that increase the dwelling value by 5 percent or more

- **Additional Limits Of Liability For Coverages A, B, C And D (HO 04 11)**
 - Provides additional coverage for the dwelling
 - No limit or cap
 - Premium will be adjusted from the time of loss
 - Since Coverage A – Dwelling is increased, all coverages based on a percentage of Coverage A also increase
 - **You** must:
 1. Insure to 100% of replacement cost of Dwelling
 2. Advise within 30 days after the completion of alterations that increase the dwelling value by 5 percent or more



Knowledge Check – ACV or RC

1. Tim and Niki have their home insured for \$175,000. At the time of a \$50,000 loss, the adjuster determines the RC of the home to be \$200,000. Ignoring any deductible, how much will the policy pay?
2. Brad and Beverly have a homeowner policy with a \$360,000 Coverage A Dwelling Limit. They have an \$80,000 loss. At the time of their loss, the carrier calculates the RC to be \$600,000. Ignoring any deductible, how much will the policy pay?
3. A fire damages the insured's wood fence, detached deck with a built-in hot tub, and storage shed. Will the policy pay ACV or RC for each of these items?

Other Conditions

Loss To A Pair Or Set: The company will repair or replace any part to restore the property to its value before the loss or pay the difference between the ACV of the property before and after the loss.

Appraisal: If the insured and the insurance company do not agree on the amount of the loss, either can demand an appraisal. Each party chooses an appraiser; in turn, those two appraisers choose an umpire. If the appraisers agree on the value, that is what will be paid. If they do not agree, they submit their differences to the umpire. When two of the three agree, that is the amount of the loss.

Other Insurance and Service Agreement: If there is other insurance that covers a loss, this policy will pay on a pro rata basis. If a loss is also covered by a service agreement, this policy will pay on an excess basis.

Suit Against Us: Action cannot be brought against the insurance company unless all policy conditions have been complied with and action is started within two years after the date of the loss.

Our Option: The insurance company can choose to repair or replace any part of damaged property with material or property of like-kind and quality as long as the company gave the required written notice.

Loss Payment: The insurance company will adjust all losses with you.

Abandonment Of Property: The insurance company is not required to accept property abandoned by an "insured".

E. 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.

F. 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 "residence premises" 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.

G. Other Insurance And Service Agreement

If a loss covered by this policy is also covered by:

1. Other insurance, we will pay only the proportion of the loss that the limit of liability that applies under this policy bears to the total amount of insurance covering the loss; 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.

H. Suit Against Us

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

I. 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.

J. 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.

K. Abandonment Of Property

We need not accept any property abandoned by an "insured".

Mortgage Clause

- Loss payment will be paid to any mortgagee (or mortgagees) and you, as interests appear
- Claim denial may not apply to the mortgagee
- Mortgagee will be notified of any cancellation or nonrenewal

No Benefit To Bailee: This policy will not benefit a bailee; it does not relieve a bailee of its responsibility for loss to property covered by this policy.

Nuclear Hazard: Loss caused by nuclear hazard is not a loss caused by fire, explosion or smoke. Direct fire damage resulting from the nuclear hazard is covered.

L. 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. Paragraphs **E**, Appraisal, **G**, Suit Against Us and **I**, Loss Payment under Section **I** – Conditions 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.

M. 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.

N. 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 under Section **I** to loss caused directly or indirectly by nuclear hazard, except that direct loss by fire resulting from the nuclear hazard is covered.

Recovered Property: At your option, recovered property will be returned to you or retained by you. Any loss payment previously made will be adjusted based on the amount you had been paid for the recovered property.

Volcanic Eruption Period: One or more volcanic eruptions within a 72-hour period will be considered as one volcanic eruption.

Policy Period: Policy only applies to losses that occur during the policy period.

Concealment Or Fraud: Policy will provide coverage for no "insured" if an "insured" has intentionally concealed or misrepresented any material fact or circumstance, engaged in fraudulent conduct or made false statements relating to this insurance.

Loss Payable Clause: Loss payee will be notified of any cancellation or nonrenewal.

O. 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.

P. Volcanic Eruption Period

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

Q. Policy Period

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

R. Concealment Or Fraud

We provide coverage to no "insureds" under this policy if, whether before or after a loss, an "insured" has:

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

S. Loss Payable Clause

If the Declarations show a loss payee for certain listed insured personal property, the definition of "insured" is changed to include that loss payee with respect to that property.

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

Section II – Liability Coverages

Learning Objective 10:

Using their knowledge of the definition of “bodily injury”, “property damage”, “occurrence”, “insured location” and the Section II – Liability Coverages Insuring Agreements, participants will explain to clients:

- the coverage provided for an “insured” by the Insuring Agreements
- the need for the Personal Injury Coverage (HO 24 82) endorsement and the coverage it provides

There are two Insuring Agreements in Section II:

1. Personal Liability
2. Medical Payments To Others

Additional Defined Terms used in both Insuring Agreements

“Bodily injury”

- Bodily harm, sickness, disease, including required care, loss of services and resulting death
- *Pain and suffering, mental anguish, disfigurement, loss of income, loss of a relationship, loss of services, etc., resulting from the bodily harm, sickness, disease, or death are also considered “bodily injury”*
- The definition does not include personal injury perils which include libel, slander, wrongful eviction, etc.

- | |
|--|
| <ol style="list-style-type: none"> 2. "Bodily injury" means bodily harm, sickness or disease, including required care, loss of services and death that results. |
|--|

“Property damage”

- Physical damage or destruction of tangible property
- Includes loss of use

9. "Property damage" means physical injury to, destruction of, or loss of use of tangible property.

“Occurrence”

- Accident resulting in “bodily injury” or “property damage” during the policy period including continuous or repeated exposure to the same harmful conditions

8. "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions, which results, during the policy period, in:

- a. "Bodily injury"; or
- b. "Property damage"

“Insured location”

- “Residence premises”
- Other premises, structures and grounds used by named “insured” as a residence that is either shown on the declarations or acquired during the policy period
- Any premises used by the named “insured” in connection with residence premises or other premises in a. or b. above
- Temporary premises not owned by an “insured”
- Vacant land other than farmland with no limitation on size or location
- Land on which a 1 to 4 family dwelling is being built as a residence for an “insured”
- Cemetery plots or burial vaults of an “insured”
- Premises occasionally rented to an “insured” for non-“business” use

Note:

This identifies those locations for which premises liability coverage is provided. This only limits locations for premises, not personal activities exposures.

6. "Insured location" means:
- a. The "residence premises";
 - b. The part of other premises, other structures and grounds used by you as a residence; and
 - (1) Which is shown in the Declarations; or
 - (2) Which is acquired by you during the policy period for your use as a residence;
 - c. Any premises used by you in connection with a premises described in **a.** and **b.** above;
 - d. Any part of a premises:
 - (1) Not owned by an "insured"; and
 - (2) Where an "insured" is temporarily residing;
 - e. Vacant land, other than farm land, owned by or rented to an "insured";
 - f. Land owned by or rented to an "insured" on which a one-, two-, three- or four- family dwelling is being built as a residence for an "insured";
 - g. Individual or family cemetery plots or burial vaults of an "insured"; or
 - h. Any part of a premises occasionally rented to an "insured" for other than "business" use.



Knowledge Check – Insured Location

1. A hotel in Cleveland where the insured is staying while on business?
2. The mini-storage unit that the insured has been renting for two years?
3. 10-acres of undeveloped land that the insured will eventually be subdividing into 2-acre lots?
4. The dorm where the insured's 18-year old son lives while attending college?
5. The Firefighter's Hall that the insured rents for his daughter's wedding reception?
6. The hotel where the insureds are staying while in Ireland?

Coverage E – Personal Liability

“Bodily injury” and “property damage” caused by an “occurrence”

Personal Injury coverage is available by endorsement and should be added to every Homeowners Policy

- Personal Injury Coverage (HO 24 82) endorsement provides “personal injury” coverage in Section II – Liability on a per offense basis for the offenses listed in the endorsement, subject to the listed exclusions
- Personal Injury Coverage (Aggregate Limit of Liability) (HO 24 10) provides the same coverage as a. above; however, coverage is limited to a maximum amount payable during the policy period
- Named peril coverage including:
 - False arrest, detention or imprisonment
 - Malicious prosecution
 - Wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises
 - Libel or slander

Insured must be legally liable

Defense costs are in addition to the limit of liability

Company is only required to defend until the limits have been exhausted by payment or judgment

- How much coverage is enough?

Coverage F – Medical Payments To Others

Necessary and reasonable expenses incurred or medically ascertained within three years

Payable expenses include medical, surgical, x-ray, dental, ambulance, hospital, professional nursing, prosthetic devices and funeral services

Negligence of an “insured” is not required

Does not apply to named insured or a regular resident of the named insured’s household except “residence employees”

Applies to persons on an “insured location” with permission

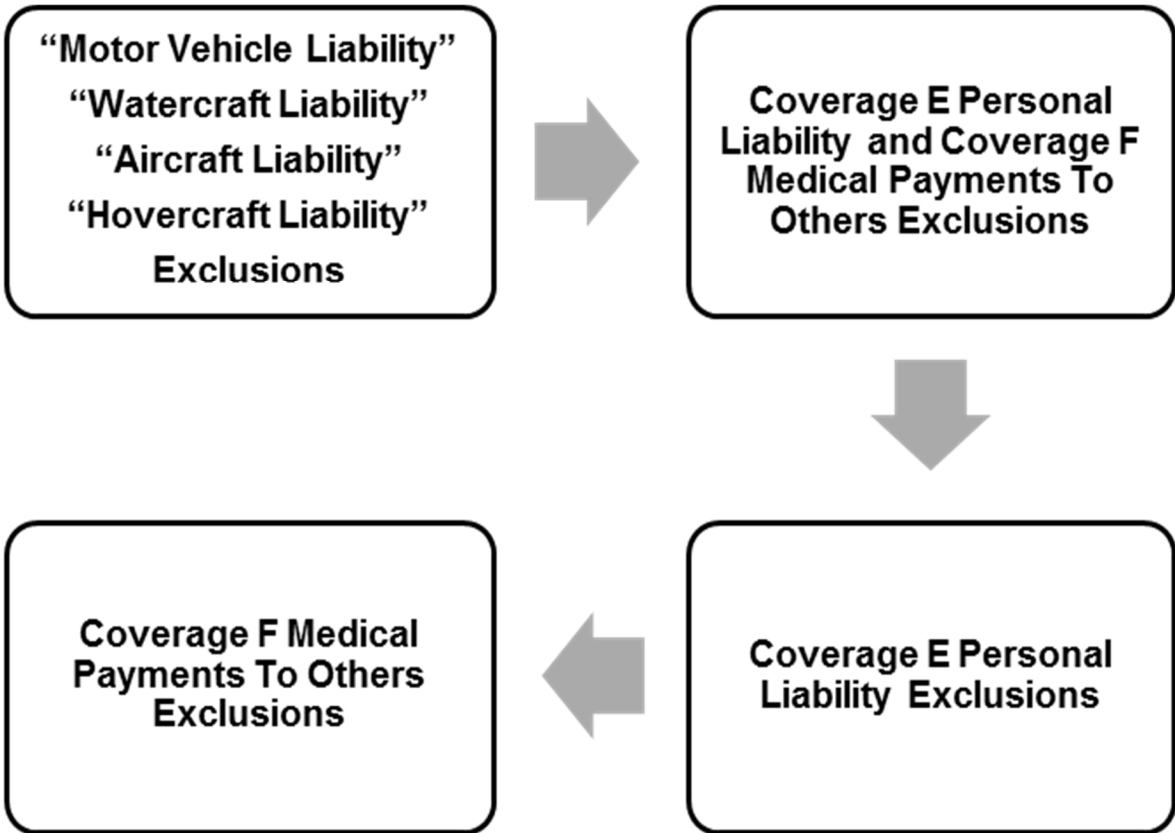
Applies to persons off an “insured location” if it arises out of:

- a. Condition on an “insured location” or ways adjoining
- b. Activities of an “insured”
- c. Activities of a “residence employee” while working for an “insured”
- d. An animal owned by or in the care of an “insured”

B. Coverage F – Medical Payments To Others

We will pay the necessary medical expenses that are incurred or medically ascertained within three years from the date of an accident causing "bodily injury". Medical expenses means reasonable charges for medical, surgical, x-ray, dental, ambulance, hospital, professional nursing, prosthetic devices and funeral services. This coverage does not apply to you or regular residents of your household except "residence employees". As to others, this coverage applies only:

1. To a person on the "insured location" with the permission of an "insured"; or
2. To a person off the "insured location", if the "bodily injury":
 - a. Arises out of a condition on the "insured location" or the ways immediately adjoining;
 - b. Is caused by the activities of an "insured";
 - c. Is caused by a "residence employee" in the course of the "residence employee's" employment by an insured"; or
 - d. Is caused by an animal owned by or in the care of an "insured".



Section II – Additional Liability Exclusions

Learning Objective 11:

Applying their knowledge of the definition of the following defined terms and their related exclusions, participants will explain to clients the limitations and exclusions for each and recommend the appropriate endorsement to provide coverage if one is available.

- “Motor vehicle liability”
 - “Watercraft liability”
 - “Aircraft liability”
-

Defined terms used in these exclusions:

“Motor Vehicle Liability”	“Aircraft Liability”
“Watercraft Liability”	“Hovercraft Liability”

With liability for “bodily injury” or “property damage” arising out of the:

- 1) Ownership
- 2) Maintenance, occupancy, operation, use, loading or unloading by any person
- 3) Entrustment
- 4) Failure to supervise or negligent supervision
- 5) Vicarious liability
- 6) Definition includes sub-definitions of aircraft, hovercraft and watercraft for use only in this definition

B. In addition, certain words and phrases are defined as follows:

1. "Aircraft Liability", "Hovercraft Liability", "Motor Vehicle Liability" and "Watercraft Liability", subject to the provisions in **b.** below, mean the following:
 - a. Liability for "bodily injury" or "property damage" arising out of the:
 - (1) Ownership of such vehicle or craft by an "insured";
 - (2) Maintenance, occupancy, operation, use, loading or unloading of such vehicle or craft by any person;
 - (3) Entrustment of such vehicle or craft by an "insured" to any person;
 - (4) Failure to supervise or negligent supervision of any person involving such vehicle or craft by an "insured"; or
 - (5) Vicarious liability, whether or not imposed by law, for the actions of a child or minor involving such vehicle or craft.
 - b. For the purpose of this definition:
 - (1) Aircraft means any contrivance used or designed for flight except model or hobby aircraft not used or designed to carry people or cargo;
 - (2) Hovercraft means a self-propelled motorized ground effect vehicle and includes, but is not limited to, flarecraft and air cushion vehicles;
 - (3) Watercraft means a craft principally designed to be propelled on or in water by wind, engine power or electric motor; and
 - (4) Motor vehicle means a "motor vehicle" as defined in **7.** below.

“Motor Vehicle Liability”

The previously defined term “motor vehicle liability” includes the ownership, maintenance, occupancy, operation, use, loading or unloading, entrustment, failure to supervise and vicarious liability

2-part exclusion

Part 1 of the exclusion applies to a “motor vehicle” that:

- Is registered for use on public roads or property
- Is not registered as such but registration is required at the place of the “occurrence”
- Is being operated in a race
- Is rented to others
- Is being used to carry people or cargo for a fee
- Is being used for any “business” purposes unless it is a motorized golf cart while on a golfing facility

SECTION II – EXCLUSIONS

A. "Motor Vehicle Liability"

1. Coverages E and F do not apply to any "motor vehicle liability" if, at the time and place of an "occurrence", the involved "motor vehicle":
 - a. Is registered for use on public roads or property;
 - b. Is not registered for use on public roads or property, but such registration is required by a law, or regulation issued by a government agency, for it to be used at the place of the "occurrence"; or
 - c. Is being:
 - (1) Operated in, or practicing for, any prearranged or organized race, speed contest or other competition;
 - (2) Rented to others;
 - (3) Used to carry persons or cargo for a charge; or
 - (4) Used for any "business" purpose except for a motorized golf cart while on a golfing facility.

If Part 1 of the exclusion does not apply, Part 2 still excludes coverage unless the “motor vehicle” is:

- a. In dead storage
- b. Used solely to service a residence
- c. Designed to assist the handicapped and is being used to assist the handicapped or parked on an “insured location”
- d. A non-owned recreational vehicle
- e. An owned recreational vehicle on a specified “insured location”
- f. An owned recreational vehicle off an “insured location” ONLY IF the “motor vehicle” is:
 - Designed as a toy for use by children under the age of seven;
 - Powered by one or more batteries; and
 - Not built or modified to exceed five miles per hour on level ground
- g. An owned motorized golf cart designed to carry up to four persons, not built or modified to exceed 25 mph on level ground and while within the legal boundaries of:
 - A golfing facility while parked, stored, or used by an “insured” to play golf or other activities allowed by the golfing facility; travel to or from a golf cart parking or storage area; or cross public roads at designated points to access other parts of the golfing facility; or
 - A private residential community where the “insured” resides, including its public roads, if the golf cart can legally travel, subject to the authority of the property owner's association

2. If Exclusion **A.1.** does not apply, there is still no coverage for "motor vehicle liability" unless the "motor vehicle" is:
 - a. In dead storage on an "insured location";
 - b. Used solely to service a residence;
 - c. Designed to assist the handicapped and, at the time of an "occurrence", it is:
 - (1) Being used to assist a handicapped person; or
 - (2) Parked on an "insured location";
 - d. Designed for recreational use off public roads and:
 - (1) Not owned by an "insured"; or
 - (2) Owned by an "insured" provided the "occurrence" takes place:
 - (a) On an "insured location" as defined in Definition **B.6.a., b., d., e. or h.;** or
 - (b) Off an "insured location" and the "motor vehicle" is:
 - (i) Designed as a toy vehicle for use by children under seven years of age;
 - (ii) Powered by one or more batteries; and
 - (iii) Not built or modified after manufacture to exceed a speed of five miles per hour on level ground;
 - e. A motorized golf cart that is owned by an "insured", designed to carry up to four persons, not built or modified after manufacture to exceed a speed of 25 miles per hour on level ground and, at the time of an "occurrence", is within the legal boundaries of:
 - (1) A golfing facility and is parked or stored there, or being used by an "insured" to:
 - (a) Play the game of golf or for other recreational or leisure activity allowed by the facility;
 - (b) Travel to or from an area where "motor vehicles" or golf carts are parked or stored; or
 - (c) Cross public roads at designated points to access other parts of the golfing facility; or
 - (2) A private residential community, including its public roads upon which a motorized golf cart can legally travel, which is subject to the authority of a property owners association and contains an "insured's" residence.

Endorsements for recreational vehicles

- **Incidental Low Power Recreational Motor Vehicle Liability Coverage Endorsement (HO 24 13)**
 - Provides Section II – Liability coverage for owned motor vehicles designed for recreational use on or off an “insured location” if it was not built or modified to exceed 15 miles per hour on level ground; or it is not a motorized bicycle, moped, or motorized golf cart, regardless of its speed capability.

 - Motorized scooters are NOT covered by this endorsement

- **Owned Snowmobile (HO 24 64)**
 - Snowmobile must be described in the Schedule

 - Section II – Liability coverage

“Watercraft Liability”

2-part exclusion

Part 1. of the exclusion applies to watercraft that is:

- a. Preparing or operating in a race (exception for sailing vessels and predicted log races)
- b. Rented to others
- c. Used to carry people or cargo for a fee
- d. Used for any “business” purposes

B. "Watercraft Liability"

1. Coverages E and F do not apply to any "watercraft liability" if, at the time of an "occurrence", the involved watercraft is being:
 - a. Operated in, or practicing for, any prearranged or organized race, speed contest or other competition. This exclusion does not apply to a sailing vessel or a predicted log cruise;
 - b. Rented to others;
 - c. Used to carry persons or cargo for a charge; or
 - d. Used for any "business" purpose.

If Part 1. of the exclusion does not apply, there is only coverage under Part 2 of the exclusion for a watercraft that is either:

- a. Stored or
- b. Fits the type, horsepower and length requirements (does not apply to stored)

TYPE OF WATERCRAFT	OWNED	RENTED	BORROWED
SAILBOAT	Yes Less than 26'	Yes Less than 26'	Yes No Length Restriction
INBOARD INBOARD/OUTDRIVE WATER JET PUMP	No	Yes if 50 HP or less	Yes Not Excluded
OUTBOARD	Yes if under 25 HP or if Newly Acquired No HP Restriction	Yes No HP Restriction	Yes No HP Restriction

Watercraft (HO 24 75) endorsement

- Watercraft must be listed
- Provides Personal Liability and Medical Payments To Others
- Does not provide medical payments for an “insured”
- Does not provide coverage for damage to the watercraft

2. If Exclusion **B.1.** does not apply, there is still no coverage for "watercraft liability" unless, at the time of the "occurrence", the watercraft:
- a. Is stored;
 - b. Is a sailing vessel, with or without auxiliary power, that is:
 - (1) Less than 26 feet in overall length; or
 - (2) 26 feet or more in overall length and not owned by or rented to an "insured"; or
 - c. Is not a sailing vessel and is powered by:
 - (1) An inboard or inboard-outdrive engine or motor, including those that power a water jet pump, of:
 - (a) 50 horsepower or less and not owned by an "insured"; or
 - (b) More than 50 horsepower and not owned by or rented to an "insured"; or
 - (2) One or more outboard engines or motors with:
 - (a) 25 total horsepower or less;
 - (b) More than 25 horsepower if the outboard engine or motor is not owned by an "insured";
 - (c) More than 25 horsepower if the outboard engine or motor is owned by an "insured" who acquired it during the policy period; or
 - (d) More than 25 horsepower if the outboard engine or motor is owned by an "insured" who acquired it before the policy period, but only if:
 - (i) You declare them at policy inception; or
 - (ii) Your intent to insure them is reported to us in writing within 45 days after you acquire them.

The coverages in **(c)** and **(d)** above apply for the policy period.

Horsepower means the maximum power rating assigned to the engine or motor by the manufacturer.

“Aircraft Liability”

The previously defined term “aircraft liability” excluded the ownership, maintenance, occupancy, operation, use, loading or unloading, entrustment, failure to supervise and vicarious liability

There is still coverage for model or hobby aircraft that is not designed to carry people or cargo unless the **Aircraft Liability Definition Revised To Remove Exception For Model Or Hobby Aircraft** (HO 34 02 02 17) is part of the policy

- Removes coverage for ALL unmanned aircraft, including model or hobby aircraft
- It is more than a “drone” exclusion

If the **Personal Injury For Aircraft Liability Excluded (HO 34 03 02 17)** endorsement is also a part of the policy it removes coverage for aircraft-related personal injury losses. This could be problematic for client with camera-equipped drone

“Hovercraft Liability”

The previously defined term “hovercraft liability” excluded the ownership, maintenance, occupancy, operation, use, loading or unloading, entrustment, failure to supervise and vicarious liability

- | |
|---|
| <p>C. "Aircraft Liability"
This policy does not cover "aircraft liability".</p> <p>D. "Hovercraft Liability"
This policy does not cover "hovercraft liability".</p> |
|---|

E&O Tip

Identifying your client’s owned, borrowed or rented watercraft, recreational vehicle and drone exposures is important. Those exposures are unable to be risk controlled or financed until you know about them. What questions do you ask your client to uncover these exposures to loss? An “Activity Analysis” is one method to identify a client’s exposures to loss and is an effective risk management tool.

Learning Objective 12:

Using their knowledge of the Coverage E – Personal Liability and Coverage F – Medical Payments To Others exclusions, the Coverage E – Personal Liability exclusions, and the Coverage F – Medical Payments To Others exclusions, participants will explain coverage and potential coverage gaps to their clients and when applicable, provide counsel on the appropriate endorsement to provide coverage.

Expected or intended injury or damage

- Excludes even if resultant injury or damage is different than expected or intended
- Gives back coverage for “bodily injury” and “property damage” when using reasonable force to protect persons or property

Business

- Remember definition of “business”
- Excludes all business activities EXCEPT for:
 - Renting or holding for rental of an “insured location” if on an occasional basis for use as a residence or in part as an office, school, studio or private garage
 - An “insured” under the age of 21 involved in a part-time or occasional, self-employed “business” with no employees

E. Coverage E – Personal Liability And Coverage F – Medical Payments To Others

Coverages E and F do not apply to the following:

1. Expected Or Intended Injury

"Bodily injury" or "property damage" which is expected or intended by an "insured", even if the resulting "bodily injury" or "property damage":

- a. Is of a different kind, quality or degree than initially expected or intended; or
- b. Is sustained by a different person, entity or property than initially expected or intended.

However, this Exclusion **E.1.** does not apply to "bodily injury" or "property damage" resulting from the use of reasonable force by an "insured" to protect persons or property;

2. "Business"

- a. "Bodily injury" or "property damage" arising out of or in connection with a "business" engaged in by an "insured".

This Exclusion **E.2.** applies but is not limited to an act or omission, regardless of its nature or circumstance, involving a service or duty rendered, promised, owed, or implied to be provided because of the nature of the "business".

- b. This Exclusion **E.2.** does not apply to:

(1) The rental or holding for rental of an "insured location":

- (a) On an occasional basis if used only as a residence;
- (b) In part, for use only as a residence, unless a single family unit is intended for use by the occupying family to lodge more than two roomers or boarders; or
- (c) In part, as an office, school, studio or private garage; and

(2) An "insured" under the age of 21 years involved in a part-time or occasional, self-employed "business" with no employees;

- “Business” endorsements
 1. **Permitted incidental Occupancies – Residence Premises (HO 04 42)**
 - Provides Personal Liability and Medical Payments To Others Coverages on the “residence premises” only for the “business” described
 - Coverage applies for necessary and incidental use of the premises
 - Business must be operated by the “insured”
 2. **Business Pursuits (HO 24 71)**
 - Provides Personal Liability and Medical Payments To Others Coverages both on and off premises for eligible businesses (clerical, sales, and teachers)
 - Described business must not be owned or financially controlled by the “insured”
 - No professional services except teaching
 - Corporal punishment coverage available for teachers
 3. **Structures Rented To Others (HO 04 40)**
 - Provides Personal Liability and Medical Payments To Others for the other structure(s) listed on the endorsement that is rented to others as a private residence
 4. **Incidental Farming Personal Liability (HO 24 72)**
 - Provides Personal Liability and Medical Payments To Others for incidental farming operations
 5. **Home Business Insurance Coverage (HO 07 01)**
 - Provides liability coverage for on-premises, products and completed operations, advertising and personal injury

Professional liability

Owned or rented premises that are not an “insured location”

- **Additional Residence Rented to Others – 1, 2, 3, or 4 Families (HO 24 70)** includes the additional residence rented to others identified in the Schedule as an “insured location”

War

3. Professional Services

"Bodily injury" or "property damage" arising out of the rendering of or failure to render professional services;

4. "Insured's" Premises Not An "Insured Location"

"Bodily injury" or "property damage" arising out of a premises:

- a. Owned by an "insured";
 - b. Rented to an "insured"; or
 - c. Rented to others by an "insured";
- that is not an "insured location";

5. War

"Bodily injury" or "property damage" caused directly or indirectly by war, including 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; or
- c. Destruction, seizure or use for a military purpose.

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

Transmission of a communicable disease by an “insured”

Sexual molestation, corporal punishment, physical or mental abuse

Use, sale, manufacture, delivery, possession of a controlled substance

Exceptions to Exclusions A., B., C., and D and E.4.

6. Communicable Disease

"Bodily injury" or "property damage" which arises out of the transmission of a communicable disease by an "insured";

7. Sexual Molestation, Corporal Punishment Or Physical Or Mental Abuse

"Bodily injury" or "property damage" arising out of sexual molestation, corporal punishment or physical or mental abuse; or

8. Controlled Substance

"Bodily injury" or "property damage" arising out of the use, sale, manufacture, delivery, transfer or possession by any person of a Controlled Substance as defined by the Federal Food and Drug Law at 21 U.S.C.A. Sections 811 and 812. Controlled Substances include but are not limited to cocaine, LSD, marijuana and all narcotic drugs. However, this exclusion does not apply to the legitimate use of prescription drugs by a person following the lawful orders of a licensed healthcare professional.

Exclusions **A.** "Motor Vehicle Liability", **B.** "Watercraft Liability", **C.** "Aircraft Liability", **D.** "Hovercraft Liability", and **E.4.** "Insured's" Premises Not An "Insured Location" do not apply to "bodily injury" to a "residence employee" arising out of and in the course of the "residence employee's" employment by an "insured".

Canine Liability Exclusion Endorsement (HO 24 77)

- Optional endorsement introduced in the 2011 program.
- Not a “blanket” exclusion; it requires the name and description of the dog being excluded.
- Rules require the insured to acknowledge the exclusion in writing.
- Important to consider any canine exclusion when placing the excess coverage as some excess policies may exclude this exposure unless covered by the underlying insurance.

POLICY NUMBER:	HOMEOWNERS HO 24 77 05 11
THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.	
CANINE LIABILITY EXCLUSION ENDORSEMENT	
SCHEDULE	
Name And Description Of Canine(s):	
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	
<p>SECTION II – EXCLUSIONS</p> <p>E. Coverage E – Personal Liability And Coverage F – Medical Payments To Others</p> <p>The following exclusion is added: Coverages E and F do not apply to the following: Canines "Bodily injury" or "property damage" arising out of direct physical contact with a canine described in the Schedule that is owned by or in the care, custody or control of an "insured". All other provisions of the policy apply.</p>	
HO 24 77 05 11	© Insurance Services Office, Inc., 2010
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Exclusions for Coverage E – Personal Liability

Liability

- a. Loss assessment
 - \$1,000 is provided in Section II Additional Coverages
- b. Contractual
 - 1) Exception for written contracts related to the ownership, maintenance or use of an “insured location”
 - 2) Exception for liability assumed by you prior to an occurrence
 - 3) For these exceptions to apply, it cannot be excluded in a. above or elsewhere in the policy

“Property damage” to property owned by an “insured”

- “Insured’s” property covered in Section I
- Includes cost to repair property to prevent injury to others

“Property damage” to property rented to, occupied by or used by or in the care of an “insured”

- Exception if damage caused by fire, smoke or explosion

F. Coverage E – Personal Liability

Coverage E does not apply to:

1. Liability:
 - a. For any loss assessment charged against you as a member of an association, corporation or community of property owners, except as provided in D. Loss Assessment under Section II – Additional Coverages;
 - b. Under any contract or agreement entered into by an "insured". However, this exclusion does not apply to written contracts:
 - (1) That directly relate to the ownership, maintenance or use of an "insured location"; or
 - (2) Where the liability of others is assumed by you prior to an "occurrence";unless excluded in a. above or elsewhere in this policy;
2. "Property damage" to property owned by an "insured". This includes costs or expenses incurred by an "insured" or others to repair, replace, enhance, restore or maintain such property to prevent injury to a person or damage to property of others, whether on or away from an "insured location";
3. "Property damage" to property rented to, occupied or used by or in the care of an "insured". This exclusion does not apply to "property damage" caused by fire, smoke or explosion;

“Bodily injury” to someone eligible to receive workers compensation or similar benefits provided or required to be provided by an “insured”

“Bodily injury” or “property damage” for an “insured” who is also an insured under a nuclear energy liability policy

“Bodily injury” to a you or an “insured”

- Excludes interspousal or intrafamily suits, etc.
- Creates a potential gap in coverage for injury to an “insured” such as a foreign exchange student, foster child, etc.

4. "Bodily injury" to any person eligible to receive any benefits voluntarily provided or required to be provided by an "insured" under any:
 - a. Workers' compensation law;
 - b. Non-occupational disability law; or
 - c. Occupational disease law;
5. "Bodily injury" or "property damage" for which an "insured" under this policy:
 - a. Is also an insured under a nuclear energy liability policy issued by the:
 - (1) Nuclear Energy Liability Insurance Association;
 - (2) Mutual Atomic Energy Liability Underwriters;
 - (3) Nuclear Insurance Association of Canada; or
 any of their successors; or
 - b. Would be an insured under such a policy but for the exhaustion of its limit of liability; or
6. "Bodily injury" to you or an "insured" as defined under Definition 5.a. or b.
This exclusion also applies to any claim made or suit brought against you or an "insured" to:
 - a. Repay; or
 - b. Share damages with;
another person who may be obligated to pay damages because of "bodily injury" to an "insured".

Exclusions for Coverage F – Medical Payments To Others

“Residence employee” off an “insured location” unless injury occurs during course of employment

Any person eligible to receive workers compensation benefits provided by or required to be provided from any person

Nuclear

Person regularly residing on any part of the “insured location” except a “residence employee”

G. Coverage F – Medical Payments To Others

Coverage F does not apply to "bodily injury":

1. To a "residence employee" if the "bodily injury":
 - a. Occurs off the "insured location"; and
 - b. Does not arise out of or in the course of the "residence employee's" employment by an "insured";
2. To any person eligible to receive benefits voluntarily provided or required to be provided under any:
 - a. Workers' compensation law;
 - b. Non-occupational disability law; or
 - c. Occupational disease law;
3. From any:
 - a. Nuclear reaction;
 - b. Nuclear radiation; or
 - c. Radioactive contamination;all whether controlled or uncontrolled or however caused; or
 - d. Any consequence of any of these; or
4. To any person, other than a "residence employee" of an "insured", regularly residing on any part of the "insured location".

Section II – Additional Coverages

Claims Expenses

Defense costs

Bond premiums

Reasonable expenses

Post judgment interest

First Aid Expenses

SECTION II – ADDITIONAL COVERAGES

We cover the following in addition to the limits of liability:

A. Claim Expenses

We pay:

1. Expenses we incur and costs taxed against an "insured" in any suit we defend;
2. Premiums on bonds required in a suit we defend, but not for bond amounts more than the Coverage E limit of liability. We need not apply for or furnish any bond;
3. Reasonable expenses incurred by an "insured" at our request, including actual loss of earnings (but not loss of other income) up to \$250 per day, for assisting us in the investigation or defense of a claim or suit; and
4. Interest on the entire judgment which accrues after entry of the judgment and before we pay or tender, or deposit in court that part of the judgment which does not exceed the limit of liability that applies.

B. First Aid Expenses

We will pay expenses for first aid to others incurred by an "insured" for "bodily injury" covered under this policy. We will not pay for first aid to an "insured".

Learning Objective 13:

Applying their knowledge of the Section II – Additional Coverages, participants will explain how Damage to Property of Others coordinates with coverage for property of others provided in Section I – Property and Section II – Personal Liability.

Damage Up to \$1,000 with limits up to \$50,000 available by Damage To Property Of Others Increased Limits (HO 06 51) endorsement

Excludes intentional property damage caused by an “insured” 13 years or older

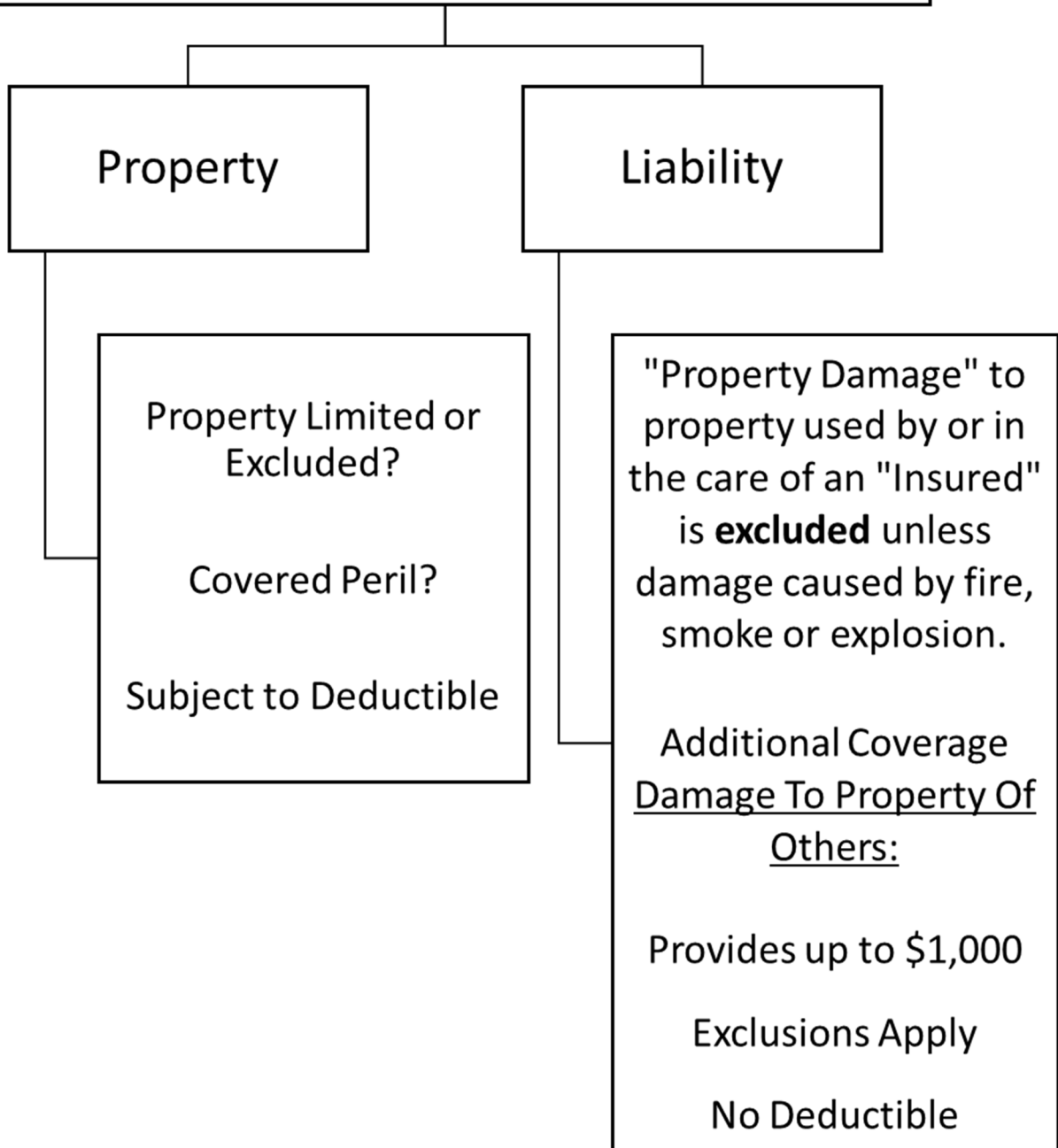
Excludes “business” activities, property of tenant or resident, aircraft, watercraft and “motor vehicle”

Exception gives back coverage for a recreational vehicle, not required to be registered, and not owned by an “insured”

C. Damage To Property Of Others

1. We will pay, at replacement cost, up to \$1,000 per "occurrence" for "property damage" to property of others caused by an "insured".
2. We will not pay for "property damage":
 - a. To the extent of any amount recoverable under Section I;
 - b. Caused intentionally by an "insured" who is 13 years of age or older;
 - c. To property owned by an "insured";
 - d. To property owned by or rented to a tenant of an "insured" or a resident in your household;
or
 - e. Arising out of:
 - (1) A "business" engaged in by an "insured";
 - (2) Any act or omission in connection with a premises owned, rented or controlled by an "insured", other than the "insured location"; or
 - (3) The ownership, maintenance, occupancy, operation, use, loading or unloading of aircraft, hovercraft, watercraft or "motor vehicles".
This Exclusion e.(3) does not apply to a "motor vehicle" that:
 - (a) Is designed for recreational use off public roads;
 - (b) Is not owned by an "insured"; and
 - (c) At the time of the "occurrence", is not required by law, or regulation issued by a government agency, to have been registered for it to be used on public roads or property.

Coverage For Personal Property Of Others Used By Or In The Care Of An Insured



Loss Assessment

\$1,000 coverage for assessment charged during the policy period

Supplement Loss Assessment Coverage (HO 04 35) increases up to \$50,000 and includes both property and liability loss assessments

Assessment charged against you by a corporation or association of property owners, as owner or tenant of the "residence premises"

Includes assessment arising from act of directors, officers or trustees elected by association of property owners and serve without income

D. Loss Assessment

1. We will pay up to \$1,000 for your share of loss assessment charged against you, as owner or tenant of the "residence premises", during the policy period by a corporation or association of property owners, when the assessment is made as a result of:
 - a. "Bodily injury" or "property damage" not excluded from coverage under Section II – Exclusions; or
 - b. Liability for an act of a director, officer or trustee in the capacity as a director, officer or trustee, provided such person:
 - (1) Is elected by the members of a corporation or association of property owners; and
 - (2) Serves without deriving any income from the exercise of duties which are solely on behalf of a corporation or association of property owners.
2. Paragraph I. Policy Period under Section II – Conditions does not apply to this Loss Assessment Coverage.
3. Regardless of the number of assessments, the limit of \$1,000 is the most we will pay for loss arising out of:
 - a. One accident, including continuous or repeated exposure to substantially the same general harmful condition; or
 - b. A covered act of a director, officer or trustee. An act involving more than one director, officer or trustee is considered to be a single act.
4. We do not cover assessments charged against you or a corporation or association of property owners by any governmental body.

Policy Conditions

Section II – Conditions

Limit Of Liability: Regardless of the number of “insureds”, claims made or persons injured, the per occurrence limit is the most that will be paid from any one “occurrence”

Severability Of Insurance: Insurance applies separately to each “insured”. A claim could be denied for one “insured” and covered for another.

Duties After Occurrence: Requirements of an “insured” after a loss including prompt reporting, cooperation, etc.

Duties Of An Injured Person – Coverage F – Medical Payments To Others: Includes prompt reporting and submitting to a physical exam by a doctor of the insurance company’s choice when and as often as reasonably required.

Payment Of Claim – Coverage F – Medical Payments To Others: If payment is made under this coverage, it is not an admission of liability of an “insured”. Remember, this is a courtesy coverage and does not require legal liability of an “insured” for payment under this coverage.

SECTION II – CONDITIONS

A. Limit Of Liability

Our total liability under Coverage E for all damages resulting from any one "occurrence" will not be more than the Coverage E Limit Of Liability shown in the Declarations. This limit is the same regardless of the number of "insureds", claims made or persons injured. All "bodily injury" and "property damage" resulting from any one accident or from continuous or repeated exposure to substantially the same general harmful conditions shall be considered to be the result of one "occurrence".

Our total liability under Coverage F for all medical expense payable for "bodily injury" to one person as the result of one accident will not be more than the Coverage F Limit Of Liability shown in the Declarations.

B. Severability Of Insurance

This insurance applies separately to each "insured". This condition will not increase our limit of liability for any one "occurrence".

C. Duties After "Occurrence"

In case of an "occurrence", you or another "insured" will perform the following duties that apply. We have no duty to provide coverage under this policy if your failure to comply with the following duties is prejudicial to us. You will help us by seeing that these duties are performed:

1. Give written notice to us or our agent as soon as is practical, which sets forth:
 - a. The identity of the policy and the "named insured" shown in the Declarations;
 - b. Reasonably available information on the time, place and circumstances of the "occurrence"; and
 - c. Names and addresses of any claimants and witnesses;
2. Cooperate with us in the investigation, settlement or defense of any claim or suit;
3. Promptly forward to us every notice, demand, summons or other process relating to the "occurrence";
4. At our request, help us:
 - a. To make settlement;
 - b. To enforce any right of contribution or indemnity against any person or organization who may be liable to an "insured";
 - c. With the conduct of suits and attend hearings and trials; and
 - d. To secure and give evidence and obtain the attendance of witnesses;
5. With respect to C. Damage To Property Of Others under Section II – Additional Coverages, submit to us within 60 days after the loss a sworn statement of loss and show the damaged property, if in an "insured's" control;
6. No "insured" shall, except at such "insured's" own cost, voluntarily make payment, assume obligation or incur expense other than for first aid to others at the time of the "bodily injury".

D. Duties Of An Injured Person – Coverage F – Medical Payments To Others

1. The injured person or someone acting for the injured person will:
 - a. Give us written proof of claim, under oath if required, as soon as is practical; and
 - b. Authorize us to obtain copies of medical reports and records.
2. The injured person will submit to a physical exam by a doctor of our choice when and as often as we reasonably require.

E. Payment Of Claim – Coverage F – Medical Payments To Others

Payment under this coverage is not an admission of liability by an "insured" or us.

Suit Against Us: No action can be taken against the insurance company unless there has been full compliance with all Section II requirements.

Bankruptcy Of An “Insured”: This will not relieve the insurance company of its obligations.

Other Insurance: This insurance is excess over any other insurance unless the other insurance was written to be excess coverage over this policy. For example, an umbrella or excess liability policy.

Policy Period: Policy applies only to “bodily injury” or “property damage” that occurs during the policy period.

Concealment Or Fraud: Policy will not provide coverage for an “insured” that either before or after a loss intentionally concealed or misrepresented any material fact or circumstance, engaged in fraudulent conduct or made false statements relating to this insurance.

F. Suit Against Us

1. No action can be brought against us unless there has been full compliance with all of the terms under this Section II.
2. No one will have the right to join us as a party to any action against an "insured".
3. Also, no action with respect to Coverage E can be brought against us until the obligation of such "insured" has been determined by final judgment or agreement signed by us.

G. Bankruptcy Of An "Insured"

Bankruptcy or insolvency of an "insured" will not relieve us of our obligations under this policy.

H. Other Insurance

This insurance is excess over other valid and collectible insurance except insurance written specifically to cover as excess over the limits of liability that apply in this policy.

I. Policy Period

This policy applies only to "bodily injury" or "property damage" which occurs during the policy period.

J. Concealment Or Fraud

We do not provide coverage to an "insured" who, whether before or after a loss, has:

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

Section I and II – Conditions

Liberalization Clause: If the company broadens coverage under this edition of the policy, this policy automatically receives the broadened coverage as of the date the change is made in that state.

Waiver Or Change Of Policy Provisions: Any waivers or changes must be in writing by the insurance company.

Cancellation: The requirements for either the named insured or the insurance company to cancel the policy are explained. This section is typically amended by a state’s Special Provisions endorsement.

Nonrenewal: The requirements for the insurance company to nonrenew the policy are explained. This section is typically amended by a state’s Special Provisions endorsement.

Assignment: The policy cannot be assigned to another without the written consent of the insurance company.

Subrogation: An “insured” can waive the company’s right to subrogate against another party as long as it is waived in writing before the loss.

Death: If the named insured or spouse dies, the legal representative will be insured with respects to the premises and property covered by the policy. The definition of “insured” will include (1) an “insured” who was a resident of the deceased household at the time of death, but only while still a resident of the “residence premises”, and (2) a person having proper temporary custody of the named insured’s property until appointment and qualification of a legal representative.

SECTIONS I AND II – CONDITIONS

A. 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.

B. 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.

C. 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.

D. 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.

E. Assignment

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

F. Subrogation

An "insured" 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, an "insured" must sign and deliver all related papers and cooperate with us.

Subrogation does not apply to Coverage F or Paragraph C. Damage To Property Of Others under Section II – Additional Coverages.

G. Death

If any person named in the Declarations or the spouse, if a resident of the same household, dies, the following apply:

1. We insure the legal representative of the deceased but only with respect to the premises and property of the deceased covered under the policy at the time of death; and
2. "Insured" includes:
 - a. An "insured" who is a member of your household at the time of your death, but only while a resident of the "residence premises"; and
 - b. With respect to your property, the person having proper temporary custody of the property until appointment and qualification of a legal representative.

Home-Sharing Host Activities Amendatory Endorsement (HO 06 53 02 17)

1. Reinforces that homeowners policies were not developed to provide coverage for the home-sharing activities of an insured who is involved in more frequent rental of their dwelling for monetary compensation. Such activity may be considered a business exposure and thus can fundamentally alter the risk assumed under the policy. (ISO Circular)
2. Includes home-sharing host activities in the definition of business
3. Excludes property of home-sharing occupant and anyone else occupying as result of home sharing host activities
4. Excludes property in a space while rented or primarily held for rental to a home sharing occupant – gives back \$2,500 Landlord Furnishings
5. Excludes property used primarily for home-sharing host activities
6. Excludes Fair Rental Value connected with home-sharing host activities
7. Excludes theft arising out of or results from home sharing host activities
8. Excludes vandalism or malicious mischief and any ensuing loss to Coverage A and Coverage B caused by any intentional and wrongful act arising out of home sharing host activities
9. Excludes vandalism to Coverage C arising out of home sharing host activities
10. Excludes theft of personal property arising out of or results from home sharing activities
11. Removes exception in the business liability exclusion for occasional renting if home sharing host activities
12. Excludes medical payments for a home sharing occupant
13. If Personal Injury provided, removes exception for occasional renting if home sharing host activities

Broadened Home-Sharing Host Activities Coverage Endorsement (HO 06 63 02 17)

Provides coverage for home-sharing hosts for damage to the residence premises, personal property and liability – subject to certain policy provisions

Review of Learning Objectives

1. Using their knowledge of ISO eligibility, the participant will determine whether or not a Homeowners 3 – Special Form policy can be written for a client based on ownership, occupancy and use of the residence.
2. Using their knowledge of the Additional Insured – Residence Premises (HO 04 41) endorsement, the participant will determine the circumstances when this endorsement is necessary and explain to clients the coverage it provides.
3. By understanding who is a **you, your**, and an “insured”, participants will use their knowledge to explain to clients who is provided coverage by their homeowners policy and recommend the appropriate endorsement to extend such coverage to others.
4. By understanding the following terms, participants will use their knowledge to explain to clients the property coverage limited, excluded or provided by their Homeowner 3 – Special Form policy:
 - “Business”
 - “Motor vehicle”
 - “Residence employee”
 - “Residence premises”
5. Applying their knowledge of the following Section I – Property Coverages, participants will recognize when property is provided, limited or excluded and be able to recommend the appropriate endorsement to provide coverage for property limited or excluded:
 - Coverage A – Dwelling
 - Coverage B – Other Structures
 - Coverage C – Personal Property
6. Applying their knowledge of Coverage D – Loss of Use, participants will explain to clients the importance of Additional Living Expense and the coverage it provides.
7. By understanding the following Section I – Additional Coverages, participants will explain to clients the coverage provided, limited or excluded and recommend an endorsement, if available, to provide coverage for specific loss situations:
 - Debris Removal
 - Loss Assessment
 - Collapse
 - Ordinance Or Law

8. By understanding the Perils Insured Against and Section I Exclusions, participants will explain the types of losses covered by the Homeowners 3 – Special form policy.
9. By understanding the Section I Condition – Loss Settlement, participants will explain to clients the:
 - importance of complying with the insurance-to-value requirement
 - basis on which a loss to the dwelling, other structures and/or personal property is settled
 - coverage provided by endorsements available to modify valuation at the time of loss
10. Using their knowledge of the definition of “bodily injury”, “property damage”, “occurrence” and the Section II – Liability Coverages Insuring Agreements, participants will explain to clients:
 - the coverage provided for an “insured” by the Insuring Agreements
 - the need for the Personal Injury Coverage (HO 24 82) endorsement and the coverage it provides
11. Applying their knowledge of the definition of the following defined terms and their related exclusions, participants will explain to clients the limitations and exclusions for each and recommend the appropriate endorsement to provide coverage if one is available.
 - “Motor vehicle liability”
 - “Watercraft liability”
 - “Aircraft liability”
12. Using their knowledge of the Coverage E – Personal Liability And Coverage F – Medical Payments To Others exclusions, the Coverage E – Personal Liability exclusions, and the Coverage F – Medical Payments To Others exclusions, participants will explain coverage and potential coverage gaps to their clients and when applicable, provide counsel on the appropriate endorsement to provide coverage.
13. Applying their knowledge of the Section II – Additional Coverages, participants will explain how Damage to Property of Others coordinates with coverage for property of others provided in Section I – Property and Section II – Personal Liability.



Knowledge Check – Who is An “Insured”: ANSWERS

1. Glen’s fiancée who just moved in with him? They are getting married in 90 days.

No

2. Glen’s new wife? They just got married but he has not changed his Homeowners Policy.

Yes

3. Glen’s 12-year old son who lives with him?

Yes

4. Glen’s new 15-year old stepdaughter who lives with them?

Yes

5. Glen’s 92-year old father who is visiting for a couple of weeks?

No

6. Glen’s new 76-year old mother-in-law who is now living with them?

Yes

7. An 18-year old foreign exchange student who is living with them for the school year?

Yes

8. The neighbor while caring for Glen’s labradoodle puppy?

Yes

9. Glen’s mother-in-law’s friend who is now living with them?

No



Knowledge Check – Coverage C – Special Limits: ANSWERS

The insured had a theft loss and the following property was stolen. What limits, if any, are applied after the deductible?

<u>\$200</u>	\$500 Coin Collection	<u>\$1,500</u>	\$5,000 Jewelry
<u>\$2,500</u>	\$5,000 Firearms	<u>Coverage C</u>	\$1,000 Piano
<u>Coverage C</u>	\$9,000 Persian Tapestry	<u>Coverage C</u>	\$3,000 Computer

The insured had a fire loss in the house and attached garage. The following property was damaged. What limits, if any, are applied after the deductible?

<u>Coverage C</u>	\$250 TV	<u>\$200</u>	\$900 Cash
<u>Coverage C</u>	\$12,000 Jewelry	<u>Coverage C</u>	\$500 Wine
<u>Coverage C</u>	\$4,000 Firearms	<u>Coverage C</u>	\$900 Sports Cards



Knowledge Check – Property Covered...: ANSWERS

1. The detached garage in which your insured operates a beauty salon.
Excluded as an other structure from which a business is conducted.
2. \$10,000 in personal property the insureds take on their vacation to Europe.
Covered as policy is worldwide
3. The insured's 18-year old son has personal property valued at \$5,000 in his college dorm room.
Up to 10% of Coverage C as property usually located at another residence of an "insured"
4. Furniture and household goods valued at \$10,000 that your insureds keep at their mountain cabin.
Up to 10% of Coverage C as property usually located at another residence of an "insured". No theft coverage except while they are staying there.
5. The insured's \$10,000 tractor is stolen.
\$10,000 if used solely to service a residence.
6. The insureds' personal watercraft valued at \$5,500 is stolen from their back yard.
\$1,500 Special Limit for Watercraft
7. The insured received the \$8,000 limit from the Scheduled Personal Property Endorsement for the stolen ring but want to be paid more since the replacement value at the time of the loss was \$10,000.
No coverage as property specifically insured on the policy or elsewhere is excluded.
8. The policy has a \$500,000 Coverage A Dwelling Limit. There are three outbuildings valued at \$10,000, \$35,000 and \$25,000.
Up to \$50,000 as policy automatically provided up to 10% of the dwelling limit for other structures.



Knowledge Check – Loss of Use: ANSWERS

Tom and Tammy had a fire at their home. While repairs were being made, they had to stay at a hotel.

Which expenses will be paid by their insurance company under Additional Living Expense?

	Prior to Loss	Now	How Much is Covered by Additional Living Expenses?
House Payment	\$1,200	\$1,200	-0-
Hotel	-0-	2,000	2,000
Meals	500	1,500	1,000
Telephone	40	60	20
Dog Kennel	-0-	300	300
Laundry	20	40	20



Knowledge Check – ACV or RC: ANSWERS

1. Tim and Niki have their home insured for \$175,000. At the time of a \$50,000 loss, the adjuster determines the replacement cost of the home to be \$200,000. Ignoring any deductible, how much will the policy pay?

The insurance to value requirement is 80%.

$$200,000 \times 80\% = \$160,000$$

$$175,000/160,000 = \text{Insured to Value}$$

They were insured to value, so the policy will pay \$50,000.

2. Brad and Beverly have a homeowner policy with a \$360,000 Coverage A Dwelling Limit. They have an \$80,000 loss. At the time of their loss, the carrier calculates the replacement cost to be \$600,000. Ignoring any deductible, how much will the policy pay?

The insurance to value requirement is 80%

$$600,000 \times 80\% = \$480,000$$

They were not insured to value, so the policy will pay the greater of the ACV of the loss or the formula.

$$360,000/480,000 \times \$80,000 = \text{Loss Payment}$$

$$.75 \times 80,000 = \$60,000$$

3. A fire damages the insured's wood fence, detached deck with a built-in hot tub, and storage shed. Will the policy pay actual cash value or replacement cost for each of these items?

The wood fence and deck/hot tub will be settled on an ACV basis as RC is only applied to other structures that are buildings.

The storage shed will be settled on a RC basis as it is a building.



Knowledge Check – Insured Location: ANSWERS

1. A hotel in Cleveland where the insured is staying while on business?
Yes. 6.d. Any part of a premises not owned by an “insured” and where an “insured” is temporarily residing.

2. The mini-storage unit that the insured has been renting for two years?
Yes. 6.c. Any part of a premises used by the named “insured” in connection with the “residence premises”.

3. 10-acres of undeveloped land that the insured will eventually be subdividing into 2-acre lots?
Yes (if vacant). 6.e. Vacant land, other than farm land, owned by an “insured”.

4. The dorm where the insured’s 18-year old son lives while attending college?
Yes. 6.d. Any part of a premises not owned by an “insured” and where an “insured” is temporarily residing.

5. The Firefighter’s Hall that the insured rents for his daughter’s wedding reception?
Yes. 6.h. Any part of a premises occasionally rented to an “insured” for other than “business” use.

6. The hotel where the insureds are staying while in Ireland?
Yes. 6.d. Any part of a premises not owned by an “insured” and where an “insured” is temporarily residing.

Personal Residential Coverages Forms

Form Number	Form Name
HO 00 03 05 11	Homeowners 3 – Special Form
HO 04 35 05 11	Supplemental Loss Assessment Coverage
HO 04 40 10 00	Structures Rented To Others – Residence Premises
HO 04 41 10 00	Additional Insured – Residence Premises
HO 04 42 10 00	Permitted Incidental Occupancies – Residence Premises
HO 04 58 05 11	Other Members Of Your Household
HO 04 59 05 11	Assisted Living Care Coverage
HO 04 61 05 11	Scheduled Personal Property Endorsement
HO 04 77 10 00	Ordinance Or Law Increased Amount Of Coverage
HO 04 90 05 11	Personal Property Replacement Cost Loss Settlement
HO 04 95 05 11	Limited Water Back-up And Sump Or Overflow Coverage
HO 05 27 05 11	Additional Insured – Student Living Away From The Residence Premises
HO 06 14 05 11	Increased Amount Of Insurance For Personal Property Located In A Self-Storage Facility
HO 06 48 10 15	Residence Premises Definition Endorsement
HO 06 49 10 15	Broadened Residence Premises Definition Endorsement
HO 06 53 02 17	Home-Sharing Host Activities Amendatory Endorsement
HO 06 63 02 17	Broadened Home-Sharing Host Activities Coverage Endorsement
HO 24 13 05 11	Incidental Low Power Recreational Motor Vehicle Liability Coverage Endorsement
HO 24 71 10 00	Business Pursuits
HO 24 75 10 00	Watercraft
HO 24 82 05 11	Personal Injury Coverage

HOMEOWNERS 3 – SPECIAL 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

- A.** 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.
- B.** In addition, certain words and phrases are defined as follows:
1. "Aircraft Liability", "Hovercraft Liability", "Motor Vehicle Liability" and "Watercraft Liability", subject to the provisions in **b.** below, mean the following:
 - a. Liability for "bodily injury" or "property damage" arising out of the:
 - (1) Ownership of such vehicle or craft by an "insured";
 - (2) Maintenance, occupancy, operation, use, loading or unloading of such vehicle or craft by any person;
 - (3) Entrustment of such vehicle or craft by an "insured" to any person;
 - (4) Failure to supervise or negligent supervision of any person involving such vehicle or craft by an "insured"; or
 - (5) Vicarious liability, whether or not imposed by law, for the actions of a child or minor involving such vehicle or craft.
 - b. For the purpose of this definition:
 - (1) Aircraft means any contrivance used or designed for flight except model or hobby aircraft not used or designed to carry people or cargo;
 - (2) Hovercraft means a self-propelled motorized ground effect vehicle and includes, but is not limited to, flarecraft and air cushion vehicles;
 - (3) Watercraft means a craft principally designed to be propelled on or in water by wind, engine power or electric motor; and
 - (4) Motor vehicle means a "motor vehicle" as defined in **7.** below.
 2. "Bodily injury" means bodily harm, sickness or disease, including required care, loss of services and death that results.
 3. "Business" means:
 - a. A trade, profession or occupation engaged in on a full-time, part-time or occasional basis; or
 - b. Any other activity engaged in for money or other compensation, except the following:
 - (1) One or more activities, not described in (2) through (4) below, for which no "insured" receives more than \$2,000 in total compensation for the 12 months before the beginning of the policy period;
 - (2) Volunteer activities for which no money is received other than payment for expenses incurred to perform the activity;
 - (3) Providing home day care services for which no compensation is received, other than the mutual exchange of such services; or
 - (4) The rendering of home day care services to a relative of an "insured".
 4. "Employee" means an employee of an "insured", or an employee leased to an "insured" by a labor leasing firm under an agreement between an "insured" and the labor leasing firm, whose duties are other than those performed by a "residence employee".
 5. "Insured" means:
 - a. You and residents of your household who are:
 - (1) Your relatives; or
 - (2) Other persons under the age of 21 and in your care or the care of a resident of your household who is your relative;
 - b. A student enrolled in school full-time, as defined by the school, who was a resident of your household before moving out to attend school, provided the student is under the age of:
 - (1) 24 and your relative; or

- (2) 21 and in your care or the care of a resident of your household who is your relative; or
- c. Under Section II:
- (1) With respect to animals or watercraft to which this policy applies, any person or organization legally responsible for these animals or watercraft which are owned by you or any person described in 5.a. or b. "Insured" does not mean a person or organization using or having custody of these animals or watercraft in the course of any "business" or without consent of the owner; or
- (2) With respect to a "motor vehicle" to which this policy applies:
- (a) Persons while engaged in your employ or that of any person described in 5.a. or b.; or
- (b) Other persons using the vehicle on an "insured location" with your consent.

Under both Sections I and II, when the word an immediately precedes the word "insured", the words an "insured" together mean one or more "insureds".

6. "Insured location" means:
- a. The "residence premises";
- b. The part of other premises, other structures and grounds used by you as a residence; and
- (1) Which is shown in the Declarations; or
- (2) Which is acquired by you during the policy period for your use as a residence;
- c. Any premises used by you in connection with a premises described in a. and b. above;
- d. Any part of a premises:
- (1) Not owned by an "insured"; and
- (2) Where an "insured" is temporarily residing;
- e. Vacant land, other than farm land, owned by or rented to an "insured";
- f. Land owned by or rented to an "insured" on which a one-, two-, three- or four-family dwelling is being built as a residence for an "insured";
- g. Individual or family cemetery plots or burial vaults of an "insured"; or
- h. Any part of a premises occasionally rented to an "insured" for other than "business" use.
7. "Motor vehicle" means:
- a. A self-propelled land or amphibious vehicle; or
- b. Any trailer or semitrailer which is being carried on, towed by or hitched for towing by a vehicle described in a. above.
8. "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions, which results, during the policy period, in:
- a. "Bodily injury"; or
- b. "Property damage".
9. "Property damage" means physical injury to, destruction of, or loss of use of tangible property.
10. "Residence employee" means:
- a. An employee of an "insured", or an employee leased to an "insured" by a labor leasing firm, under an agreement between an "insured" and the labor leasing firm, whose duties are related to the maintenance or use of the "residence premises", including household or domestic services; or
- b. One who performs similar duties elsewhere not related to the "business" of an "insured".
- A "residence employee" does not include a temporary employee who is furnished to an "insured" to substitute for a permanent "residence employee" on leave or to meet seasonal or short-term workload conditions.
11. "Residence premises" means:
- a. The one-family dwelling where you reside;
- b. The two-, three- or four-family dwelling where you reside in at least one of the family units; or
- c. That part of any other building where you reside;
- and which is shown as the "residence premises" in the Declarations.
- "Residence premises" also includes other structures and grounds at that location.

SECTION I – PROPERTY COVERAGES

A. Coverage A – Dwelling

1. We cover:
 - a. The dwelling on the "residence premises" shown in the Declarations, including structures attached to the dwelling; and
 - b. Materials and supplies located on or next to the "residence premises" used to construct, alter or repair the dwelling or other structures on the "residence premises".
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 "residence premises" 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 from which any "business" is conducted; or
 - d. Other structures used to store "business" property. However, we do cover a structure that contains "business" property solely owned by an "insured" or a tenant of the dwelling, provided that "business" 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.
3. The limit of liability for this coverage will not be more than 10% of the limit of liability that applies to Coverage A. Use of this coverage does not reduce the Coverage A limit of liability.

C. Coverage C – Personal Property

1. Covered Property

We cover personal property owned or used by an "insured" while it is anywhere in the world. After a loss and at your request, we will cover personal property owned by:

- a. Others while the property is on the part of the "residence premises" occupied by an "insured"; or
- b. A guest or a "residence employee", while the property is in any residence occupied by an "insured".

2. Limit For Property At Other Locations

a. Other Residences

Our limit of liability for personal property usually located at an "insured's" residence, other than the "residence premises", is 10% of the limit of liability for Coverage C, or \$1,000, whichever is greater. However, this limitation does not apply to personal property:

- (1) Moved from the "residence premises" because it is:
 - (a) Being repaired, renovated or rebuilt; and
 - (b) Not fit to live in or store property in; or
- (2) In a newly acquired principal residence for 30 days from the time you begin to move the property there.

b. Self-storage Facilities

Our limit of liability for personal property owned or used by an "insured" and located in a self-storage facility is 10% of the limit of liability for Coverage C, or \$1,000, whichever is greater. However, this limitation does not apply to personal property:

- (1) Moved from the "residence premises" because it is:
 - (a) Being repaired, renovated or rebuilt; and
 - (b) Not fit to live in or store property in; or
- (2) Usually located in an "insured's" residence, other than the "residence premises".

3. Special Limits Of Liability

The special limit for each category shown below is the total limit for each loss for all property in that category. These special limits do not increase the Coverage C limit of liability.

- a. \$200 on money, bank notes, bullion, gold other than goldware, silver other than silverware, platinum other than platinumware, coins, medals, scrip, stored value cards and smart cards.
- b. \$1,500 on securities, accounts, deeds, evidences of debt, letters of credit, notes other than bank notes, manuscripts, personal records, passports, tickets and stamps. This dollar limit applies to these categories regardless of the medium (such as paper or computer software) on which the material exists.
This limit includes the cost to research, replace or restore the information from the lost or damaged material.
- c. \$1,500 on watercraft of all types, including their trailers, furnishings, equipment and outboard engines or motors.
- d. \$1,500 on trailers or semitrailers not used with watercraft of all types.
- e. \$1,500 for loss by theft of jewelry, watches, furs, precious and semiprecious stones.
- f. \$2,500 for loss by theft of firearms and related equipment.
- g. \$2,500 for loss by theft of silverware, silver-plated ware, goldware, gold-plated ware, platinumware, platinum-plated ware and pewterware. This includes flatware, hollowware, tea sets, trays and trophies made of or including silver, gold or pewter.
- h. \$2,500 on property, on the "residence premises", used primarily for "business" purposes.
- i. \$1,500 on property, away from the "residence premises", used primarily for "business" purposes. However, this limit does not apply to antennas, tapes, wires, records, disks or other media that are:
 - (1) Used with electronic equipment that reproduces, receives or transmits audio, visual or data signals; and
 - (2) In or upon a "motor vehicle".
- j. \$1,500 on portable electronic equipment that:
 - (1) Reproduces, receives or transmits audio, visual or data signals;

- (2) Is designed to be operated by more than one power source, one of which is a "motor vehicle's" electrical system; and

- (3) Is in or upon a "motor vehicle".

- k. \$250 for antennas, tapes, wires, records, disks or other media that are:

- (1) Used with electronic equipment that reproduces, receives or transmits audio, visual or data signals; and

- (2) In or upon a "motor vehicle".

4. Property Not Covered

We do not cover:

- a. Articles separately described and specifically insured, regardless of the limit for which they are insured, in this or other insurance;

- b. Animals, birds or fish;

- c. "Motor vehicles".

This includes a "motor vehicle's" equipment and parts. However, this Paragraph 4.c. 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 a "motor vehicle's" electrical system.

- (2) "Motor vehicles" 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;

- d. 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;

- e. Hovercraft and parts. Hovercraft means a self-propelled motorized ground effect vehicle and includes, but is not limited to, flarecraft and air cushion vehicles;

- f. Property of roomers, boarders and other tenants, except property of roomers and boarders related to an "insured";

- g. Property in an apartment regularly rented or held for rental to others by an "insured", except as provided in **E.10. Landlord's Furnishings** under **Section I – Property Coverages**;
- h. Property rented or held for rental to others off the "residence premises";
- i. "Business" data, including such 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;

- j. Credit cards, electronic fund transfer cards or access devices used solely for deposit, withdrawal or transfer of funds except as provided in **E.6. Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money** under **Section I – Property Coverages**; or
- k. Water or steam.

D. Coverage D – Loss Of Use

The limit of liability for Coverage **D** is the total limit for the coverages in **1. Additional Living Expense**, **2. Fair Rental Value** and **3. Civil Authority Prohibits Use** below.

1. Additional Living Expense

If a loss covered under **Section I** makes that part of the "residence premises" where you reside not fit to live in, we cover any necessary increase in living expenses incurred by you so that your household can maintain its normal standard of living.

Payment will be for the shortest time required to repair or replace the damage or, if you permanently relocate, the shortest time required for your household to settle elsewhere.

2. Fair Rental Value

If a loss covered under **Section I** makes that part of the "residence premises" rented to others or held for rental by you not fit to live in, we cover the fair rental value of such premises less any expenses that do not continue while it is not fit to live in.

Payment will be for the shortest time required to repair or replace such premises.

3. Civil Authority Prohibits Use

If a civil authority prohibits you from use of the "residence premises" as a result of direct damage to neighboring premises by a Peril Insured Against, we cover the loss as provided in **1. Additional Living Expense** and **2. Fair Rental Value** above for no more than two weeks.

4. Loss Or Expense Not Covered

We do not cover loss or expense due to cancellation of a lease or agreement.

The periods of time under **1. Additional Living Expense**, **2. Fair Rental Value** and **3. Civil Authority Prohibits Use** above are not limited by expiration of this policy.

E. Additional Coverages

1. Debris Removal

- a. We will pay your reasonable expense for the removal of:
 - (1) Debris of covered property if a Peril Insured Against that applies to the damaged property causes the loss; or
 - (2) 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. If the amount to be paid for the actual damage to the property plus the debris removal expense is more than the limit of liability for the damaged property, an additional 5% of that limit is available for such expense.

- b. We will also pay your reasonable expense, up to \$1,000, for the removal from the "residence premises" of:
 - (1) Your trees felled by the peril of Windstorm or Hail or Weight of Ice, Snow or Sleet; or
 - (2) A neighbor's trees felled by a Peril Insured Against under Coverage **C**; provided the trees:
 - (3) Damage a covered structure; or
 - (4) Do not damage a covered structure, but:
 - (a) Block a driveway on the "residence premises" which prevents a "motor vehicle", that is registered for use on public roads or property, from entering or leaving the "residence premises"; or

- (b) Block a ramp or other fixture designed to assist a handicapped person to enter or leave the dwelling building.

The \$1,000 limit is the most we will pay in any one loss, regardless of the number of fallen trees. No more than \$500 of this limit will be paid for the removal of any one tree.

This coverage is additional insurance.

2. Reasonable Repairs

- a. We will pay the reasonable cost incurred by you for the necessary measures taken solely to protect covered property that is damaged by a Peril Insured Against from further damage.
- b. If the measures taken involve repair to other damaged property, we will only pay if that property is covered under this policy and the damage 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, described in C.4. under Section I – Conditions.

3. Trees, Shrubs And Other Plants

We cover trees, shrubs, plants or lawns, on the "residence premises", for loss caused by the following Perils Insured Against:

- a. Fire or Lightning;
- b. Explosion;
- c. Riot or Civil Commotion;
- d. Aircraft;
- e. Vehicles not owned or operated by a resident of the "residence premises";
- f. Vandalism or Malicious Mischief; or
- g. Theft.

We will pay up to 5% of the limit of liability that applies to the dwelling for all trees, shrubs, plants or lawns. No more than \$500 of this limit will be paid for any one tree, shrub or plant. We do not cover property grown for "business" purposes.

This coverage is additional insurance.

4. 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.

5. 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 30 days while removed.

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

6. Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money

- a. We will pay up to \$500 for:
 - (1) The legal obligation of an "insured" to pay because of the theft or unauthorized use of credit cards issued to or registered in an "insured's" name;
 - (2) Loss resulting from theft or unauthorized use of an electronic fund transfer card or access device used for deposit, withdrawal or transfer of funds, issued to or registered in an "insured's" name;
 - (3) Loss to an "insured" caused by forgery or alteration of any check or negotiable instrument; and
 - (4) Loss to an "insured" through acceptance in good faith of counterfeit United States or Canadian paper currency.

All loss resulting from a series of acts committed by any one person or in which any one person is concerned or implicated is considered to be one loss.

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

- b. We do not cover:
 - (1) Use of a credit card, electronic fund transfer card or access device:
 - (a) By a resident of your household;
 - (b) By a person who has been entrusted with either type of card or access device; or
 - (c) If an "insured" has not complied with all terms and conditions under which the cards are issued or the devices accessed; or
 - (2) Loss arising out of "business" use or dishonesty of an "insured".
- c. If the coverage in a. above applies, the following defense provisions also apply:
 - (1) We may investigate and settle any claim or suit that we decide is appropriate. Our duty to defend a claim or suit ends when the amount we pay for the loss equals our limit of liability.
 - (2) If a suit is brought against an "insured" for liability under a.(1) or (2) above, we will provide a defense at our expense by counsel of our choice.
 - (3) We have the option to defend at our expense an "insured" or an "insured's" bank against any suit for the enforcement of payment under a.(3) above.

7. Loss Assessment

- a. We will pay up to \$1,000 for your share of loss assessment charged during the policy period against you, as owner or tenant of the "residence premises", by a corporation or association of property owners. The assessment must be made as a result of direct loss to property, owned by all members collectively, of the type that would be covered by this policy if owned by you, caused by a Peril Insured Against under Coverage A, other than:
 - (1) Earthquake; or
 - (2) Land shock waves or tremors before, during or after a volcanic eruption.

The limit of \$1,000 is the most we will pay with respect to any one loss, regardless of the number of assessments. We will only apply one deductible, per unit, to the total amount of any one loss to the property described above, regardless of the number of assessments.

- b. We do not cover assessments charged against you or a corporation or association of property owners by any governmental body.
- c. Paragraph Q. Policy Period under Section I – Conditions does not apply to this coverage.

This coverage is additional insurance.

8. Collapse

- a. The coverage provided under this Additional Coverage – Collapse applies only to an abrupt collapse.
- b. For the purpose of this Additional Coverage – Collapse, abrupt collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose.
- c. This Additional Coverage – Collapse does not apply to:
 - (1) A building or any part of a building that is in danger of falling down or caving in;
 - (2) A part of a building that is standing, even if it has separated from another part of the building; or
 - (3) A building or any part of a building that is standing, even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.
- d. We insure for direct physical loss to covered property involving abrupt collapse of a building or any part of a building if such collapse was caused by one or more of the following:
 - (1) The Perils Insured Against named under Coverage C;
 - (2) Decay, of a building or any part of a building, that is hidden from view, unless the presence of such decay is known to an "insured" prior to collapse;
 - (3) Insect or vermin damage, to a building or any part of a building, that is hidden from view, unless the presence of such damage is known to an "insured" prior to collapse;
 - (4) Weight of contents, equipment, animals or people;
 - (5) Weight of rain which collects on a roof; or

- (6) Use of defective material or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation.
- e. Loss to an awning, fence, patio, deck, pavement, swimming pool, underground pipe, flue, drain, cesspool, septic tank, foundation, retaining wall, bulkhead, pier, wharf or dock is not included under d.(2) through (6) above, unless the loss is a direct result of the collapse of a building or any part of a building.
- f. This coverage does not increase the limit of liability that applies to the damaged covered property.

9. Glass Or Safety Glazing Material

- a. We cover:
 - (1) The breakage of glass or safety glazing material which is part of a covered building, storm door or storm window;
 - (2) The breakage of glass or safety glazing material which is part of a covered building, storm door or storm window when caused directly by earth movement; and
 - (3) The direct physical loss to covered property caused solely by the pieces, fragments or splinters of broken glass or safety glazing material which is part of a building, storm door or storm window.
- b. This coverage does not include loss:
 - (1) To covered property which results because the glass or safety glazing material has been broken, except as provided in a.(3) above; or
 - (2) On the "residence premises" if the dwelling has been vacant for more than 60 consecutive days immediately before the loss, except when the breakage results directly from earth movement as provided in a.(2) above. A dwelling being constructed is not considered vacant.
- c. This coverage does not increase the limit of liability that applies to the damaged property.

10. Landlord's Furnishings

We will pay up to \$2,500 for your appliances, carpeting and other household furnishings, in each apartment on the "residence premises" regularly rented or held for rental to others by an "insured", for loss caused by a Peril Insured Against in Coverage C, other than Theft.

This limit is the most we will pay in any one loss regardless of the number of appliances, carpeting or other household furnishings involved in the loss.

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

11. Ordinance Or Law

- a. You may use up to 10% of the limit of liability that applies to Coverage A for the increased costs you incur due to the enforcement of any ordinance or law which requires or regulates:
 - (1) The construction, demolition, remodeling, renovation or repair of that part of a covered building or other structure damaged by a Peril Insured Against;
 - (2) The demolition and reconstruction of the undamaged part of a covered building or other structure, when that building or other structure must be totally demolished because of damage by a Peril Insured Against to another part of that covered building or other structure; or
 - (3) The remodeling, removal or replacement of the portion of the undamaged part of a covered building or other structure necessary to complete the remodeling, repair or replacement of that part of the covered building or other structure damaged by a Peril Insured Against.
- b. You may use all or part of this ordinance or law coverage to pay for the increased costs you incur to remove debris resulting from the construction, demolition, remodeling, renovation, repair or replacement of property as stated in a. above.
- c. We do not cover:
 - (1) The loss in value to any covered building or other structure due to the requirements of any ordinance or law; or
 - (2) The costs to comply with any ordinance or law which requires any "insured" 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 in or 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 materials to be recycled, reconditioned or reclaimed.

This coverage is additional insurance.

12. Grave Markers

We will pay up to \$5,000 for grave markers, including mausoleums, on or away from the "residence premises" for loss caused by a Peril Insured Against under Coverage C.

This coverage does not increase the limits of liability that apply to the damaged covered property.

SECTION I – PERILS INSURED AGAINST

A. Coverage A – Dwelling And Coverage B – Other Structures

1. We insure against direct physical loss to property described in Coverages A and B.
2. We do not insure, however, for loss:

- a. Excluded under Section I – Exclusions;
- b. Involving collapse, including any of the following conditions of property or any part of the property:
 - (1) An abrupt falling down or caving in;
 - (2) Loss of structural integrity, including separation of parts of the property or property in danger of falling down or caving in; or
 - (3) Any cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion as such condition relates to (1) or (2) above;

except as provided in E.8. Collapse under Section I – Property Coverages; or

- c. Caused by:
 - (1) Freezing of a plumbing, heating, air conditioning or automatic fire protective sprinkler system or of a household appliance, or by discharge, leakage or overflow from within the system or appliance caused by freezing. This provision does not apply if you have used reasonable care to:
 - (a) Maintain heat in the building; or
 - (b) Shut off the water supply and drain all systems and appliances of water.

However, if the building is protected by an automatic fire protective sprinkler system, you must use reasonable care to continue the water supply and maintain heat in the building for coverage to apply.

For purposes of this provision, a plumbing system or household appliance does not include a sump, sump pump or related equipment or a roof drain, gutter, downspout or similar fixtures or equipment;

- (2) Freezing, thawing, pressure or weight of water or ice, whether driven by wind or not, to a:
 - (a) Fence, pavement, patio or swimming pool;
 - (b) Footing, foundation, bulkhead, wall, or any other structure or device that supports all or part of a building, or other structure;
 - (c) Retaining wall or bulkhead that does not support all or part of a building or other structure; or
 - (d) Pier, wharf or dock;
- (3) Theft in or to a dwelling under construction, or of materials and supplies for use in the construction until the dwelling is finished and occupied;
- (4) Vandalism and malicious mischief, 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;
- (5) Mold, fungus or wet rot. However, we do insure for loss caused by mold, fungus or wet rot that is hidden within the walls or ceilings or beneath the floors or above the ceilings of a structure if such loss results from the accidental discharge or overflow of water or steam from within:
 - (a) A plumbing, heating, air conditioning or automatic fire protective sprinkler system, or a household appliance, on the "residence premises"; or
 - (b) A storm drain, or water, steam or sewer pipes, off the "residence premises".

For purposes of this provision, a plumbing system or household appliance does not include a sump, sump pump or related equipment or a roof drain, gutter, downspout or similar fixtures or equipment; or

(6) Any of the following:

- (a)** Wear and tear, marring, deterioration;
- (b)** Mechanical breakdown, latent defect, inherent vice or any quality in property that causes it to damage or destroy itself;
- (c)** Smog, rust or other corrosion, or dry rot;
- (d)** Smoke from agricultural smudging or industrial operations;
- (e)** Discharge, dispersal, seepage, migration, release or escape of pollutants unless the discharge, dispersal, seepage, migration, release or escape is itself caused by a Peril Insured Against named under Coverage **C**.
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;
- (f)** Settling, shrinking, bulging or expansion, including resultant cracking, of bulkheads, pavements, patios, footings, foundations, walls, floors, roofs or ceilings;
- (g)** Birds, rodents or insects;
- (h)** Nesting or infestation, or discharge or release of waste products or secretions, by any animals; or
- (i)** Animals owned or kept by an "insured".

Exception To c.(6)

Unless the loss is otherwise excluded, we cover loss to property covered under Coverage **A** or **B** resulting from an accidental discharge or overflow of water or steam from within a:

- (i)** Storm drain, or water, steam or sewer pipe, off the "residence premises"; or

- (ii)** Plumbing, heating, air conditioning or automatic fire protective sprinkler system or household appliance on the "residence premises". This includes the cost to tear out and replace any part of a building, or other structure, on the "residence premises", but only when necessary to repair the system or appliance. However, such tear out and replacement coverage only applies to other structures if the water or steam causes actual damage to a building on the "residence premises".

We do not cover loss to the system or appliance from which this water or steam escaped.

For purposes of this provision, a plumbing system or household appliance does not include a sump, sump pump or related equipment or a roof drain, gutter, downspout or similar fixtures or equipment.

Section I – Exclusion A.3. Water, Paragraphs a. and c. that apply to surface water and water below the surface of the ground do not apply to loss by water covered under **c.(5)** and **(6)** above.

Under **2.b.** and **c.** above, any ensuing loss to property described in Coverages **A** and **B** not precluded by any other provision in this policy is covered.

B. Coverage C – Personal Property

We insure for direct physical loss to the property described in Coverage **C** caused by any of the following perils unless the loss is excluded in Section **I** – Exclusions.

1. Fire Or Lightning

2. Windstorm Or Hail

This peril includes loss to watercraft of all types and their trailers, furnishings, equipment, and outboard engines or motors, only while inside a fully enclosed building.

This peril does not include loss to 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.

3. Explosion

4. Riot Or Civil Commotion

5. Aircraft

This peril includes self-propelled missiles and spacecraft.

6. Vehicles

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 agricultural smudging or industrial operations.

8. Vandalism Or Malicious Mischief

9. Theft

a. This peril includes attempted theft and loss of property from a known place when it is likely that the property has been stolen.

b. This peril does not include loss caused by theft:

- (1) Committed by an "insured";
- (2) In or to a dwelling under construction, or of materials and supplies for use in the construction until the dwelling is finished and occupied;
- (3) From that part of a "residence premises" rented by an "insured" to someone other than another "insured"; or
- (4) That occurs off the "residence premises" of:
 - (a) Trailers, semitrailers and campers;
 - (b) Watercraft of all types, and their furnishings, equipment and outboard engines or motors; or
 - (c) Property while at any other residence owned by, rented to, or occupied by an "insured", except while an "insured" is temporarily living there. Property of an "insured" who is a student is covered while at the residence the student occupies to attend school as long as the student has been there at any time during the 90 days immediately before the loss.

10. Falling Objects

This peril does not include loss to property contained in a building unless the roof or an outside wall of the building is first damaged by a falling object. Damage to the falling object itself is not included.

11. Weight Of Ice, Snow Or Sleet

This peril means weight of ice, snow or sleet which causes damage to property contained in a building.

12. Accidental Discharge Or Overflow Of Water Or Steam

a. This peril means accidental discharge or overflow of water or steam from within a plumbing, heating, air conditioning or automatic fire protective sprinkler system or from within a household appliance.

b. This peril does not include loss:

- (1) To the system or appliance from which the water or steam escaped;
- (2) Caused by or resulting from freezing except as provided in Peril Insured Against 14. Freezing;
- (3) On the "residence premises" caused by accidental discharge or overflow which occurs off the "residence premises"; or
- (4) Caused by mold, fungus or wet rot unless hidden within the walls or ceilings or beneath the floors or above the ceilings of a structure.

c. In this peril, a plumbing system or household appliance does not include a sump, sump pump or related equipment or a roof drain, gutter, downspout or similar fixtures or equipment.

d. Section I – Exclusion A.3. Water, Paragraphs a. and c. that apply to surface water and water below the surface of the ground do not apply to loss by water covered under this peril.

13. Sudden And Accidental Tearing Apart, Cracking, Burning Or Bulging

This peril means sudden and accidental tearing apart, cracking, burning or bulging of a steam or hot water heating system, an air conditioning or automatic fire protective sprinkler system, or an appliance for heating water.

We do not cover loss caused by or resulting from freezing under this peril.

14. Freezing

- a. This peril means freezing of a plumbing, heating, air conditioning or automatic fire protective sprinkler system or of a household appliance, but only if you have used reasonable care to:

- (1) Maintain heat in the building; or
- (2) Shut off the water supply and drain all systems and appliances of water.

However, if the building is protected by an automatic fire protective sprinkler system, you must use reasonable care to continue the water supply and maintain heat in the building for coverage to apply.

- b. In this peril, a plumbing system or household appliance does not include a sump, sump pump or related equipment or a roof drain, gutter, downspout or similar fixtures or equipment.

15. Sudden And Accidental Damage From Artificially Generated Electrical Current

This peril does not include loss to tubes, transistors, electronic components or circuitry that is a part of appliances, fixtures, computers, home entertainment units or other types of electronic apparatus.

16. Volcanic Eruption

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

SECTION I – 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. This Exclusion **A.1.a.** does not apply to the amount of coverage that may be provided for in **E.11**. Ordinance Or Law under Section I – Property Coverages;
- b. The requirements of which result in a loss in value to property; or

- c. Requiring any "insured" 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, explosion or theft 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, explosion or theft 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 "residence premises". But if the failure results in a loss, from a Peril Insured Against on the "residence premises", we will pay for the loss caused by that peril.

5. Neglect

Neglect means neglect of an "insured" 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; or
- c. Destruction, 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 **A.7.** pertains to Nuclear Hazard to the extent set forth in **N.** Nuclear Hazard Clause under Section **I** – Conditions.

8. Intentional Loss

Intentional Loss means any loss arising out of any act an "insured" commits or conspires to commit with the intent to cause a loss.

In the event of such loss, no "insured" is entitled to coverage, even "insureds" 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 insure for loss to property described in Coverages **A** and **B** caused by any of the following. However, any ensuing loss to property described in Coverages **A** and **B** not precluded by any other provision in this policy is covered.

1. Weather conditions. However, this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in **A.** above to produce the loss.
2. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.
3. Faulty, inadequate or defective:
 - a. Planning, zoning, development, surveying, siting;
 - b. Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
 - c. Materials used in repair, construction, renovation or remodeling; or
 - d. Maintenance;of part or all of any property whether on or off the "residence premises".

SECTION I – 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. To an "insured" for more than the amount of such "insured's" interest 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. 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, an "insured" seeking coverage, or a representative of either:

1. Give prompt notice to us or our agent;
2. Notify the police in case of loss by theft;
3. Notify the credit card or electronic fund transfer card or access device company in case of loss as provided for in **E.6. Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money under Section I – Property Coverages**;
4. 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;
5. Cooperate with us in the investigation of a claim;
6. 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;
7. 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 "insured", and sign the same;
8. 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. The interests of all "insureds" and 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 **6.** above;

- g. Receipts for additional living expenses incurred and records that support the fair rental value loss; and
- h. Evidence or affidavit that supports a claim under **E.6. Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money under Section I – Property Coverages**, stating the amount and cause of loss.

D. Loss Settlement

In this Condition **D.**, the terms "cost to repair or replace" and "replacement cost" do not include the increased costs incurred to comply with the enforcement of any ordinance or law, except to the extent that coverage for these increased costs is provided in **E.11. Ordinance Or Law under Section I – Property Coverages**. Covered property losses are settled as follows:

1. Property of the following types:
 - a. Personal property;
 - b. Awnings, carpeting, household appliances, outdoor antennas and outdoor equipment, whether or not attached to buildings;
 - c. Structures that are not buildings; and
 - d. Grave markers, including mausoleums;
 at actual cash value at the time of loss but not more than the amount required to repair or replace.
2. Buildings covered under Coverage **A** or **B** at replacement cost without deduction for depreciation, subject to the following:
 - a. If, at the time of loss, the amount of insurance in this policy on the damaged building is 80% or more of the full replacement cost of the building immediately before the loss, we will pay the cost to repair or replace, without deduction for depreciation, but not more than the least of the following amounts:
 - (1) The limit of liability under this policy that applies to the building;
 - (2) The replacement cost of that part of the building damaged with material of like kind and quality and for like use; or
 - (3) The necessary amount actually spent to repair or replace the damaged building.
 If the building is rebuilt at a new premises, the cost described in **(2)** above is limited to the cost which would have been incurred if the building had been built at the original premises.

b. If, at the time of loss, the amount of insurance in this policy on the damaged building is less than 80% of the full replacement cost of the building immediately before the loss, we will pay the greater of the following amounts, but not more than the limit of liability under this policy that applies to the building:

- (1) The actual cash value of that part of the building damaged; or
- (2) That proportion of the cost to repair or replace, without deduction for depreciation, that part of the building damaged, which the total amount of insurance in this policy on the damaged building bears to 80% of the replacement cost of the building.

c. To determine the amount of insurance required to equal 80% of the full replacement cost of the building immediately before the loss, do not include the value of:

- (1) Excavations, footings, foundations, piers, or any other structures or devices that support all or part of the building, which are below the undersurface of the lowest basement floor;
- (2) Those supports described in (1) above which are below the surface of the ground inside the foundation walls, if there is no basement; and
- (3) Underground flues, pipes, wiring and drains.

d. We will pay no more than the actual cash value of the damage until actual repair or replacement is complete. Once actual repair or replacement is complete, we will settle the loss as noted in **2.a.** and **b.** above.

However, if the cost to repair or replace the damage is both:

- (1) Less than 5% of the amount of insurance in this policy on the building; and
- (2) Less than \$2,500;

we will settle the loss as noted in **2.a.** and **b.** above whether or not actual repair or replacement is complete.

e. You may disregard the replacement cost loss settlement provisions and make claim under this policy for loss to buildings on an actual cash value basis. You may then make claim for any additional liability according to the provisions of this Condition **D. Loss Settlement**, provided you notify us, within 180 days after the date of loss, of your intent to repair or replace the damaged building.

E. 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.

F. 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 "residence premises" 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.

G. Other Insurance And Service Agreement

If a loss covered by this policy is also covered by:

1. Other insurance, we will pay only the proportion of the loss that the limit of liability that applies under this policy bears to the total amount of insurance covering the loss; 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.

H. Suit Against Us

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

I. 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.

J. 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.

K. Abandonment Of Property

We need not accept any property abandoned by an "insured".

L. 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. Paragraphs F. Appraisal, H. Suit Against Us and J. Loss Payment under Section I – Conditions 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.

M. 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.

N. 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 under Section I to loss caused directly or indirectly by nuclear hazard, except that direct loss by fire resulting from the nuclear hazard is covered.

O. 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.

P. Volcanic Eruption Period

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

Q. Policy Period

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

R. Concealment Or Fraud

We provide coverage to no "insureds" under this policy if, whether before or after a loss, an "insured" has:

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

S. Loss Payable Clause

If the Declarations shows a loss payee for certain listed insured personal property, the definition of "insured" is changed to include that loss payee with respect to that property.

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

SECTION II – LIABILITY COVERAGES

A. Coverage E – Personal Liability

If a claim is made or a suit is brought against an "insured" for damages because of "bodily injury" or "property damage" caused by an "occurrence" to which this coverage applies, we will:

1. Pay up to our limit of liability for the damages for which an "insured" is legally liable. Damages include prejudgment interest awarded against an "insured"; and
2. Provide a defense at our expense by counsel of our choice, even if the suit is groundless, false or fraudulent. We may investigate and settle any claim or suit that we decide is appropriate. Our duty to settle or defend ends when our limit of liability for the "occurrence" has been exhausted by payment of a judgment or settlement.

B. Coverage F – Medical Payments To Others

We will pay the necessary medical expenses that are incurred or medically ascertained within three years from the date of an accident causing "bodily injury". Medical expenses means reasonable charges for medical, surgical, x-ray, dental, ambulance, hospital, professional nursing, prosthetic devices and funeral services. This coverage does not apply to you or regular residents of your household except "residence employees". As to others, this coverage applies only:

1. To a person on the "insured location" with the permission of an "insured"; or

2. To a person off the "insured location", if the "bodily injury":

- a. Arises out of a condition on the "insured location" or the ways immediately adjoining;
- b. Is caused by the activities of an "insured";
- c. Is caused by a "residence employee" in the course of the "residence employee's" employment by an "insured"; or
- d. Is caused by an animal owned by or in the care of an "insured".

SECTION II – EXCLUSIONS

A. "Motor Vehicle Liability"

1. Coverages E and F do not apply to any "motor vehicle liability" if, at the time and place of an "occurrence", the involved "motor vehicle":
 - a. Is registered for use on public roads or property;
 - b. Is not registered for use on public roads or property, but such registration is required by a law, or regulation issued by a government agency, for it to be used at the place of the "occurrence"; or
 - c. Is being:
 - (1) Operated in, or practicing for, any prearranged or organized race, speed contest or other competition;
 - (2) Rented to others;
 - (3) Used to carry persons or cargo for a charge; or
 - (4) Used for any "business" purpose except for a motorized golf cart while on a golfing facility.
2. If Exclusion A.1. does not apply, there is still no coverage for "motor vehicle liability", unless the "motor vehicle" is:
 - a. In dead storage on an "insured location";
 - b. Used solely to service a residence;
 - c. Designed to assist the handicapped and, at the time of an "occurrence", it is:
 - (1) Being used to assist a handicapped person; or
 - (2) Parked on an "insured location";
 - d. Designed for recreational use off public roads and:
 - (1) Not owned by an "insured"; or

- (2) Owned by an "insured" provided the "occurrence" takes place:
 - (a) On an "insured location" as defined in Definition **B.6.a., b., d., e. or h.**; or
 - (b) Off an "insured location" and the "motor vehicle" is:
 - (i) Designed as a toy vehicle for use by children under seven years of age;
 - (ii) Powered by one or more batteries; and
 - (iii) Not built or modified after manufacture to exceed a speed of five miles per hour on level ground;
 - e. A motorized golf cart that is owned by an "insured", designed to carry up to four persons, not built or modified after manufacture to exceed a speed of 25 miles per hour on level ground and, at the time of an "occurrence", is within the legal boundaries of:
 - (1) A golfing facility and is parked or stored there, or being used by an "insured" to:
 - (a) Play the game of golf or for other recreational or leisure activity allowed by the facility;
 - (b) Travel to or from an area where "motor vehicles" or golf carts are parked or stored; or
 - (c) Cross public roads at designated points to access other parts of the golfing facility; or
 - (2) A private residential community, including its public roads upon which a motorized golf cart can legally travel, which is subject to the authority of a property owners association and contains an "insured's" residence.
 - d. Used for any "business" purpose.
2. If Exclusion **B.1.** does not apply, there is still no coverage for "watercraft liability" unless, at the time of the "occurrence", the watercraft:
- a. Is stored;
 - b. Is a sailing vessel, with or without auxiliary power, that is:
 - (1) Less than 26 feet in overall length; or
 - (2) 26 feet or more in overall length and not owned by or rented to an "insured"; or
 - c. Is not a sailing vessel and is powered by:
 - (1) An inboard or inboard-outdrive engine or motor, including those that power a water jet pump, of:
 - (a) 50 horsepower or less and not owned by an "insured"; or
 - (b) More than 50 horsepower and not owned by or rented to an "insured"; or
 - (2) One or more outboard engines or motors with:
 - (a) 25 total horsepower or less;
 - (b) More than 25 horsepower if the outboard engine or motor is not owned by an "insured";
 - (c) More than 25 horsepower if the outboard engine or motor is owned by an "insured" who acquired it during the policy period; or
 - (d) More than 25 horsepower if the outboard engine or motor is owned by an "insured" who acquired it before the policy period, but only if:
 - (i) You declare them at policy inception; or
 - (ii) Your intent to insure them is reported to us in writing within 45 days after you acquire them.

The coverages in (c) and (d) above apply for the policy period.

Horsepower means the maximum power rating assigned to the engine or motor by the manufacturer.

B. "Watercraft Liability"

- 1. Coverages **E** and **F** do not apply to any "watercraft liability" if, at the time of an "occurrence", the involved watercraft is being:
 - a. Operated in, or practicing for, any prearranged or organized race, speed contest or other competition. This exclusion does not apply to a sailing vessel or a predicted log cruise;
 - b. Rented to others;
 - c. Used to carry persons or cargo for a charge; or

C. "Aircraft Liability"

This policy does not cover "aircraft liability".

D. "Hovercraft Liability"

This policy does not cover "hovercraft liability".

E. Coverage E – Personal Liability And Coverage F – Medical Payments To Others

Coverages **E** and **F** do not apply to the following:

1. Expected Or Intended Injury

"Bodily injury" or "property damage" which is expected or intended by an "insured", even if the resulting "bodily injury" or "property damage":

- a. Is of a different kind, quality or degree than initially expected or intended; or
- b. Is sustained by a different person, entity or property than initially expected or intended.

However, this Exclusion **E.1.** does not apply to "bodily injury" or "property damage" resulting from the use of reasonable force by an "insured" to protect persons or property;

2. "Business"

- a. "Bodily injury" or "property damage" arising out of or in connection with a "business" conducted from an "insured location" or engaged in by an "insured", whether or not the "business" is owned or operated by an "insured" or employs an "insured".

This Exclusion **E.2.** applies but is not limited to an act or omission, regardless of its nature or circumstance, involving a service or duty rendered, promised, owed, or implied to be provided because of the nature of the "business".

- b. This Exclusion **E.2.** does not apply to:

- (1) The rental or holding for rental of an "insured location";
 - (a) On an occasional basis if used only as a residence;
 - (b) In part for use only as a residence, unless a single-family unit is intended for use by the occupying family to lodge more than two roomers or boarders; or
 - (c) In part, as an office, school, studio or private garage; and
- (2) An "insured" under the age of 21 years involved in a part-time or occasional, self-employed "business" with no employees;

3. Professional Services

"Bodily injury" or "property damage" arising out of the rendering of or failure to render professional services;

4. "Insured's" Premises Not An "Insured Location"

"Bodily injury" or "property damage" arising out of a premises:

- a. Owned by an "insured";
 - b. Rented to an "insured"; or
 - c. Rented to others by an "insured";
- that is not an "insured location";

5. War

"Bodily injury" or "property damage" caused directly or indirectly by war, including 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; or
- c. Destruction, seizure or use for a military purpose.

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

6. Communicable Disease

"Bodily injury" or "property damage" which arises out of the transmission of a communicable disease by an "insured";

7. Sexual Molestation, Corporal Punishment Or Physical Or Mental Abuse

"Bodily injury" or "property damage" arising out of sexual molestation, corporal punishment or physical or mental abuse; or

8. Controlled Substance

"Bodily injury" or "property damage" arising out of the use, sale, manufacture, delivery, transfer or possession by any person of a Controlled Substance as defined by the Federal Food and Drug Law at 21 U.S.C.A. Sections 811 and 812. Controlled Substances include but are not limited to cocaine, LSD, marijuana and all narcotic drugs. However, this exclusion does not apply to the legitimate use of prescription drugs by a person following the lawful orders of a licensed health care professional.

Exclusions **A.** "Motor Vehicle Liability", **B.** "Watercraft Liability", **C.** "Aircraft Liability", **D.** "Hovercraft Liability" and **E.4.** "Insured's" Premises Not An "Insured Location" do not apply to "bodily injury" to a "residence employee" arising out of and in the course of the "residence employee's" employment by an "insured".

F. Coverage E – Personal Liability

Coverage E does not apply to:

1. Liability:
 - a. For any loss assessment charged against you as a member of an association, corporation or community of property owners, except as provided in **D. Loss Assessment** under Section II – Additional Coverages;
 - b. Under any contract or agreement entered into by an "insured". However, this exclusion does not apply to written contracts:
 - (1) That directly relate to the ownership, maintenance or use of an "insured location"; or
 - (2) Where the liability of others is assumed by you prior to an "occurrence"; unless excluded in **a.** above or elsewhere in this policy;
2. "Property damage" to property owned by an "insured". This includes costs or expenses incurred by an "insured" or others to repair, replace, enhance, restore or maintain such property to prevent injury to a person or damage to property of others, whether on or away from an "insured location";
3. "Property damage" to property rented to, occupied or used by or in the care of an "insured". This exclusion does not apply to "property damage" caused by fire, smoke or explosion;
4. "Bodily injury" to any person eligible to receive any benefits voluntarily provided or required to be provided by an "insured" under any:
 - a. Workers' compensation law;
 - b. Non-occupational disability law; or
 - c. Occupational disease law;
5. "Bodily injury" or "property damage" for which an "insured" under this policy:
 - a. Is also an insured under a nuclear energy liability policy issued by the:
 - (1) Nuclear Energy Liability Insurance Association;
 - (2) Mutual Atomic Energy Liability Underwriters;
 - (3) Nuclear Insurance Association of Canada;
 or any of their successors; or

- b. Would be an insured under such a policy but for the exhaustion of its limit of liability; or

6. "Bodily injury" to you or an "insured" as defined under Definition **5.a.** or **b.**

This exclusion also applies to any claim made or suit brought against you or an "insured" to:

- a. Repay; or
- b. Share damages with; another person who may be obligated to pay damages because of "bodily injury" to an "insured".

G. Coverage F – Medical Payments To Others

Coverage F does not apply to "bodily injury":

1. To a "residence employee" if the "bodily injury":
 - a. Occurs off the "insured location"; and
 - b. Does not arise out of or in the course of the "residence employee's" employment by an "insured";
2. To any person eligible to receive benefits voluntarily provided or required to be provided under any:
 - a. Workers' compensation law;
 - b. Non-occupational disability law; or
 - c. Occupational disease law;
3. From any:
 - a. Nuclear reaction;
 - b. Nuclear radiation; or
 - c. Radioactive contamination;
 all whether controlled or uncontrolled or however caused; or
 - d. Any consequence of any of these; or
4. To any person, other than a "residence employee" of an "insured", regularly residing on any part of the "insured location".

SECTION II – ADDITIONAL COVERAGES

We cover the following in addition to the limits of liability:

A. Claim Expenses

We pay:

1. Expenses we incur and costs taxed against an "insured" in any suit we defend;
2. Premiums on bonds required in a suit we defend, but not for bond amounts more than the Coverage E limit of liability. We need not apply for or furnish any bond;

3. Reasonable expenses incurred by an "insured" at our request, including actual loss of earnings (but not loss of other income) up to \$250 per day, for assisting us in the investigation or defense of a claim or suit; and
4. Interest on the entire judgment which accrues after entry of the judgment and before we pay or tender, or deposit in court that part of the judgment which does not exceed the limit of liability that applies.

B. First Aid Expenses

We will pay expenses for first aid to others incurred by an "insured" for "bodily injury" covered under this policy. We will not pay for first aid to an "insured".

C. Damage To Property Of Others

1. We will pay, at replacement cost, up to \$1,000 per "occurrence" for "property damage" to property of others caused by an "insured".
2. We will not pay for "property damage":
 - a. To the extent of any amount recoverable under Section I;
 - b. Caused intentionally by an "insured" who is 13 years of age or older;
 - c. To property owned by an "insured";
 - d. To property owned by or rented to a tenant of an "insured" or a resident in your household; or
 - e. Arising out of:
 - (1) A "business" engaged in by an "insured";
 - (2) Any act or omission in connection with a premises owned, rented or controlled by an "insured", other than the "insured location"; or
 - (3) The ownership, maintenance, occupancy, operation, use, loading or unloading of aircraft, hovercraft, watercraft or "motor vehicles".
 This Exclusion e.(3) does not apply to a "motor vehicle" that:
 - (a) Is designed for recreational use off public roads;
 - (b) Is not owned by an "insured"; and
 - (c) At the time of the "occurrence", is not required by law, or regulation issued by a government agency, to have been registered for it to be used on public roads or property.

D. Loss Assessment

1. We will pay up to \$1,000 for your share of loss assessment charged against you, as owner or tenant of the "residence premises", during the policy period by a corporation or association of property owners, when the assessment is made as a result of:
 - a. "Bodily injury" or "property damage" not excluded from coverage under Section II – Exclusions; or
 - b. Liability for an act of a director, officer or trustee in the capacity as a director, officer or trustee, provided such person:
 - (1) Is elected by the members of a corporation or association of property owners; and
 - (2) Serves without deriving any income from the exercise of duties which are solely on behalf of a corporation or association of property owners.
2. Paragraph I. Policy Period under Section II – Conditions does not apply to this Loss Assessment Coverage.
3. Regardless of the number of assessments, the limit of \$1,000 is the most we will pay for loss arising out of:
 - a. One accident, including continuous or repeated exposure to substantially the same general harmful condition; or
 - b. A covered act of a director, officer or trustee. An act involving more than one director, officer or trustee is considered to be a single act.
4. We do not cover assessments charged against you or a corporation or association of property owners by any governmental body.

SECTION II – CONDITIONS

A. Limit Of Liability

Our total liability under Coverage E for all damages resulting from any one "occurrence" will not be more than the Coverage E Limit Of Liability shown in the Declarations. This limit is the same regardless of the number of "insureds", claims made or persons injured. All "bodily injury" and "property damage" resulting from any one accident or from continuous or repeated exposure to substantially the same general harmful conditions shall be considered to be the result of one "occurrence".

Our total liability under Coverage F for all medical expense payable for "bodily injury" to one person as the result of one accident will not be more than the Coverage F Limit Of Liability shown in the Declarations.

B. Severability Of Insurance

This insurance applies separately to each "insured". This condition will not increase our limit of liability for any one "occurrence".

C. Duties After "Occurrence"

In case of an "occurrence", you or another "insured" will perform the following duties that apply. We have no duty to provide coverage under this policy if your failure to comply with the following duties is prejudicial to us. You will help us by seeing that these duties are performed:

1. Give written notice to us or our agent as soon as is practical, which sets forth:
 - a. The identity of the policy and the "named insured" shown in the Declarations;
 - b. Reasonably available information on the time, place and circumstances of the "occurrence"; and
 - c. Names and addresses of any claimants and witnesses;
2. Cooperate with us in the investigation, settlement or defense of any claim or suit;
3. Promptly forward to us every notice, demand, summons or other process relating to the "occurrence";
4. At our request, help us:
 - a. To make settlement;
 - b. To enforce any right of contribution or indemnity against any person or organization who may be liable to an "insured";
 - c. With the conduct of suits and attend hearings and trials; and
 - d. To secure and give evidence and obtain the attendance of witnesses;
5. With respect to **C. Damage To Property Of Others** under Section II – Additional Coverages, submit to us within 60 days after the loss a sworn statement of loss and show the damaged property, if in an "insured's" control;
6. No "insured" shall, except at such "insured's" own cost, voluntarily make payment, assume obligation or incur expense other than for first aid to others at the time of the "bodily injury".

D. Duties Of An Injured Person – Coverage F – Medical Payments To Others

1. The injured person or someone acting for the injured person will:
 - a. Give us written proof of claim, under oath if required, as soon as is practical; and
 - b. Authorize us to obtain copies of medical reports and records.
2. The injured person will submit to a physical exam by a doctor of our choice when and as often as we reasonably require.

E. Payment Of Claim – Coverage F – Medical Payments To Others

Payment under this coverage is not an admission of liability by an "insured" or us.

F. Suit Against Us

1. No action can be brought against us unless there has been full compliance with all of the terms under this Section II.
2. No one will have the right to join us as a party to any action against an "insured".
3. Also, no action with respect to Coverage E can be brought against us until the obligation of such "insured" has been determined by final judgment or agreement signed by us.

G. Bankruptcy Of An "Insured"

Bankruptcy or insolvency of an "insured" will not relieve us of our obligations under this policy.

H. Other Insurance

This insurance is excess over other valid and collectible insurance except insurance written specifically to cover as excess over the limits of liability that apply in this policy.

I. Policy Period

This policy applies only to "bodily injury" or "property damage" which occurs during the policy period.

J. Concealment Or Fraud

We do not provide coverage to an "insured" who, whether before or after a loss, has:

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

SECTIONS I AND II – CONDITIONS

A. 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.

B. 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.

C. 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.

D. 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.

E. Assignment

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

F. Subrogation

An "insured" 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, an "insured" must sign and deliver all related papers and cooperate with us.

Subrogation does not apply to Coverage F or Paragraph C. Damage To Property Of Others under Section II – Additional Coverages.

G. Death

If any person named in the Declarations or the spouse, if a resident of the same household, dies, the following apply:

1. We insure the legal representative of the deceased but only with respect to the premises and property of the deceased covered under the policy at the time of death; and

2. "Insured" includes:
- a. An "insured" who is a member of your household at the time of your death, but only while a resident of the "residence premises"; and
 - b. With respect to your property, the person having proper temporary custody of the property until appointment and qualification of a legal representative.

SAMPLE

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.
SUPPLEMENTAL LOSS ASSESSMENT COVERAGE

SCHEDULE

A. "Residence Premises" – Additional Amount Of Insurance: \$	
B. Additional Locations	
Location Of Unit Or Premises	Limit Of Liability
\$	
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

1. Additional Insurance – Residence Premises

We will pay, up to the additional amount of insurance shown in **A.** in the Schedule above, for one or more assessments arising out of a single loss covered under:

- a. Section I – Additional Coverage **E.7.** Loss Assessment (This is Additional Coverage **C.7.** in Form **HO 00 04** and **D.7.** in Form **HO 00 06.**);
- b. Section II – Additional Coverage **D.** Loss Assessment; or
- c. Both Section I and Section II.

2. Additional Locations

We will pay, up to the Limit Of Liability shown in **B.** in the Schedule, your share of covered loss assessments as described in Section I – Additional Coverage **E.7.** Loss Assessment and Section II – Additional Coverage **D.** Loss Assessment of the policy, arising out of the unit or premises listed in **B.** in the Schedule above. This is the most we will pay for one or more assessments arising out of a single loss covered under:

- a. Either Section I – Additional Coverage **E.7.** Loss Assessment or Section II – Additional Coverage **D.** Loss Assessment; or
- b. Both Section I and Section II.

3. Section II – Exclusion

Section II – Exclusion **F.1.a.** does not apply to this coverage.

All other provisions of this policy apply.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

STRUCTURES RENTED TO OTHERS

RESIDENCE PREMISES

SCHEDULE*

Description Of Structures And Limit Of Liability

SAMPLE

*Entries may be left blank if shown elsewhere in this policy for this coverage.

DEFINITIONS

Definition 6, which defines an "insured location" is extended to include the structures shown in the Schedule above.

SECTION I – PROPERTY COVERAGES

We cover the structures described in the Schedule above which are:

1. On the "residence premises";
2. Rented or held for rental to any person not a tenant of the dwelling; and
3. Used as a private residence.

We insure for direct physical loss to these structures caused by a Peril Insured Against for the limit of liability shown in the Schedule that applies to the structure sustaining the loss.

SECTION II – EXCLUSIONS

E. Coverage E – Personal Liability and Coverage F – Medical Payments to Others

2. "Business"

This exclusion does not apply to the structures shown in the Schedule.

All other provisions of this policy apply.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**ADDITIONAL INSURED
RESIDENCE PREMISES**

SCHEDULE*

Name And Address Of Person Or Organization
Interest
*Entries may be left blank if shown elsewhere in this policy for this coverage.

DEFINITIONS

Definition 5. which defines "insured" is extended to include the person or organization named in the Schedule above, but only with respect to:

1. Coverage **A** – Dwelling and Coverage **B** – Other Structures; and
2. Coverage **E** – Personal Liability and Coverage **F** – Medical Payments To Others but only with respect to "bodily injury" or "property damage" arising out of the ownership, maintenance or use of the "residence premises".

SECTION II – EXCLUSIONS

This coverage does not apply to "bodily injury" to an "employee", "residence employee" or a temporary employee furnished to the "insured" to substitute for a permanent "residence employee" arising out of or in the course of the employee's employment by the person or organization.

CANCELLATION AND NONRENEWAL NOTIFICATION

If we decide to cancel or not to renew this policy, the person or organization named in the Schedule will be notified in writing.

All other provisions of this policy apply.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PERMITTED INCIDENTAL OCCUPANCIES RESIDENCE PREMISES

SCHEDULE*

We cover your "business" described in this Schedule, conducted at or from the "residence premises", subject to the provisions of this endorsement.

Description Of Business:

Business Location (Check 1. and/or 2. that follows):

1. In the dwelling building or unit in which the "insured" resides and shown as the "residence premises"
2. In an other structure on or at the location of the "residence premises"
(Enter the Limit of Liability and Description of the Structure(s) below.)

Limit Of Liability

Description Of Other Structure(s)

*Entries may be left blank if shown elsewhere in this policy for this coverage.

SECTION I – PROPERTY COVERAGES

1. Coverage **B** – Other Structures (or coverage for other structures under Form **HO 00 06**) does not apply to the other structure described in the Schedule above.

We cover the other structure described in the Schedule for direct physical loss by a Peril Insured Against for not more than the limit shown in the Schedule.

2. Coverage **C** – Personal Property, Special Limit of Liability **3.h.** is deleted and replaced by the following:
- h.** \$2,500 on property, on the "residence premises", used primarily for "business" purposes, other than furnishings, supplies and equipment of the "business" described in the Schedule.

The Coverage **C** limit of liability applies to property of the "business" described in the Schedule.

SECTION II – EXCLUSIONS

1. Exclusion **E.2.** "Business" does not apply to the necessary or incidental use of the "residence premises" to conduct the "business" described in the Schedule.
2. Coverage **E** – Personal Liability and Coverage **F** – Medical Payments To Others do not apply to "bodily injury" to any "employee" arising out of the "business" described in the Schedule.

All other provisions of this policy apply.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

OTHER MEMBERS OF YOUR HOUSEHOLD

SCHEDULE

Name Of Person Covered By This Endorsement
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

A. Agreement

1. We insure the person named in the Schedule above who lives with you and is a member of your household and who is not an "insured", guest, "residence employee", tenant, roomer or boarder. We also insure a person under the age of 21 who lives with and is in the legal custody of the person named in the Schedule. Such persons are insured for the coverages described in **B. Section I – Property Coverage** of this endorsement and **Section II – Liability** described in the policy form.
2. It is agreed that this endorsement is issued in reliance on information you provided concerning the residency of the person described in the Schedule.
3. You agree to notify us in writing within 30 days of a change in the:
 - a. Residency; or
 - b. Status as a household member; of the person described in the Schedule.
4. You will be solely responsible for the payment of any premium pertaining to this endorsement.
5. It is further agreed that you are the representative of the person described in the Schedule and will act in all matters pertaining to the provisions of this endorsement.

B. Section I – Property Coverage

Under Coverage **C**, the first paragraph is replaced by the following:

We cover personal property owned or used by an "insured" or a person described in **A.1.** of this endorsement while it is anywhere in the world. After a loss and at your request, we will cover personal property owned by:

1. Others, not including a person described in **A.1.** of this endorsement, while the property is on the part of the "residence premises" occupied by an "insured"; or
2. A guest or a "residence employee", while the property is in any residence occupied by an "insured".

This coverage does not increase the Coverage **C** limit of liability.

C. General Condition

All other provisions under **Section I** and **Section II** of this policy that apply to you also apply to the persons described in **A.1.** of this endorsement, except Coverages **A** and **B** and Fair Rental Value under Coverage **D**.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ASSISTED LIVING CARE COVERAGE

SCHEDULE

Name Of Relative(s)	Residency		Limit Of Liability	
	Name	Location	Coverage C	Coverage E
			\$	\$
			\$	\$
			\$	\$

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

AGREEMENT

We will insure the person named in the Schedule above for the coverages provided under Section I – Property Coverages below and Coverage E – Personal Liability in the policy form, subject to the limits of liability shown in the Schedule.

It is agreed that such person is related to an "insured" by blood, marriage or adoption, is not a member of your household and regularly resides in the living care facility (facility) named in the Schedule. It is also agreed that such facility provides assisted living services such as dining, therapy, medical supervision, housekeeping and social activities.

It is further agreed that you will represent the person named in the Schedule and will act in all matters pertaining to the provisions of this endorsement.

This insurance is excess over any other applicable insurance covering the same loss.

SECTION I – PROPERTY COVERAGES

1. Coverage C – Personal Property

a. Covered Property

We cover personal property owned and used by a person named in the Schedule for loss by a Peril Insured Against covered under Coverage C in the policy.

b. Limit Of Liability

The Limit Of Liability shown in the Schedule is the most we will pay for any one loss regardless of the number of relatives residing in the same living unit in the facility named in the Schedule.

c. Special Limits Of Liability

The following special limits of liability apply only to property described in a. above and are in addition to the Coverage C special limits that apply to the policy to which this endorsement is attached. They do not increase the Coverage C Limit Of Liability shown in the Schedule. The special limit shown for each numbered category is the total limit for each loss for the property in that category.

- (1) \$250 for each hearing aid or other similar audio enhancement device.
- (2) \$100 for each pair of eyeglasses.
- (3) \$100 for all contact lenses.
- (4) \$500 for all false teeth or dentures.
- (5) \$500 for each medi-alert device.
- (6) \$250 for all walking aids and devices such as walkers or canes.
- (7) \$500 for each wheelchair.

d. Property Not Covered

- (1) Property regularly located away from the facility;
- (2) Property owned by an "insured"; and
- (3) Property owned by the facility but rented to or used by the person named in the Schedule.

2. Additional Living Expense

- a. If a loss covered under this endorsement makes that part of the facility not fit to live in or results in suspension of facility operations, we will cover the necessary increase in living expenses the person named in the Schedule incurs to maintain their normal standard of living. The amount we will pay for each loss will not exceed a maximum of \$500 per month for no more than 12 consecutive months. This amount is the most that we will pay for any one loss, regardless of the number of relatives residing in the same living unit in the facility named in the Schedule.
- b. If a civil authority prohibits the use of the facility as a result of direct damage to neighboring premises by a Peril Insured Against in this policy, we cover the necessary increase in living expense incurred by the relative for no more than two weeks, up to \$50 per day.

This coverage is additional insurance. The deductible applies to this coverage. We do not cover loss or expense due to cancellation of a lease or agreement.

SECTION II – LIABILITY COVERAGES

Coverage F – Medical Payments To Others does not apply to this endorsement.

SECTION II – EXCLUSIONS

With respect to the coverage provided by this endorsement, the following exclusion is added:

Coverage **E** does not apply to:

- 1. Liability assumed by the facility prior to an "occurrence"; or
- 2. "Bodily injury" to a care facility professional or support staff that occurs while such person is on or off duty and attending to the person named in the Schedule.

GENERAL CONDITIONS

All Section **I** and Section **II** additional coverages, exclusions and conditions of this policy that apply to an "insured" also apply to the person named in the Schedule.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SCHEDULED PERSONAL PROPERTY ENDORSEMENT

SCHEDULE

Class Of Personal Property		Amount Of Insurance	Premium
1.	Jewelry , as scheduled below.	\$	\$
2.	Furs and garments trimmed with fur or consisting principally of fur, as scheduled below.	\$	\$
3.	Cameras , projection machines, films and related articles of equipment, as listed below.	\$	\$
4.	Musical Instruments and related articles of equipment, as listed below. You agree not to perform with these instruments for pay unless specifically provided under this policy.	\$	\$
5.	Silverware , silver-plated ware, goldware, gold-plated ware and pewterware, but excluding pens, pencils, flasks, smoking implements or jewelry.	\$	\$
6.	Golfer's Equipment , meaning golf clubs, golf clothing and golf equipment.	\$	\$
7.a.	Fine Arts , as scheduled below. This premium is based on your statement that the property insured is located at the following address: at at	Total Fine Arts Amount \$	\$
7.b.	For an additional premium, Paragraph 5.b. under C. Perils Insured Against is deleted only for the articles marked with a double asterisk (***) in the Schedule below.	Amount of 7.b. only \$	\$
8.	Postage Stamps	\$	\$
9.	Rare And Current Coins	\$	\$
	Article Or Property	Description	Amount Of Insurance
			\$
THE AMOUNTS SHOWN FOR EACH ITEM IN THIS SCHEDULE ARE LIMITED BY THE LOSS SETTLEMENT CONDITION IN PARAGRAPH F.2.			
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.			

We cover the classes of personal property which are indicated in the Schedule above by an amount of insurance.

This coverage is subject to the:

1. Definitions;
2. Section I – Conditions; and
3. Sections I and II – Conditions;

in the policy and all provisions of this endorsement.

Any deductible stated in this policy does not apply to this coverage.

A. Newly Acquired Property – Jewelry, Furs, Cameras And Musical Instruments Only

1. We cover newly acquired property of a class of property already insured. The lesser of the following limits applies:
 - a. 25% of the amount of insurance for that class of property; or
 - b. \$10,000.
2. When you acquire new property, you must:
 - a. Report these objects to us within 30 days; and
 - b. Pay the additional premium from the date acquired.

B. Newly Acquired Fine Arts

When Fine Arts are scheduled, we cover objects of art acquired during the policy period for their actual cash value. However, we will pay no more than 25% of the amount of insurance for fine arts scheduled. For coverage to apply for newly acquired fine arts, you must:

1. Report these objects to us within 90 days; and
2. Pay the additional premium from the date acquired.

C. Perils Insured Against

We insure against direct loss to property described only if that loss is a physical loss to property; however, we do not insure loss caused by any of the following:

1. Wear and tear, gradual deterioration or inherent vice.
2. Insects or vermin.
3. War, including 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; or
 - c. Destruction, seizure or use for a military purpose.

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

4. Nuclear Hazard, to the extent set forth in the Nuclear Hazard Clause of Section I – Conditions.

5. If Fine Arts are covered:

- a. Repairing, restoration or retouching process;
- b. Breakage of art glass windows, glassware, statuary, marble, bric-a-brac, porcelains and similar fragile articles. We cover loss by breakage if caused by:
 - (1) Fire or lightning;
 - (2) Explosion, aircraft or collision;
 - (3) Windstorm, earthquake or flood;
 - (4) Malicious damage or theft;
 - (5) Derailment or overturn of a conveyance.

We do not insure loss, from any cause, to property on exhibition at fairgrounds or premises of national or international expositions unless the premises are covered by this policy.

6. If Postage Stamps or Rare And Current Coins collections are covered:

- a. Fading, creasing, denting, scratching, tearing or thinning;
- b. Transfer of colors, inherent defect, dampness, extremes of temperature, or depreciation;
- c. Being handled or worked on;
- d. The disappearance of individual stamps, coins or other articles unless the item is:
 - (1) Described and scheduled with a specific amount of insurance; or
 - (2) Mounted in a volume and the page it is attached to is also lost; or
- e. Shipping by mail other than registered mail.

However, we do not insure loss, from any cause, to property in the custody of transportation companies or not part of a stamp or coin collection.

D. Territorial Limits

We cover the property described worldwide.

E. Special Provisions

1. Fine Arts: You agree that the covered property will be handled by competent packers.

2. Golfer's Equipment includes your other clothing while contained in a locker when you are playing golf. We cover golf balls for loss by fire or burglary, provided there are visible marks of forcible entry into the building, room or locker.
3. Postage Stamps includes the following owned by or in the custody or control of the "insured":
 - a. Due, envelope, official, revenue, match and medicine stamps;
 - b. Covers, locals, reprints, essays, proofs and other philatelic property; or
 - c. Books, pages and mounting of items in a. and b.
4. Rare And Current Coins includes the following owned by or in custody or control of the "insured":
 - a. Medals, paper money, bank notes;
 - b. Tokens of money and other numismatic property; or
 - c. Coin albums, containers, frames, cards and display cabinets in use with such collection.

F. Conditions

1. Loss Clause

The amount of insurance under this endorsement will not be reduced except for a total loss of a scheduled article. We will refund the unearned premium applicable to such article after the loss or you may apply it to the premium due for the replacement of the scheduled article.

2. Loss Settlement

Covered property losses are settled as follows:

a. Fine Arts

- (1) We will pay, for each article designated in the Schedule, the full amount shown in the Schedule which is agreed to be the value of that article or property. At our request, you will surrender that article or property to us if not lost or stolen.
- (2) If the scheduled article or property is a pair or set, or consists of several parts when complete, we will pay the full amount shown in the Schedule for that pair, set or complete article. At our request, you will surrender that article or property to us if not lost or stolen.

- (3) In the event lost or stolen property is recovered and we have paid you the full amount shown in the Schedule for that property, you will surrender that property to us.
- (4) We will, at your request, sell back to you, at a price you and we agree upon, any class of property or scheduled article you surrendered to us to comply with the terms in (1), (2) or (3) above.

b. POSTAGE STAMPS OR RARE AND CURRENT COIN COLLECTION

IN CASE OF LOSS TO ANY SCHEDULED ITEM, THE AMOUNT TO BE PAID WILL BE DETERMINED IN ACCORDANCE WITH PARAGRAPH 2.c. OTHER PROPERTY.

WHEN COINS OR STAMPS ARE COVERED ON A BLANKET BASIS, WE WILL PAY THE CASH MARKET VALUE AT TIME OF LOSS BUT NOT MORE THAN \$1,000 ON ANY UNSCHEDULED COIN COLLECTION NOR MORE THAN \$250 FOR ANY ONE STAMP, COIN OR INDIVIDUAL ARTICLE OR ANY ONE PAIR, STRIP, BLOCK, SERIES SHEET, COVER, FRAME OR CARD.

WE WILL NOT PAY A GREATER PROPORTION OF ANY LOSS ON BLANKET PROPERTY THAN THE AMOUNT INSURED ON BLANKET PROPERTY BEARS TO THE CASH MARKET VALUE AT TIME OF LOSS.

c. OTHER PROPERTY

- (1) THE VALUE OF THE PROPERTY INSURED IS NOT AGREED UPON BUT WILL BE ASCERTAINED AT THE TIME OF LOSS OR DAMAGE. WE WILL NOT PAY MORE THAN THE LEAST OF THE FOLLOWING AMOUNTS:
 - (a) THE ACTUAL CASH VALUE OF THE PROPERTY AT THE TIME OF LOSS OR DAMAGE;
 - (b) THE AMOUNT FOR WHICH THE PROPERTY COULD REASONABLY BE EXPECTED TO BE REPAIRED TO ITS CONDITION IMMEDIATELY PRIOR TO LOSS;

- (c) THE AMOUNT FOR WHICH THE ARTICLE COULD REASONABLY BE EXPECTED TO BE REPLACED WITH ONE SUBSTANTIALLY IDENTICAL TO THE ARTICLE LOST OR DAMAGED; OR
 - (d) THE AMOUNT OF INSURANCE.
 - (2) THE ACTUAL CASH VALUE CONDITION IN PARAGRAPH (1)(a) ABOVE DOES NOT APPLY IF, AT THE TIME OF LOSS, COVERAGE C – PERSONAL PROPERTY COVERED IN THE POLICY TO WHICH THIS ENDORSEMENT IS ATTACHED IS SUBJECT TO REPLACEMENT COST LOSS SETTLEMENT.
3. PAIR, SET OR PARTS OTHER THAN FINE ARTS
- a. LOSS TO A PAIR OR SET
IN CASE OF A 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.
 - b. PARTS
IN CASE OF A LOSS TO ANY PART OF COVERED PROPERTY, CONSISTING OF SEVERAL PARTS WHEN COMPLETE, WE WILL PAY FOR THE VALUE OF THE PART LOST OR DAMAGED.

SAMPLE

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ORDINANCE OR LAW INCREASED AMOUNT OF COVERAGE

SCHEDULE*

New Total Percentage Amount:

*Entry may be left blank if shown elsewhere in this policy for this coverage.

SECTION I – PROPERTY COVERAGES ADDITIONAL COVERAGES

11. Ordinance Or Law

The total limit of liability that applies:

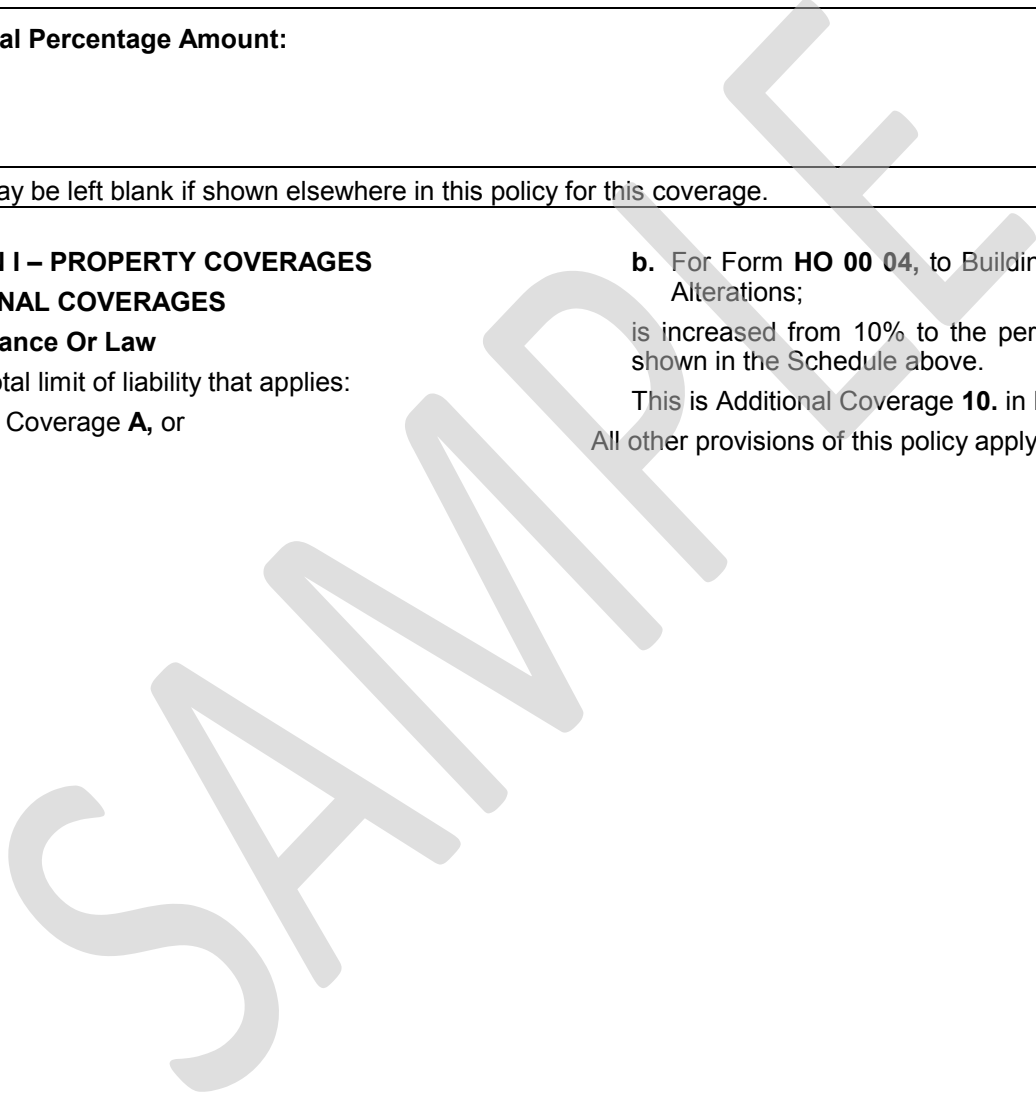
a. To Coverage **A**, or

b. For Form **HO 00 04**, to Building Additions And Alterations;

is increased from 10% to the percentage amount shown in the Schedule above.

This is Additional Coverage **10**. in Form **HO 00 06**.

All other provisions of this policy apply.



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PERSONAL PROPERTY REPLACEMENT COST LOSS SETTLEMENT

A. Eligible Property

1. Covered losses to the following property are settled at replacement cost at the time of the loss:
 - a. Coverage **C**; and
 - b. If covered in this policy:
 - (1) Awnings, outdoor antennas and outdoor equipment; and
 - (2) Carpeting and household appliances; whether or not attached to buildings.
2. This method of loss settlement will also apply to the following articles or classes of property if they are separately described and specifically insured in this policy and not subject to agreed value loss settlement:
 - a. Jewelry;
 - b. Furs and garments:
 - (1) Trimmed with fur; or
 - (2) Consisting principally of fur;
 - c. Cameras, projection machines, films and related articles of equipment;
 - d. Musical equipment and related articles of equipment;
 - e. Silverware, silver-plated ware, goldware, gold-plated ware and pewterware, but excluding:
 - (1) Pens or pencils;
 - (2) Flasks;
 - (3) Smoking implements; or
 - (4) Jewelry; and
 - f. Golfer's equipment meaning golf clubs, golf clothing and golf equipment.

Personal Property Replacement Cost loss settlement will not apply to other classes of property separately described and specifically insured.

B. Ineligible Property

Property listed below is not eligible for replacement cost loss settlement. Any loss will be settled at actual cash value at the time of loss but not more than the amount required to repair or replace.

1. Antiques, fine arts, paintings and similar articles of rarity or antiquity, which cannot be replaced.
2. Memorabilia, souvenirs, collectors items and similar articles, whose age or history contribute to their value.
3. Articles not maintained in good or workable condition.
4. Articles that are outdated or obsolete and are stored or not being used.

C. Replacement Cost Loss Settlement Condition

The following loss settlement condition applies to all property described in **A.** above:

1. We will pay no more than the least of the following amounts:
 - a. Replacement cost at the time of loss without deduction for depreciation;
 - b. The full cost of repair at the time of loss;
 - c. The limit of liability that applies to Coverage **C**, if applicable;
 - d. Any applicable special limits of liability stated in this policy; or
 - e. For loss to any item described in **A.2.a. – f.** above, the limit of liability that applies to the item.
2. If the cost to repair or replace the property described in **A.** above is more than \$500, we will pay no more than the actual cash value for the loss until the actual repair or replacement is complete.
3. You may make a claim for loss on an actual cash value basis and then make claim for any additional liability in accordance with this endorsement provided you notify us, within 180 days after the date of the loss, of your intent to repair or replace the damaged property.

All other provisions of this policy apply.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

LIMITED WATER BACK-UP AND SUMP DISCHARGE OR OVERFLOW COVERAGE

SCHEDULE

Limited Water Back-up And Sump Discharge Or Overflow Limit Of Liability: \$
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

A. Section I – Property Coverages

The following coverage is added:

We will pay up to the Limit Of Liability shown in the Schedule for direct physical loss, not caused by the negligence of an "insured", to property covered under Section I caused by water, or waterborne material, which:

1. Originates from within the dwelling where you reside and backs up through sewers or drains; or
2. Overflows or is discharged from a:
 - a. Sump, sump pump; or
 - b. Related equipment;
 even if such overflow or discharge results from mechanical breakdown. This coverage does not apply to direct physical loss of the sump pump, or related equipment, which is caused by mechanical breakdown.

This coverage does not increase the limits of liability for Coverage A, B, C or D stated in the Declarations.

B. Section I – Perils Insured Against

With respect to the coverage provided under this endorsement, Paragraphs:

- A.2.c.(6)(b) in Form HO 00 03;
- A.2.e.(2) in Form HO 00 05;
- 2.j.(2) in Endorsement HO 05 24;
- 3.j.(2) in Endorsement HO 17 31; and
- 2.c.(6)(b) in Endorsement HO 17 32;

are replaced by the following:

Latent defect, inherent vice or any quality in property that causes it to damage or destroy itself;

C. Section I – Exclusions

The Section I – **Water** Exclusion does not apply to the coverage provided under this endorsement.

All other provisions of this policy apply.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED – STUDENT LIVING AWAY FROM THE RESIDENCE PREMISES

SCHEDULE

Name And Address Of Student	Name Of School
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

DEFINITIONS

Definition 5., which defines "insured", is extended to include the person named in the Schedule above, but only if that person:

1. Was a resident of your household before moving out to attend the school named in the Schedule; and
2. Resides at the address shown in the Schedule; and
 - a. Is your relative; or

- b. Is an other person under the age of 21 and in your care or the care of a relative who is a resident of your household.

SECTIONS I AND II – CONDITIONS

The coverage provided to the person named in the Schedule only applies while that person is enrolled at the school and is residing at the address shown in the Schedule.

All other provisions of this policy apply.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

INCREASED AMOUNT OF INSURANCE FOR PERSONAL PROPERTY LOCATED IN A SELF-STORAGE FACILITY

SCHEDULE

Limit Of Liability – Self-storage Facility: \$
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

SECTION I – PROPERTY COVERAGES

Coverage C – Personal Property

2. Limit For Property At Other Locations

Paragraph **b.** is replaced by the following:

b. Self-storage Facilities

Our limit of liability for personal property owned or used by an "insured" and located in a self-storage facility is the amount shown in the Schedule. However, this limitation does not apply to personal property:

- (1) Moved from the "residence premises" because it is:
 - (a) Being repaired, renovated or rebuilt; and
 - (b) Not fit to live in or store property in; or

- (2) Usually located in an "insured's" residence, other than the "residence premises".

All other provisions of this policy apply.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

RESIDENCE PREMISES DEFINITION ENDORSEMENT

DEFINITIONS

Definition **B.11.** is replaced by the following:

11. "Residence premises" means:
- a. The one-family dwelling where you reside;
 - b. The two-, three- or four-family dwelling where you reside in at least one of the family units; or
 - c. That part of any other building where you reside;

on the inception date of the policy period shown in the Declarations and which is shown as the "residence premises" in the Declarations.

"Residence premises" also includes other structures and grounds at that location.

All other provisions of this Policy apply.

SAMPLE

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

BROADENED RESIDENCE PREMISES DEFINITION ENDORSEMENT

SCHEDULE

Inception Date	Termination Date
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

DEFINITIONS

Definition **B.11.** is replaced by the following:

11. "Residence premises" means:

a. With respect to the period shown in the above Schedule:

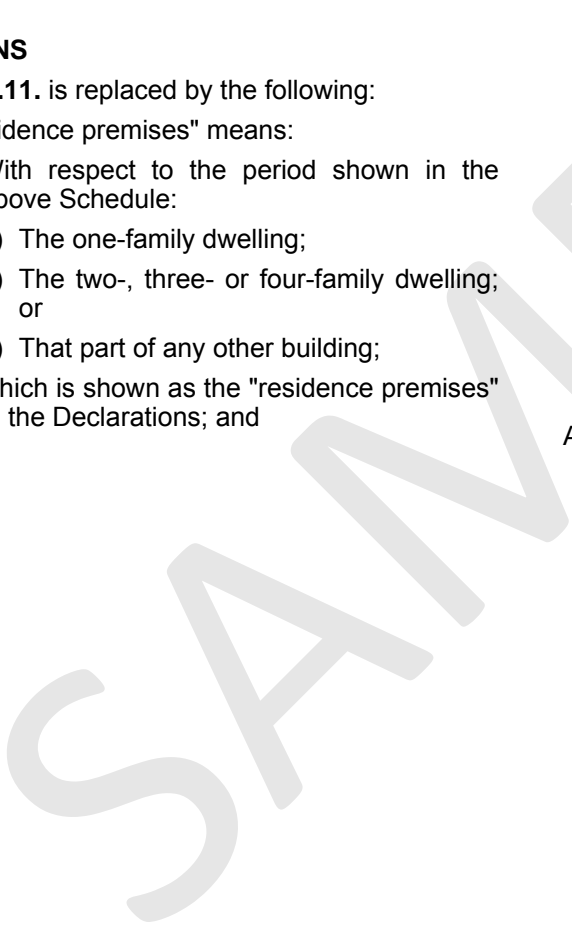
- (1)** The one-family dwelling;
- (2)** The two-, three- or four-family dwelling; or
- (3)** That part of any other building; which is shown as the "residence premises" in the Declarations; and

b. With respect to any portion of the policy period not shown in the above Schedule:

- (1)** The one-family dwelling;
- (2)** The two-, three- or four-family dwelling; or
- (3)** That part of any other building; where you reside and which is shown as the "residence premises" in the Declarations.

"Residence premises" also includes other structures and grounds at that location.

All other provisions of this Policy apply.



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

HOME-SHARING HOST ACTIVITIES AMENDATORY ENDORSEMENT

DEFINITIONS

A. The following definitions are added:

1. "Home-sharing host activities" means:
 - a. The:
 - (1) Rental or holding for rental; or
 - (2) Mutual exchange of services;
of the "residence premises", in whole or in part, by an "insured" to a "home-sharing occupant" through the use of a "home-sharing network platform"; and
 - b. Any other related property or services made available by an "insured" for use during such:
 - (1) Rental; or
 - (2) Mutual exchange of services;
except those property or services provided by another party.
2. "Home-sharing network platform" means an online-enabled application, web site or digital network that:
 - a. Is used for the purpose of facilitating, for money, mutual exchange of services or other compensation, the rental of a dwelling or other structure, in whole or in part; and
 - b. Allows for the agreement and compensation with respect to such rental to be transacted through such online-enabled application, web site or digital network.
3. "Home-sharing occupant" means a person, other than an "insured", who:
 - a. Has entered into an agreement or arranged compensation with an "insured" through the use of a "home-sharing network platform" for "home-sharing host activities"; or
 - b. Is accompanying or staying with a person described in Paragraph 3.a. of this provision under such "home-sharing host activities".

B. Definition **B.3.** "Business" is replaced by the following:

3. "Business" means:

- a. A trade, profession or occupation engaged in on a full-time, part-time or occasional basis;
- b. "Home-sharing host activities"; or
- c. Any other activity engaged in for money or other compensation, except the following:
 - (1) One or more activities, not described in (2) through (4) below, for which no "insured" receives more than \$2,000 in total compensation for the 12 months before the beginning of the policy period;
 - (2) Volunteer activities for which no money is received other than payment for expenses incurred to perform the activity;
 - (3) Providing home day care services for which no compensation is received, other than the mutual exchange of such services; or
 - (4) The rendering of home day care services to a relative of an "insured".

C. In this Policy, the terms:

1. Roomer;
2. Boarder;
3. Tenant; or
4. Guest;

do not include a "home-sharing occupant".

SECTION I – PROPERTY COVERAGES

C. Coverage C – Personal Property

Paragraphs **f.** and **g.** of **4. Property Not Covered** are replaced by the following:

We do not cover:

- f. Property of:
 - (1) A "home-sharing occupant";

- (2) Any other person occupying the "residence premises" as a result of any "home-sharing host activities"; and
- (3) Roomers, boarders and other tenants, except property of roomers and boarders related to an "insured";

g. Property in:

- (1) A space while rented or primarily held for rental to a "home-sharing occupant"; or
- (2) Subject to Paragraph **C.4.g.(1)**, property in an apartment regularly rented or held for rental to others by an "insured" except as provided in **E.10. Landlord's Furnishings** under Section **I – Property Coverages**;

The following provision is added to **4. Property Not Covered**:

We do not cover property used primarily for "home-sharing host activities".

D. Coverage D – Loss Of Use

Paragraph **D.2. Fair Rental Value** is replaced by the following:

2. Fair Rental Value

If a loss covered under Section **I** makes that part of the "residence premises" rented to others or held for rental by you not fit to live in, we cover the fair rental value of such premises less any expenses that do not continue while it is not fit to live in.

However, we do not cover any fair rental value arising out of or in connection with "home-sharing host activities".

Payment will be for the shortest time required to repair or replace such premises.

SECTION I – PERILS INSURED AGAINST

A. Coverage A – Dwelling And Coverage B – Other Structures

Paragraph **A.2.c.(3)** is replaced by the following:

(3) Theft:

- (a) If such loss arises out of or results from "home-sharing host activities"; or
- (b) In or to a dwelling under construction, or of materials and supplies for use in the construction until the dwelling is finished and occupied;

Paragraph **A.2.c.(4)** is replaced by the following:

- (4) Vandalism and malicious mischief, and any ensuing loss caused by any intentional and wrongful act committed in the course of the vandalism or malicious mischief, if:
 - (a) The loss arises out of or results from "home-sharing host activities"; or
 - (b) The dwelling has been vacant for more than 60 consecutive days immediately before the loss. A dwelling being constructed is not considered vacant;

B. Coverage C – Personal Property

Paragraph **B.8.** is replaced by the following:

8. Vandalism Or Malicious Mischief

This peril does not include loss caused by vandalism or malicious mischief to property arising out of or resulting from "home-sharing host activities".

Paragraph **B.9.** is replaced by the following:

9. Theft

- a. This peril includes attempted theft and loss of property from a known place when it is likely that the property has been stolen.
- b. This peril does not include loss caused by theft:
 - (1) Committed by an "insured";
 - (2) In or to a dwelling under construction, or of materials and supplies for use in the construction until the dwelling is finished and occupied;
 - (3) From that part of a "residence premises" rented by an "insured" to someone other than another "insured";
 - (4) That occurs off the "residence premises" of:
 - (a) Trailers, semitrailers and campers;
 - (b) Watercraft of all types, and their furnishings, equipment and outboard engines or motors; or
 - (c) Property while at any other residence owned by, rented to, or occupied by an "insured", except while an "insured" is temporarily living there. Property of an "insured" who is a student is covered while at the residence the student occupies to attend school as long as the student has been there at any time during the 90 days immediately before the loss; or

- (5) If such loss arises out of or results from "home-sharing host activities".

SECTION II – EXCLUSIONS

Exclusion **E.2.** is replaced by the following:

Coverages **E** and **F** do not apply to the following:

2. "Business"

- a. "Bodily injury" or "property damage" arising out of or in connection with a "business" conducted from an "insured location" or engaged in by an "insured", whether or not the "business" is owned or operated by an "insured" or employs an "insured".

This Exclusion **E.2.** applies but is not limited to an act or omission, regardless of its nature or circumstance, involving a service or duty rendered, promised, owed, or implied to be provided because of the nature of the "business".

- b. With respect to other than "home-sharing host activities", this Exclusion **E.2.** does not apply to:

- (1) The rental or holding for rental of an "insured location":

- (a) On an occasional basis if used only as a residence;
- (b) In part for use only as a residence, unless a single-family unit is intended for use by the occupying family to lodge more than two roomers or boarders; or
- (c) In part, as an office, school, studio or private garage; and

- (2) An "insured" under the age of 21 years involved in a part-time or occasional, self-employed "business" with no employees;

Exclusion **G.4.** is replaced by the following:

Coverage **F** does not apply to "bodily injury":

4. To:

- a. A "home-sharing occupant"; or
- b. Any person, other than a "residence employee" of an "insured", regularly residing on any part of the "insured location".

The following provision is added:

Personal Injury Coverage

If the Personal Injury Coverage endorsement is made a part of this Policy, Exclusion **1.g.** is replaced by the following:

This insurance does not apply to:

1. "Personal injury":

- g. Arising out of or in connection with a "business" conducted from an "insured location" or engaged in by an "insured", whether or not the "business" is owned or operated by an "insured" or employs an "insured". This exclusion applies but is not limited to an act or omission, regardless of its nature or circumstance, involving a service or duty rendered, promised, owed, or implied to be provided because of the nature of the "business".

With respect to other than "home-sharing host activities", this exclusion does not apply to:

- (1) The rental or holding for rental of an "insured location":

- (a) On an occasional basis if used only as a residence;
- (b) In part for use only as a residence, unless a single-family unit is intended for use by the occupying family to lodge more than two roomers or boarders; or
- (c) In part, as an office, school, studio or private garage; and

- (2) An "insured" under the age of 21 years involved in a part-time or occasional, self-employed "business" with no employees;

All other provisions of this Policy apply.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

BROADENED HOME-SHARING HOST ACTIVITIES COVERAGE ENDORSEMENT

SCHEDULE

Home-sharing Host Activities Damage To Property Of Others	
Limit Of Liability: \$	Per Occurrence
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

DEFINITIONS

A. The following definitions are added:

1. "Home-sharing host activities" means:

a. The:

- (1)** Rental or holding for rental; or
- (2)** Mutual exchange of services;

of the "residence premises", in whole or in part, by an "insured" to a "home-sharing occupant" through the use of a "home-sharing network platform"; and

b. Any other related property or services made available by an "insured" for use during such:

- (1)** Rental; or
- (2)** Mutual exchange of services;

except those property or services provided by another party.

2. "Home-sharing network platform" means an online-enabled application, web site or digital network that:

- a.** Is used for the purpose of facilitating, for money, mutual exchange of services or other compensation, the rental of a dwelling or other structure, in whole or in part; and
- b.** Allows for the agreement and compensation with respect to such rental to be transacted through such online-enabled application, web site or digital network.

3. "Home-sharing occupant" means a person, other than an "insured", who:

- a.** Has entered into an agreement or arranged compensation with an "insured" through the use of a "home-sharing network platform" for "home-sharing host activities"; or

b. Is accompanying or staying with a person described in Paragraph **3.a.** of this provision under such "home-sharing host activities".

B. Definition **B.3.** "Business" is replaced by the following:

3. "Business" means:

a. A trade, profession or occupation engaged in on a full-time, part-time or occasional basis;

b. "Home-sharing host activities"; or

c. Any other activity engaged in for money or other compensation, except the following:

- (1)** One or more activities, not described in **(2)** through **(4)** below, for which no "insured" receives more than \$2,000 in total compensation for the 12 months before the beginning of the policy period;
- (2)** Volunteer activities for which no money is received other than payment for expenses incurred to perform the activity;
- (3)** Providing home day care services for which no compensation is received, other than the mutual exchange of such services; or
- (4)** The rendering of home day care services to a relative of an "insured".

C. In this Policy, the terms:

- 1.** Roomer;
- 2.** Boarder;
- 3.** Tenant; or
- 4.** Guest;

do not include a "home-sharing occupant".

SECTION I – PROPERTY COVERAGES

B. Coverage B – Other Structures

With respect to the coverage provided by this endorsement, Paragraphs **B.2.b.** and **B.2.c.** are replaced by the following:

2. We do not cover:

- b. Other structures rented or held for rental to any person other than a:
 - (1) "Home-sharing occupant"; or
 - (2) Tenant of the dwelling;
unless used solely as a private garage;
- c. Other structures from which any "business" is conducted, except structures used primarily for "home-sharing host activities"; or

C. Coverage C – Personal Property

Paragraph **f.** of **4. Property Not Covered** is replaced by the following:

We do not cover:

- f. Property of:
 - (1) A "home-sharing occupant";
 - (2) Any other person occupying the "residence premises" as a result of any "home-sharing host activities"; and
 - (3) Roomers, boarders and other tenants, except property of roomers and boarders related to an "insured";

D. Coverage D – Loss Of Use

With respect to the coverage provided by this endorsement, Paragraph **D.2. Fair Rental Value** is replaced by the following:

2. Lost Rental Value Of "Home-sharing Host Activities"

If an "insured" has entered into a contract or agreement with another person through the use of a "home-sharing network platform" for "home-sharing host activities" for a specified period of time, and either:

- a. A loss covered under Section I makes that part of the "residence premises" used for such "home-sharing host activities" not fit to live in during the period of time specified in such contract or agreement; or

- b. The "insured" or such other person cancels such contract or agreement, provided such cancellation takes place:

(1) During the period of time a National Weather Service hurricane watch or hurricane warning is in effect for any part of the state in which the:

- (a) "Residence premises" is located; or
- (b) Person entering into such contract or agreement with the "insured" resides; or

(2) Within 24 hours of the termination of such hurricane watch or hurricane warning described in Paragraph **b.(1)** of this provision;

we cover the lost rental value of the "home-sharing host activities" specified under such contract or agreement, less any expenses that do not continue while it is not fit to live in.

Payment will be for the shortest period of time agreed upon for "home-sharing host activities" under such contract or agreement.

E. Additional Coverages

Paragraph **E.10. Landlord's Furnishings** is replaced by the following:

10. Landlord's Furnishings

We will pay up to \$2,500 for your appliances, carpeting and other household furnishings, in each apartment on the "residence premises" regularly rented or held for rental to others by an "insured", for loss caused by a Peril Insured Against in Coverage **C**, other than Theft.

This coverage includes, but is not limited to, loss to appliances, carpeting and other household furnishings which results from "home-sharing host activities".

This limit is the most we will pay in any one loss regardless of the number of appliances, carpeting or other household furnishings involved in the loss.

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

SECTION I – PERILS INSURED AGAINST

B. Coverage C – Personal Property

With respect to the coverage provided by this endorsement, Paragraph **9.b.(3)** is replaced by the following:

9. Theft

- b.** This peril does not include loss caused by theft:

(3) From that part of a "residence premises" rented by an "insured" to someone other than:

- (a)** Another "insured"; or
(b) A "home-sharing occupant".

However, we will not pay, under this Provision **b.(3)(b)**, for loss by theft of:

- (i)** Money, bank notes, bullion, gold, goldware, gold-plated ware, silver, silverware, silver-plated ware, pewterware, platinum, platinumware, platinum-plated ware, coins, medals, scrip, stored value cards and smart cards;
- (ii)** Securities, accounts, deeds, evidences of debt, letters of credit, notes other than bank notes, manuscripts, personal records, passports, tickets and stamps regardless of the medium (such as paper or computer software) on which the material exists; or
- (iii)** Jewelry, watches, furs, precious and semiprecious stones; or

SECTION I – CONDITIONS

With respect to the coverage provided by this endorsement, Paragraph **G. Other Insurance And Service Agreement** is replaced by the following:

G. Other Insurance And Service Agreement

1. If a loss covered by this Policy is also covered by:
 - a.** Other insurance, except insurance provided by a "home-sharing network platform", we will pay only the proportion of the loss that the limit of liability that applies under this Policy bears to the total amount of insurance covering the loss; or
 - b.** A service agreement, protection plan or guarantee, except a service agreement, protection plan or guarantee provided by a "home-sharing network platform", this insurance is excess over any amounts payable under any such agreement.

2. Subject to Paragraph **G.1.**, if, at the time of loss, there is:
 - a.** Other insurance;
 - b.** A service agreement;
 - c.** A protection plan; or
 - d.** A guarantee;

provided by, on behalf of, or through a "home-sharing network platform" covering the same property covered by this Policy, this insurance is primary with respect to the amount due under such other insurance, service agreement, protection plan or guarantee.

3. As used in this Paragraph **G.**:

- a.** A service agreement means a service plan, property restoration plan, home warranty or other similar service warranty agreement, even if it is characterized as insurance.
- b.** A protection plan or guarantee means a product provided by a "home-sharing network platform" which provides property damage protection for "home-sharing host activities", even if it is characterized as insurance.

SECTION II – EXCLUSIONS

With respect to the coverage provided by this endorsement, Exclusion **E.2.** is replaced by the following:

2. "Business"

- a.** "Bodily injury" or "property damage" arising out of or in connection with a "business" conducted from an "insured location" or engaged in by an "insured", whether or not the "business" is owned or operated by an "insured" or employs an "insured".

This Exclusion **E.2.** applies but is not limited to an act or omission, regardless of its nature or circumstance, involving a service or duty rendered, promised, owed, or implied to be provided because of the nature of the "business".

- b.** This Exclusion **E.2.** does not apply to:
 - (1)** "Home-sharing host activities";
 - (2)** With respect to other than "home-sharing host activities":
 - (a)** The rental or holding for rental of an "insured location":
 - (i)** On an occasional basis if used only as a residence;

- (ii) In part for use only as a residence, unless a single-family unit is intended for use by the occupying family to lodge more than two roomers or boarders; or
- (iii) In part, as an office, school, studio or private garage; and
- (b) An "insured" under the age of 21 years involved in a part-time or occasional, self-employed "business" with no employees;

SECTION II – ADDITIONAL COVERAGES

With respect to the coverage provided by this endorsement, Paragraph **C. Damage To Property Of Others** is replaced by the following:

C. Home-sharing Host Activities Damage To Property Of Others

1. We will pay, at replacement cost, up to:
 - a. \$1,000; or
 - b. The Home-sharing Host Activities Damage To Property Of Others Limit Of Liability shown in the Schedule;
 whichever is greater, per "occurrence", for "property damage" to property of others:
 - a. Caused by an "insured"; and
 - b. Arising out of "home-sharing host activities".
2. We will not pay for "property damage":
 - a. To the extent of any amount recoverable under Section I;
 - b. Caused intentionally by an "insured" who is 13 years of age or older;
 - c. To property owned by an "insured";
 - d. To property owned by or rented to a tenant of an "insured" or a resident in your household; or
 - e. Arising out of:
 - (1) A "business", other than "home-sharing host activities", engaged in by an "insured";
 - (2) Any act or omission in connection with a premises owned, rented or controlled by an "insured", other than the "insured location"; or
 - (3) The ownership, maintenance, occupancy, operation, use, loading or unloading of aircraft, hovercraft, watercraft or "motor vehicles".

This Exclusion **e.(3)** does not apply to a "motor vehicle" that:

- (a) Is designed for recreational use off public roads;
- (b) Is not owned by an "insured"; and
- (c) At the time of the "occurrence", is not required by law, or regulation issued by a government agency, to have been registered for it to be used on public roads or property.

SECTION II – CONDITIONS

With respect to the coverage provided by this endorsement, Paragraph **H. Other Insurance** is replaced by the following:

H. Other Insurance

This insurance is:

1. Primary with respect to:
 - a. Other insurance;
 - b. A protection plan; or
 - c. A guarantee;
 provided by, on behalf of, or through a "home-sharing network platform" covering "home-sharing host activities".
2. Subject to Paragraph **H.1.**, excess over other valid and collectible insurance except insurance written specifically to cover as excess over the limits of liability that apply in this Policy.
3. As used in this Paragraph **H.**, a protection plan or guarantee means a product provided by, on behalf of, or through a "home-sharing network platform" which provides liability protection for "home-sharing host activities", even if it is characterized as insurance.

SECTIONS I AND II – CONDITIONS

The following provision is added:

Home-sharing Host Activities Verification Requirements

With respect to "home-sharing host activities", we must be provided, as often as we reasonably require, with information concerning the number of:

1. Rental agreements or contracts entered into by an "insured"; and
2. Nights the "residence premises" was occupied, in whole or in part, by "home-sharing occupants".

The following provision is added:

Personal Injury Coverage

If the Personal Injury Coverage endorsement is made a part of this Policy, Exclusion 1.g. is replaced by the following:

This insurance does not apply to:

1. "Personal injury":
 - g. Arising out of or in connection with a "business" conducted from an "insured location" or engaged in by an "insured", whether or not the "business" is owned or operated by an "insured" or employs an "insured". This exclusion applies but is not limited to an act or omission, regardless of its nature or circumstance, involving a service or duty rendered, promised, owed, or implied to be provided because of the nature of the "business".

This exclusion does not apply to:

- (1) "Home-sharing host activities";
- (2) With respect to other than "home-sharing host activities":
 - (a) The rental or holding for rental of an "insured location":
 - (i) On an occasional basis if used only as a residence;
 - (ii) In part for use only as a residence, unless a single-family unit is intended for use by the occupying family to lodge more than two roomers or boarders; or
 - (iii) In part, as an office, school, studio or private garage; and
 - (b) An "insured" under the age of 21 years involved in a part-time or occasional, self-employed "business" with no employees;

All other provisions of this Policy apply.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

INCIDENTAL LOW POWER RECREATIONAL MOTOR VEHICLE LIABILITY COVERAGE ENDORSEMENT

DEFINITIONS

With respect to a "motor vehicle" covered by this endorsement, Definition 5., which defines "Insured", is extended to include any person or organization legally responsible for the covered "motor vehicle" owned by an "insured". Definition 5., however, does not include a person or organization using or having custody or possession of the "motor vehicle" without the permission of the owner.

SECTION II – EXCLUSIONS

Paragraph A.2.d. is replaced by the following:

- d. Designed for recreational use off public roads and:
 - (1) Not owned by an "insured"; or
 - (2) Owned by an "insured" provided the "occurrence" takes place:
 - (a) On an "insured location" as defined in Definition B.6.a., b., d., e. or h.; or

(b) Off an "insured location" but only if the "motor vehicle":

- (i) Was not built or modified after manufacture to exceed a speed of 15 miles per hour on level ground; or
- (ii) Is not a:
 - i. Motorized bicycle;
 - ii. Motorized scooter;
 - iii. Moped; or
 - iv. Motorized golf cart, regardless of its speed capability.

All other provisions of this policy apply.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

BUSINESS PURSUITS

SCHEDULE*

Name And Business Of Insured	
<p>Corporal Punishment</p> <input type="checkbox"/> Check here if Liability for corporal punishment is covered and Section II – Exclusion 4.b. below does not apply.	
*Entries may be left blank if shown elsewhere in this policy for this coverage.	

SECTION II – LIABILITY COVERAGES

Coverage E – Personal Liability and Coverage F – Medical Payments to Others apply to the "business" pursuits of the "insured" named in the Schedule above.

SECTION II – EXCLUSIONS

Coverages E and F do not apply:

1. To "bodily injury" or "property damage" arising out of the "business" pursuits of the "insured" in connection with a "business" owned or financially controlled by the "insured" or by a partnership of which the "insured" is a partner or member;
2. To "bodily injury" or "property damage" arising out of the rendering of or failure to render professional services of any nature other than teaching, including but not limited to any:
 - a. Architectural, engineering or industrial design services;
 - b. Medical, surgical, dental or other services or treatment conducive to the health of persons or animals; and
 - c. Beauty or barber services or treatment;
3. To "bodily injury" to a fellow employee of the "insured" injured in the course of employment;

4. When the "insured" is a member of the faculty or teaching staff of any school or college:

- a. To "bodily injury" or "property damage" arising out of the ownership, maintenance, occupancy, operation, use, loading, unloading, of, or entrustment by the "insured" to any person of, or the failure to supervise or negligent supervision of any person involving:

- (1) Draft or saddle animals or vehicles for use therewith;
- (2) Aircraft;
- (3) Hovercraft;
- (4) "Motor vehicles"; or
- (5) Watercraft;

owned or operated, or hired by or for the "insured" or employer or used by the "insured" for the purpose of instruction in the use thereof; or

- b. To "bodily injury" to any pupil arising out of corporal punishment administered by or at the direction of the "insured". This Exclusion 4.b. does not apply if the box in the Schedule is checked indicating that liability for corporal punishment is covered.

All other provisions of this policy apply.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WATERCRAFT

SCHEDULE*

A. WATERCRAFT WITH ONE OR MORE OUTBOARD ENGINES OR MOTORS OF MORE THAN 25 TOTAL HORSEPOWER; OR OTHER WATERCRAFT WITH INBOARD OR INBOARD-OUTDRIVE ENGINES OR MOTORS

<u>Description And Length Of Watercraft And Description Of Outboard Engine Or Motor</u>	<u>Horsepower Of Engine Or Motor</u>	<u>Navigation Period Each Year</u>		<u>Owner Of Outboard Engine Or Motor If Not You</u>
		<u>From</u>	<u>To</u>	

B. SAILING VESSEL 26 FEET OR MORE OVERALL LENGTH, WITH OR WITHOUT AUXILIARY POWER

<u>Description And Length Of Vessel</u>	<u>Horsepower Of Engine Or Motor</u>	<u>Navigation Period Each Year</u>	
		<u>From</u>	<u>To</u>

* Entries may be left blank if shown elsewhere in this policy for this coverage.

SECTION II – LIABILITY COVERAGES

Coverage **E – Personal Liability** and Coverage **F – Medical Payments To Others** apply to "watercraft liability" involving a watercraft described in the Schedule above.

SECTION II – EXCLUSIONS

With respect to the watercraft described in the Schedule, Exclusion **B. "Watercraft Liability"** is deleted and replaced by the following:

B. "Watercraft Liability"

1. Coverages **E** and **F** do not apply to any "watercraft liability" if, at the time of an "occurrence" the involved watercraft is being:
 - a. Operated in, or practicing for, any prearranged or organized race, speed contest or other competition. This exclusion does not apply to a sailing vessel or a predicted log cruise;

- b. Rented to others;
- c. Used to carry persons or cargo for a charge; or
- d. Used for any "business" purpose.

2. Coverages **E** and **F** do not apply to "bodily injury" to any "employee" arising out of and in the course of employment by an "insured" if the employee's principal duties are in connection with the maintenance, operation or use of a watercraft described in the Schedule, that is:

- a. A sailing vessel; or
- b. Powered by an inboard or inboard-outdrive engine or motor, including those that power a water jet pump.

All other provisions of this policy apply.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PERSONAL INJURY COVERAGE

DEFINITIONS

The following definitions are added:

"Personal injury" means injury arising out of one or more of the following offenses, but only if the offense was committed during the policy period:

1. False arrest, detention or imprisonment;
2. Malicious prosecution;
3. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;
4. Oral or written publication, in any manner, of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services; or
5. Oral or written publication, in any manner, of material that violates a person's right of privacy.

"Fungi" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.

However, this does not include any fungi that are, are on, or are contained in, a good or product intended for consumption.

SECTION II – LIABILITY COVERAGES

A. Coverage E – Personal Liability

The following is added to **Coverage E – Personal Liability**

Personal Injury Coverage

If a claim is made or suit is brought against an "insured" for damages resulting from an offense, defined under "personal injury", to which this coverage applies, we will:

1. Pay up to our limit of liability for the damages for which an "insured" is legally liable. Damages include prejudgment interest awarded against an "insured"; and
2. Provide a defense at our expense by counsel of our choice, even if the suit is groundless, false or fraudulent. We may investigate and settle any claim or suit that we decide is appropriate. Our duty to settle or defend ends when our limit of liability for the offense has been exhausted by payment of a judgment or settlement.

SECTION II – EXCLUSIONS

With respect to the coverage provided by this endorsement, **Section II – Exclusions** is replaced by the following:

This insurance does not apply to:

1. "Personal injury":
 - a. Caused by or at the direction of an "insured" with the knowledge that the act would violate the rights of another and would inflict "personal injury";
 - b. Arising out of oral or written publication of material, if done by or at the direction of an "insured" with knowledge of its falsity;
 - c. Arising out of oral or written publication of material whose first publication took place before the beginning of the policy period;
 - d. Arising out of a criminal act committed by or at the direction of an "insured";
 - e. Arising out of liability assumed by an "insured" under any contract or agreement except any indemnity obligation assumed by an "insured" under a written contract directly relating to the ownership, maintenance or use of the premises;
 - f. Sustained by any person as a result of an offense directly or indirectly related to the employment of this person by an "insured";
 - g. Arising out of or in connection with a "business" conducted from an "insured location" or engaged in by an "insured", whether or not the "business" is owned or operated by an "insured" or employs an "insured". This exclusion applies but is not limited to an act or omission, regardless of its nature or circumstance, involving a service or duty rendered, promised, owed, or implied to be provided because of the nature of the "business".

This exclusion does not apply to:

- (1) The rental or holding for rental of an "insured location";
 - (a) On an occasional basis if used only as a residence;

- (b) In part for use only as a residence, unless a single-family unit is intended for use by the occupying family to lodge more than two roomers or boarders; or
- (c) In part, as an office, school, studio or private garage; and
- (2) An "insured" under the age of 21 years involved in a part-time or occasional, self-employed "business" with no employees;
- h. Arising out of civic or public activities performed for pay by an "insured";
- i. To you or an "insured" as defined under Definition 5.a. or 5.b.;
This exclusion also applies to any claim made or suit brought against you or an "insured" to:
 - (1) Repay; or
 - (2) Share damages with;
another person who may be obligated to pay damages because of "personal injury" to an "insured";
- j. Arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of pollutants at any time.
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; or
- k. Arising directly or indirectly, in whole or in part, out of the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of any "fungi", wet or dry rot, or bacteria.
- 2. Any loss, cost or expense arising out of any:
 - a. Request, demand or order that an "insured" or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, pollutants, "fungi", wet or dry rot, or bacteria; or
 - b. Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, clean up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, pollutants, "fungi", wet or dry rot, or bacteria.

SECTION II – ADDITIONAL COVERAGES

With respect to the coverage provided by this endorsement, Paragraph **D. Loss Assessment** is replaced by the following:

D. Loss Assessment

We will pay up to \$1,000 for your share of loss assessment charged against you, as an owner or tenant of the "residence premises", during the policy period by a corporation or association of property owners, when the assessment is made as a result of "personal injury" not excluded under this endorsement.

We do not cover assessments charged against you or a corporation or association of property owners by any governmental body.

Regardless of the number of assessments, the limit of \$1,000 is the most we will pay for loss arising out of "personal injury".

SECTION II – CONDITIONS

With respect to the coverage provided by this endorsement, Section II – Condition **I. Policy Period** does not apply and Conditions **A. Limit Of Liability**, **B. Severability Of Insurance** and **C. Duties After "Occurrence"** are replaced by the following:

A. Limit Of Liability

Our total liability under Personal Injury Coverage for all damages resulting from any one offense will not be more than the Limit Of Liability shown in the Declarations for Coverage **E**. This limit is the same regardless of the number of "insureds", claims made or suits brought.

B. Severability Of Insurance

This insurance applies separately to each "insured". This condition will not increase our limit of liability for any one offense.

C. Duties After Offense

In the event of a covered offense, you or another "insured" will perform the following duties that apply. We have no duty to provide coverage under this policy if your failure to comply with the following duties is prejudicial to us. You will help us by seeing that these duties are performed:

1. Give written notice to us or our agent as soon as is practical, which sets forth:
 - a. The identity of the policy and "named insured";
 - b. Reasonably available information on the time, place and circumstances of the offense; and
 - c. Names and addresses of any claimants and witnesses;

2. Cooperate with us in the investigation, settlement or defense of any claim or suit;
3. Promptly forward to us every notice, demand, summons or other process relating to the offense;
4. At our request, help us:
 - a. To make settlement;
 - b. To enforce any right of contribution or indemnity against any person or organization who may be liable to an "insured";
 - c. With the conduct of suits and attend hearings and trials; and
 - d. To secure and give evidence and obtain the attendance of witnesses;
5. No "insured" shall, except at such "insured's" own cost, voluntarily make payment, assume obligation or incur expense other than for first aid to others at the time of the "personal injury".

All other provisions of this policy apply.

SAMPLE



The Society of Certified Insurance Counselors

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Section 2

PERSONAL AUTOMOBILE COVERAGES

This graphic indicates where the 2018 Personal Auto Program either revised or added policy language or endorsements.



Auto Financial Responsibilities and Enforcement by State 2018



Compensatory Damages



Personal Automobile Coverages ISO Personal Auto Policy PP 00 01 09 18

Section Goal

The goal of the Personal Auto Coverage section is to provide participants with the transformative knowledge and skills to enable them to recommend the appropriate coverage to meet the unique needs of their clients and explain to them the coverage provided by a Personal Automobile Policy.

Learning Objectives

1. Using knowledge of ISO eligibility, participants will determine if a Personal Auto Policy can be written for a client based on vehicle ownership, type of vehicle, and vehicle usage.
2. By understanding the following terms and the Part A – Liability Insuring Agreement, participants will use their knowledge to explain to clients who has liability coverage provided by their Personal Auto Policy:
 - **You or Yours**
 - “Family member”
 - “Your covered auto”
 - “Newly acquired auto”
 - “Bodily injury”
 - “Property damage”
 - “Insured”

3. Applying their knowledge of liability exclusions, participants will identify a client's potential gaps in coverage and recommend the appropriate endorsement if one is available, to provide the coverage.
4. Using their knowledge of the definition of "insured" and the Insuring Agreement for Part B – Medical Payments Coverage, participants will explain to their clients who is covered and the coverage provided.
5. Participants will explain to their clients the purpose of Part C – Uninsured Motorists Coverage.
6. Using their knowledge of the Part C – Uninsured Motorists Coverage Insuring Agreement, including its definitions of "insured" and "uninsured motor vehicle", participants will explain to their clients who is covered and the coverage provided.
7. Participants will use their knowledge of how states may differ in their definition of an "underinsured motor vehicle" (trigger) and how much an "insured" can receive (offset) to correctly explain Underinsured Motorists Coverage to their clients.

8. Using their knowledge of the Part D – Coverage For Damage To Your Auto Insuring Agreement, participants will be able to explain to clients the differences between “Collision” and Other Than “Collision”.
9. Using their knowledge of the definition of “non-owned auto”, participants will be able to explain to clients the coverage provided by Part D – Coverage For Damage To Your Auto for an auto they borrow or rent.
10. Applying their knowledge of the Part D – Coverage For Damage To Your Auto exclusions and the Limit Of Liability provision, participants will identify a client’s potential gaps in coverage and recommend the appropriate endorsement, if one is available, to provide the coverage.
11. Applying their knowledge of the 2018 new and revised endorsements, participants will be able to determine when clients have a need for them and explain the coverage each provides.
12. Using their knowledge of the Policy Territory, participants will be able to explain to their clients the geographic areas where their policy provides coverage.

Ownership

Learning Objective 1:

Using knowledge of ISO eligibility, participants will determine if a Personal Auto Policy can be written for a client based on vehicle ownership, type of vehicle, and vehicle usage.

Eligibility is determined by vehicle ownership, type of vehicle and the usage of that vehicle. Vehicles must be owned (including a vehicle leased for a period of at least six months) by any of the following:

Individual

Individual and spouse who reside in the same household

Two individuals who jointly own a vehicle

1. Individuals who are related and live in the same household

Lisa and her resident son Mason are buying him his first car. The car is titled to both Lisa and Mason.

2. Individuals who are related and live in different households

Heather is helping her 24-year old daughter buy a car. Her daughter lives in her own apartment. The car will be in both names.

3. Individuals who are not related and live in the same household

Blake and Gwen share an apartment. They own a vehicle titled to both of them.

The Joint Ownership Coverage (PP 03 34) endorsement is used when two individuals jointly

Trust Owned

2

The Trust Endorsement (PP 13 03) allows a vehicle whose title has been transferred to a trust to be considered owned by a person for coverage purposes

The grantor of the trust must be an individual, or individual and spouse

All vehicles on the policy must be owned by the trust

A vehicle owned by a corporation, LLC, partnership, or any other legal entity is not eligible to be written on a Personal Auto Policy.

Vehicle and Vehicle Usage

Private Passenger Autos

Private passenger autos are eligible to be written on an ISO Personal Auto Policy, which include pickups or vans if certain conditions are met.

Private passenger autos:

1. 4-wheel motor vehicle (other than a truck type)
2. May not be used for public or livery conveyance (held out to the general public for hire such as taxi, Uber, Lyft, etc.)
3. May not be rented to others

In addition, a pickup or van must meet additional requirements to be considered a private passenger auto:

1. Has a Gross Vehicle Weight Rating (GVWR) of 10,000 pounds or less; and
If a symbol has been assigned in the Symbol Identification Manual for a pickup or van with a Gross Vehicle Weight Rating exceeding 10,000 pounds, it is still eligible.
2. Is not used to deliver or transport goods or materials unless it is:
 - Incidental to the insured's business of installing, maintaining or repairing furnishings or equipment; or
Ben the contractor carries materials and supplies in his pickup needed for his various jobs
 - A farm or ranch vehicle
Beau uses his pickup for transportation on his farm

Important Note:

business use of a private passenger auto (other than that specified previously applying to pickups and vans) does not make the vehicle ineligible.

Gross Vehicle Weight Rating (GVWR) refers to the maximum weight that a vehicle is designed to safely carry according to the vehicle manufacturer. This includes the combined total of weight of the vehicle, weight of the passengers, personal effects, vehicle fluids and accessories, and weight of the cargo itself.

Some states have modified the GVWR eligibility by lowering it to 9,000 or increasing it to 12,000 or more.

Trailers

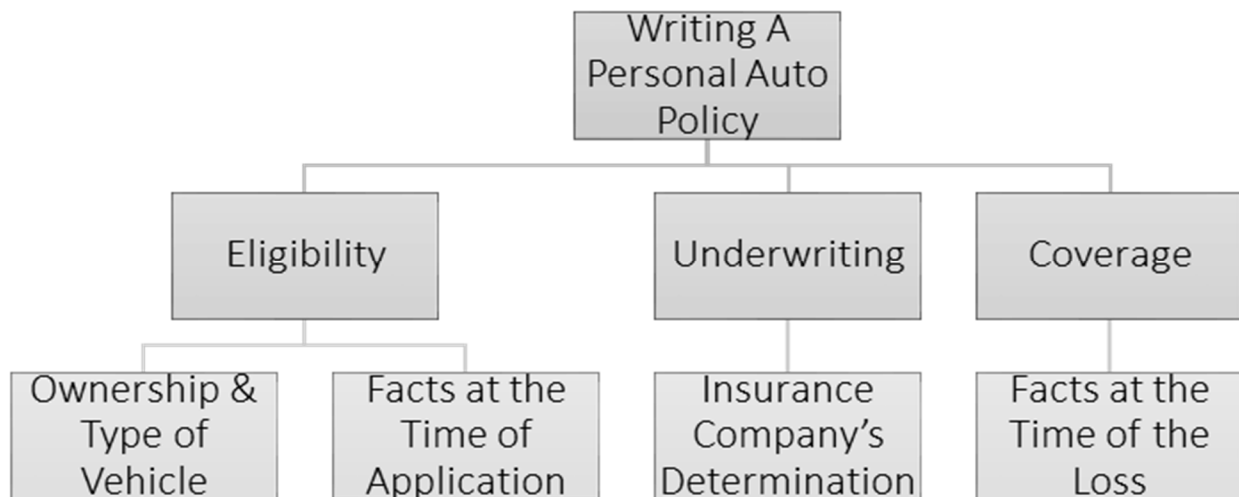
Designed to be pulled by a private passenger auto, pickup or van; or a farm wagon or implement while towed by private passenger auto, pickup or van

Miscellaneous Vehicles

Vehicles such as motor homes, motorcycles, motorized golf carts, go carts, dune buggies, all-terrain vehicles (ATVs), snowmobiles, etc., are eligible only with either the **Miscellaneous Type Vehicle Endorsement (PP 03 23)** or the **Snowmobile Endorsement (PP 03 20)** attached to the policy.

Note:

It is easy to confuse eligibility with coverage; however, they are unrelated. There are eligible vehicles that may not be covered for a loss due to an exclusion in the policy. There may be a vehicle that was eligible at the time the policy was written, but at the time of a loss would not have been.





Knowledge Check – Eligibility

The following individuals have come to you for their auto insurance.

Are they eligible for a Personal Auto Policy?

	Yes	No
Bob and Mary own three vehicles.		
Alan and Stacey own two vehicles. They are currently separated.		
Casey and his roommate Carl jointly own a Jeep Wrangler.		
Michael and his fiancé Doris have jointly purchased a Mustang. Doris lives with her parents and Michael lives in his own home.		
Sean wants to insure a vehicle registered to a corporation of which he is president.		
Tim and his spouse have registered their only cars under a family trust.		
Jackie earns extra money driving her car for Lyft.		
Monte owns a small pickup and a camping trailer.		
Lloyd owns a Ford F550 pickup that has a GVWR of 12,000 pounds.		
Emily drives her van several days a week delivering flowers for her sister's floral shop.		

Policy Structure

The Personal Auto Policy's eight parts are listed below. The majority of this section will focus on Parts A, B, C, and D. Only selected conditions and provisions in Parts E and F will be presented during this course.

Agreement	
Definitions	
Part A	Liability Coverage
Part B	Medical Payments Coverage/Personal Injury Protection
Part C	Uninsured/Underinsured Motorists Coverage
Part D	Coverage For Damage To Your Auto
Part E	Duties After An Accident Or Loss
Part F	General Provisions

Parts A through D operate independently of each other. Each has its own insuring agreement, additional definitions, exclusions and conditions that apply to that coverage only.

Declarations

Throughout the policy you will see references to the Declarations. The Declarations page is attached to the Personal Auto Policy coverage form and becomes part of the legal contract.

The following information is typically found on the Declarations

Name of insurance company providing the coverage

Policy number

Named insured(s) to whom the policy was issued

Named insured's mailing address

Policy period (effective date and expiration date)

Vehicle garaging address (if different than the mailing address)

Vehicle(s) insured including VIN number

Coverage provided (as determined by the coverages for which a limit of liability and/or a premium is shown)

Deductible (for Other than Collision and Collision)

Policy Form and endorsements that are part of the policy

Name of loss payee (if applicable)

E&O Tip

It is important for the insurance professional to review the Declarations when the policy is received to make sure the information is correct, and the policy was issued for the coverages requested.

Personal Auto Policy Declarations

ABC Insurance Company of America

POLICYHOLDER: Chris and Karen Swift
(Named Insured) 8110 Lake Street
 Lincoln, Nebraska 68506

POLICY NUMBER: 296 S 468211

POLICY PERIOD: **FROM:** September 1, 2018
TO: March 1, 2019

But only if the required premium for this period has been paid, and for six-month renewed periods if renewal premiums are paid as required. Each period begins and ends at 12:01 A.M. standard time at the address of the policyholder.

**INSURED VEHICLES AND
 SCHEDULE OF COVERAGES**

VEHICLE COVERAGES	LIMITS OF INSURANCE	PREMIUM
1 2008 Toyota Corolla	ID#JT2AL21E8B3306553	
Coverage A – Liability:		
Bodily Injury Liability	\$100,000 Each Person \$300,000 Each Accident	\$110.00
Property Damage Liability	\$ 50,000 Each Accident	\$ 40.00
Coverage B – Medical Payments	\$ 5,000 Each Person	\$ 36.00
Coverage C – Uninsured Motorists:		
Bodily Injury	\$100,000 Each Person \$300,000 Each Accident	\$ 40.00
TOTAL		\$226.00
2 2018 Ford Fusion	ID#1FABP3OU7GG212619	
Coverage A – Liability:		
Bodily Injury Liability	\$100,000 Each Person \$300,000 Each Accident	\$145.00
Property Damage Liability	\$ 50,000 Each Accident	\$ 60.00
Coverage B – Medical Payments	\$ 5,000 Each Person	\$ 36.00
Coverage C – Uninsured Motorists:		
Bodily Injury	\$100,000 Each Person \$300,000 Each Accident	\$ 40.00
Coverage D – Other Than Collision	Actual Cash Value Less \$250	\$ 50.00
– Collision	Actual Cash Value Less \$500	\$130.00
TOTAL		\$461.00
POLICY FORM AND ENDORSEMENTS:	PP 00 01 09 18, PP 03 06 09 18	

Agreement and Definitions

Learning Objective 2:

By understanding the following terms and the Part A – Liability Insuring Agreement, participants will use their knowledge to explain to clients who has liability coverage provided by their Personal Auto Policy:

- **You or Yours**
 - “Family member”
 - “Your covered auto”
 - “Newly acquired auto”
 - “Bodily injury”
 - “Property damage”
 - “Insured”
-

Agreement

The insurance company agrees to provide the coverage in return for payment of the premium and subject to the terms of the policy.

AGREEMENT

In return for payment of the premium and subject to all the terms of this policy, we agree with you as follows:

You and Your

- Named insured shown in Declarations
- If not a named insured, the spouse if a resident of the same household
- If during the policy period or prior to the policy period, the unnamed spouse ceases to be a resident of the same household as the person named in the Declarations, coverage ceases at the earlier of:
 - 90 days after he or she ceases to be a resident of the same household; OR
 - the effective date of another policy listing the spouse as a named insured; or
 - the end of the policy period
- Anyone who is a **you** receives the best coverage provided by the policy

- A. Throughout this Policy, "you" and "your" refer to:
1. The named insured shown in the Declarations; and
 2. The spouse if a resident of the same household.
- If the spouse ceases to be a resident of the same household during the policy period or prior to the inception of this Policy, the spouse will be considered "you" and "your" under this Policy but only until the earlier of:
- a. The end of 90 days following the spouse's change of residency;
 - b. The effective date of another policy listing the spouse as a named insured; or
 - c. The end of the policy period.

Note:

It is often thought if there are fewer than 90 days left in the policy period, the person will stop being a **you** at the end of the policy period. The **you** status will actually go into the next policy period (subject to a total of 90 days from both policy periods.) This is because the policy states if the spouse ceases to be a resident of the same household during the policy period or prior to the inception of this Policy, the spouse will be considered **you** and **your** under this policy until the earlier of the stated events.

Notes

Lined writing area consisting of 20 horizontal lines.

“We”, “Us” And “Our”

Insurance company providing the coverage

Leased Private Passenger Type Auto, Pickup or Van

Clarifies a leased vehicle will be treated as an owned vehicle if there is a written lease for at least six continuous months

“Bodily Injury”

Bodily harm, sickness or disease, including resulting death

Pain and suffering, mental anguish, disfigurement, loss of income, loss of a relationship, loss of services, etc., resulting from the bodily harm, sickness, disease, or death are also considered “bodily injury”

“Business”

Trade, profession or occupation

- B. "We", "us" and "our" refer to the Company providing this insurance.
- C. For purposes of this Policy, a private passenger type auto, pickup or van shall be deemed to be owned by a person if leased:
 - 1. Under a written agreement to that person; and
 - 2. For a continuous period of at least six months
- D. "Bodily injury" means bodily harm, sickness or disease, including death that results.
- E. "Business" includes trade, profession or occupation.

“Family Member”

- Related to a you by blood, marriage, or adoption AND
- A resident of your household
- Includes ward or foster child
- A “family member” has the second-best coverage. If a person can’t be a you, being a “family member” is the next best.

F. "Family member" means a person related to you by blood, marriage or adoption who is a resident of your household. This includes a ward or foster child.



Additional Resident Of Your Household (PP 33 37) Endorsement

Clients may have an individual living with them that is not related to them. This individual could be a significant other, au pair/nanny, friend of one of their children, etc. Regardless of who they are, these individuals are not a “family member” and do not have the 2nd best coverage reserved for a “family member” that your client may want them to have.

This endorsement allows a non-related resident of the household who is shown in the Schedule to be considered a “family member” and receive the broad coverage provided by the policy to a “family member”.

The named insured (**you**) must notify the insurance company within 30 days if this individual no longer lives in the same household.

POLICY NUMBER:

PERSONAL AUTO
PP 33 37 09 18

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL RESIDENT OF YOUR HOUSEHOLD

SCHEDULE

Name Of Additional Resident:

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

The provisions of the Policy apply unless modified by this endorsement.

I. Definitions

The definition of "family member" is amended as follows:

"Family member" includes a person shown in the Schedule or in the Declarations as an Additional Resident of your household.

II. Part F – General Provisions

The following are added:

1. It is agreed that this endorsement is issued in reliance on information you provided concerning the residency of the Additional Resident described in the Schedule or in the Declarations.

2. You agree to notify us in writing within 30 days of a change in the residency of the Additional Resident described in the Schedule or in the Declarations.



Knowledge Check – “Family Member”

Sarah has a Personal Auto Policy. Which of the following individuals are considered a “family member” by her policy?

	Yes	No
Her 17-year-old unlicensed resident son Brady.		
Her sister who is visiting her for a week.		
Her daughter, Meredith, who lives in her own home.		
Sarah’s daughter-in-law Sherry who is living with her for a year while Sarah’s son, who is in the military, is stationed overseas.		
Sarah’s boyfriend Bob who lives with her.		

“Occupying”

In, upon, getting in, getting on, getting out or getting off

“Property Damage”

Physical damage to the property, destruction of property or loss of use of tangible property

“Trailer”

Designed to be pulled behind a private passenger auto, pickup or van and includes a farm wagon or farm implement while towed by a private passenger auto, pickup or van

G. "Occupying" means:

1. In;
2. Upon; or
3. Getting in, on, out or off.

H. "Property damage" means physical injury to, destruction of or loss of use of tangible property.

I. "Trailer" means a vehicle designed to be pulled by a:

1. Private passenger auto; or
2. Pickup or van.

It also means a farm wagon or farm implement while towed by a vehicle listed in **1.** or **2.** above.

“Your Covered Auto”

This is a 4-part definition. While these vehicles are not the only ones provided coverage, they are provided the broadest coverage.

1. Any vehicle shown in the Declarations
2. “Newly acquired auto” (Term defined next.)
3. Any trailer owned by a **you**, whether or not being towed by a vehicle
4. Temporary substitute, which is any auto not owned by **you**, that is being used because a “your covered auto” is out of normal use due to breakdown, repair, servicing, loss or destruction. (Temporary substitute does not apply to Part D – Coverage For Damage To Your Auto.)

J. “Your covered auto” means:

1. Any vehicle shown in the Declarations.
2. A “newly acquired auto”;
3. Any “trailer” you own; or
4. Any auto or “trailer” you do not own while used as a temporary substitute for any other vehicle described in this definition which is out of normal use because of its:
 - a. Breakdown;
 - b. Repair;
 - c. Servicing;
 - d. Loss; or
 - e. Destruction.

This provision (**J.4.**) does not apply to Coverage For Damage To Your Auto.



“Newly Acquired Auto”

Vehicles included in this definition are also a “your covered auto”. The “Newly Acquired Auto” definition may provide clients with a limited time of coverage prior to the new vehicle being reported to the insurance company. To be a “newly acquired auto”, the following requirements must be met:

1. Must be acquired by a you during the policy period; not a “family member”
2. Must be a private passenger auto, pickup or van with GVWR and use restrictions on pickup or van

K. “Newly acquired auto”:

1. “Newly acquired auto” means any of the following types of vehicles you become the owner of during the policy period:
 - a. A private passenger auto; or
 - b. A pickup or van, for which no other insurance policy provides coverage, that:
 - (1) Has a Gross Vehicle Weight Rating of 10,000 lbs. or less; and
 - (2) Is not used for the delivery or transportation of goods and materials unless such use is:
 - (a) Incidental to your “business” of installing, maintaining or repairing furnishings or equipment; or
 - (b) For farming or ranching.

3. All coverages except Coverage For Damage To Your Auto
 - Medical Payments, Personal Injury Protection and Uninsured and Underinsured Motorists coverages if shown on the Declarations
 - **You** must ask the insurance company to insure it within 14 days after becoming the owner

2. Coverage for a "newly acquired auto" is provided as follows:
 - a. For any coverage provided in this Policy other than Coverage For Damage To Your Auto, a "newly acquired auto" will have the broadest coverage we now provide for any vehicle shown in the Declarations. However, for this coverage to apply, you must ask us to insure it within 14 days after you become the owner.

4. Collision

- 14 days if any vehicle in the Declarations has Collision
- 4 days with a \$500 deductible if no vehicle in the Declarations has Collision
- **You** must ask the insurance company to insure the vehicle within the 4 or 14 days, whichever applies

5. Other Than Collision

- 14 days if any vehicle in the Declarations has Other Than Collision
- 4 days with a \$500 deductible if no vehicle in the Declarations has Other Than Collision
- **You** must ask the insurance company to insure the vehicle within the 4 or 14 days, whichever applies

6. Other than Collision and Collision are treated separately when determining coverage for a “newly acquired auto”. Other Than Collision may have 14 days for reporting, while Collision may have only 4.

7. If reported after the required 4 or 14 days, coverage begins on the day the insurance company is first asked to insure the “newly acquired auto”

- b. Collision Coverage for a "newly acquired auto" begins on the date you become the owner. However, for this coverage to apply, you must ask us to insure it within:
- (1) 14 days after you become the owner if the Declarations indicates that Collision Coverage applies to at least one auto. In this case, the "newly acquired auto" will have the broadest coverage we now provide for any auto shown in the Declarations.
 - (2) Four days after you become the owner if the Declarations does not indicate that Collision Coverage applies to at least one auto. If you comply with the four day requirement and a loss occurred before you asked us to insure the "newly acquired auto", a Collision deductible of \$500 will apply.
- c. Other Than Collision Coverage for a "newly acquired auto" begins on the date you become the owner. However, for this coverage to apply, you must ask us to insure it within:
- (1) 14 days after you become the owner if the Declarations indicate that Other Than Collision Coverage applies to at least one auto. In this case, the "newly acquired auto" will have the broadest coverage we now provide for any auto shown in the Declarations.
 - (2) Four days after you become the owner if the Declarations does not indicate that Other Than Collision Coverage applies to at least one auto. If you comply with the four day requirement and a loss occurred before you asked us to insure the "newly acquired auto", an Other Than Collision deductible of \$500 will apply.
- d. For all coverages addressed in Paragraphs K.2.a., b. and c., if you first ask us to insure the "newly acquired auto" after the applicable time period has elapsed, coverage will begin on the day you first ask us to insure the "newly acquired auto".

Recap Of “Newly Acquired Auto”

Eligible Vehicle (Private Passenger Auto, Pickup Or Van) Acquired By A **You** During The Policy Period If Reported Within The Required Period Of Time

<p>LIABILITY</p> <p>UM</p> <p>MEDICAL PAYMENTS/PIP</p>	<p style="text-align: center;">14 Days</p> <p>Broadest coverage of any vehicle in the Declarations</p>
<p>OTC</p>	<p style="text-align: center;">14 or 4 days</p> <p>If a vehicle in the Declarations has OTC, you must notify carrier within 14 days to continue coverage. (Broadest coverage)</p> <p>If no vehicle in the Declarations has OTC, you must notify carrier within 4 days to continue coverage. (\$500 deductible applies)</p>
<p>COLLISION</p>	<p style="text-align: center;">14 or 4 days</p> <p>If a vehicle in the Declarations has Collision, you must notify carrier within 14 days to continue coverage. (Broadest coverage)</p> <p>If no vehicle in the Declarations has Collision, you must notify carrier within 4 days to continue coverage. (\$500 deductible applies)</p>

Note:

There may be less than 4 or 14 days if fewer days are remaining in the policy period.

“Transportation Network Platform”



Defined as an online application for prearranged ride sharing such as Uber, Lyft, etc. and is used in the Public or Livery Conveyance exclusions throughout the policy

- L. "Transportation network platform" means an online-enabled application or digital network used to connect passengers with drivers using vehicles for the purpose of providing prearranged transportation services for compensation.

“Minimum Limits”

Added by each state’s Amendment Of Policy Provisions endorsement and identifies the financial responsibility limits required by that state

For example:

Texas limits are 30/60/25

Throughout the Policy, minimum limits refer to the following limits of liability as required by Texas law, to be provided under a policy of automobile liability insurance:

1. \$30,000 for each person, subject to \$60,000 for each accident, with respect to “bodily injury”; and
2. \$25,000 for each accident with respect to “property damage”.

Split limits

First Number	Second Number	Third Number
Maximum Bodily Injury Each Person	Maximum Bodily Injury Each Accident	Maximum Property Damage Each Accident

Coverage may also be written on a **single limit** basis with some insurance companies

Only Number
Maximum Amount for Bodily Injury &/or Property Damage Each Accident Used Where It Is Needed

Auto Financial Responsibilities and Enforcement by State 2018





Knowledge Check – Newly Acquired

Meredith is the named insured on a Personal Auto Policy that provides the following coverages:

1974 AMC Gremlin

Liability

Medical Payments

UM

\$250 ded. OTC

2015 Honda

Liability

Medical Payments

UM

\$100 ded. OTC

\$1000 ded. Collision

What coverages, if any, are provided by Meredith's policy for each of the following?

1. Meredith trades in her Honda for a 1968 Chevrolet Camaro.
2. Meredith purchases a 1990 Chevrolet pickup.
3. Meredith trades in her Gremlin for a 2005 BMW.
4. Meredith buys a 2002 Winnebago motor home.
5. Meredith's 19-year old resident son purchases a 2014 Toyota.

Part A – Liability Coverage

Insuring Agreement

Part A – Liability begins with the Insuring Agreement. It lays the foundation for understanding the liability coverage provided by the policy as it explains: (1) who the policy protects; (2) for what type of damages; (3) under what circumstances; and (4) the defense coverage provided.

- Pays damages for “bodily injury” and “property damage” for which any “insured” is legally responsible because of an auto accident. “Insured” is defined in the second part of the Insuring Agreement. Damages include prejudgment interest.
- The insurance company determines whether to settle/defend. Defense costs are in addition to the limit of liability. The insurance company’s responsibility to defend an “insured” ends when limit of liability has been exhausted by payment of judgments or settlements. The insurance company has no duty to defend or settle any claim that is not covered under the policy.

INSURING AGREEMENT

- A. We will pay damages for "bodily injury" or "property damage" for which any "insured" becomes legally responsible because of an auto accident. Damages include prejudgment interest awarded against the "insured". We will settle or defend, as we consider appropriate, any claim or suit asking for these damages. In addition to our limit of liability, we will pay all defense costs we incur. Our duty to settle or defend ends when our limit of liability for this coverage has been exhausted by payment of judgments or settlements. We have no duty to defend any suit or settle any claim for "bodily injury" or "property damage" not covered under this Policy.

“Insured” for Part A – Liability

The second part of the Insuring Agreement is where the definition of “insured” is found. Only those falling within the definition of “insured” will receive liability coverage. A claim made against someone who does not fall within the definition will not have coverage.

- **You** or any “family member” for the ownership, maintenance or use of any auto or “trailer”
- Anyone using “your covered auto”
- For “your covered auto”, any person or organization legally responsible for the acts or omissions of a person covered by Part A – liability. This is often referred to as vicarious liability.



- Other than “your covered auto”, any person or organization legally responsible for the acts or omissions of **you** or a “family member” who is covered by Part A – Liability. Only applies if the person or organization does not own or hire the vehicle.

John is a teacher in the Orange County School District. He drives a district-owned car to a conference in San Diego. On the way there, he has an at-fault accident. The school district would not be an “insured” under John’s personal auto policy since it owns the vehicle.

B. “Insured” as used in this Part means:

1. You or any “family member” for the ownership, maintenance or use of any auto or “trailer”.
2. Any person using “your covered auto”.
3. For “your covered auto”, any person or organization but only with respect to legal responsibility for acts or omissions of a person for whom coverage is afforded under this Part.
4. For any auto or “trailer”, other than “your covered auto”, any other person or organization but only with respect to legal responsibility for acts or omissions of you or any “family member” for whom coverage is afforded under this Part. This provision (B.4.) applies only if the person or organization does not own or hire the auto or “trailer”.

Supplemental Payments

These payments are paid in addition to the Limit of Liability

Up to \$250 for the cost of bail bonds required because of a covered accident resulting in “bodily injury” or “property damage”. The insurance company is not required to provide the bond.

Premiums on appeal bonds and bonds to release attachments

Post-judgment interest (begins where prejudgment interest ends)

Date of Claim	Date Claim Settled	Date Monies Received
August 1, 2017	January 21, 2018	February 1, 2018
Prejudgment Interest Included in Limit of Liability		Post-judgment Interest Included in Supplementary Payments

Up to \$250 per day for loss of earnings if incurred at insurance company’s request

Reasonable expenses incurred at insurance company’s request

SUPPLEMENTARY PAYMENTS

We will pay on behalf of an "insured":

1. Up to \$250 for the cost of bail bonds required because of an accident, including related traffic law violations. The accident must result in "bodily injury" or "property damage" covered under this Policy.
2. Premiums on appeal bonds and bonds to release attachments in any suit we defend.
3. Interest accruing after a judgment is entered in any suit we defend. Our duty to pay interest ends when we offer to pay that part of the judgment which does not exceed our limit of liability for this coverage.
4. Up to \$250 a day for loss of earnings, but not other income, because of attendance at hearings or trials at our request.
5. Other reasonable expenses incurred at our request.

These payments will not reduce the limit of liability.

Learning Objective 3:

Applying their knowledge of liability exclusions, participants will identify a client's potential gaps in coverage and recommend the appropriate endorsement if one is available, to provide the coverage.

There are two groups of Part A – Liability Exclusions

1. **Group A** has ten exclusions (A.1. through A.10.) that take away “bodily injury” and/or “property damage” based on a person – even if that person was previously defined as an “insured”
2. **Group B** has five exclusions (B.1. through B.5.) that take away liability coverage based on the vehicle

Group A Exclusions

There is no liability coverage for any “insured”:

1. Who intentionally causes “bodily injury” or “property damage”
2. For “property damage” to owned property or property being transported by that “insured”
 - This takes away coverage if clients damage their owned home
 - How often do clients transport property of others? Helping friends move, towing a boat or horse trailer, or...
3. For “property damage” to property rented to, used by or in the care of that “insured”
 - The exception gives back coverage for “property damage” to a non-owned residence or private garage
4. For “bodily injury” to an employee of that “insured”
 - The exception gives back coverage for domestic employee unless workers compensation coverage is available or required

EXCLUSIONS

A. We do not provide Liability Coverage for any "insured":

1. Who intentionally causes "bodily injury" or "property damage".
2. For "property damage" to property owned or being transported by that "insured".
3. For "property damage" to property:
 - a. Rented to;
 - b. Used by; or
 - c. In the care of;that "insured".

This exclusion (A.3.) does not apply to "property damage" to a residence or private garage.

4. For "bodily injury" to an employee of that "insured" during the course of employment. This exclusion (A.4.) does not apply to "bodily injury" to a domestic employee unless workers' compensation benefits are required or available for that domestic employee.



5. Ownership or operation of a vehicle being used as a public or livery conveyance, including when the “insured” is logged into a “transportation network platform” as a driver
- a. This includes driving for Uber or Lyft and applies even if a passenger is not “occupying” the vehicle
 - b. The exception gives back coverage for a vehicle while being used in a share-the-expense car pool or while being used for volunteer or charitable purposes.

5. For that "insured's" liability arising out of the ownership or operation of a vehicle while it is being used as a public or livery conveyance. This includes but is not limited to any period of time a vehicle is being used by any "insured" who is logged into a "transportation network platform" as a driver, whether or not a passenger is "occupying" the vehicle.
This exclusion **(A.5.)** does not apply to:
- a. A share-the-expense car pool; or
 - b. The ownership or operation of a vehicle while it is being used for volunteer or charitable purposes.

c. **Transportation Network Driver Endorsements**

- Both endorsements require the Transportation Network Platform and Vehicle(s) be described in the Schedule
- Both endorsements give back coverage for Part A – Liability, Part B – Medical Payments, Part C – UM/UIM and Part D – Coverage For Damage To Your Auto as explained below

1) **Transportation Network Driver Coverage (No Passenger) (PP 23 41)**

Coverage when an “insured” is logged into the “transportation network platform” described in the schedule AND a passenger is not “occupying” the vehicle


2) **Limited Transportation Network Driver Coverage (No Passenger) (PP 23 45)**

Coverage when an “insured” is logged into the “transportation network platform” AND a passenger is not “occupying” the vehicle AND the driver has not accepted a request through the “transportation network platform” to transport a passenger.

6. While employed or otherwise engaged in the auto “business”
 - No coverage for the garage mechanic, person valet parking the vehicle, auto dealer, etc. While the person in the auto “business” is excluded, this exclusion does **not take** away coverage for other “insureds”
 - The exception gives back coverage for ownership, maintenance or use of “your covered auto” by **you**, “family member” or any partner, agent or employee of **you** or any “family member”

7. Engaged in any “business” other than the auto business
 - The exception gives back coverage for maintenance or use of a private passenger auto, pickup, van or “trailer” used with a private passenger auto, pickup or van.
 - This exclusion takes away “business” use coverage for a non-owned golf cart (will see coverage is specifically provided for a non-owned golf cart in Exclusion B.1)

6. While employed or otherwise engaged in the "business" of:
 - a. Selling;
 - b. Repairing;
 - c. Servicing;
 - d. Storing; or
 - e. Parking;
 vehicles designed for use mainly on public highways. This includes road testing and delivery. This exclusion (**A.6.**) does not apply to the ownership, maintenance or use of "your covered auto" by:
 - a. You;
 - b. Any "family member"; or
 - c. Any partner, agent or employee of you or any "family member".
7. Maintaining or using any vehicle while that "insured" is employed or otherwise engaged in any "business" (other than farming or ranching) not described in Exclusion **A.6.**
 This exclusion (**A.7.**) does not apply to the maintenance or use of a:
 - a. Private passenger auto;
 - b. Pickup or van; or
 - c. "Trailer" used with a vehicle described in **a.** or **b.** above.

8. Using a vehicle without reasonable belief he/she was entitled to do so
- Takes away coverage for the car thief
 - The exception gives back coverage to a “family member” using “your covered auto” owned by **you**
9. Who is an insured under a nuclear energy liability policy
-  10. Ownership, maintenance or use of “your covered auto” while enrolled in a personal vehicle sharing program and being used by anyone other than **you** or any “family member”.


WHAT IS A PERSONAL VEHICLE SHARING PROGRAM?

This is a formal arrangement; the program is typically required to be registered in the state and allows members of the program to earn money by allowing others to use their vehicle. For example, rather than leaving it parked at the airport while on a trip or parked while working each day, the vehicle owner can earn money to offset expenses associated with vehicle ownership. Likewise, they have the opportunity to use the vehicles of others. Personal Vehicle Sharing Programs are more likely to be found in larger cities.

8. Using a vehicle without a reasonable belief that that "insured" is entitled to do so. This exclusion **(A.8.)** does not apply to a "family member" using "your covered auto" which is owned by you.
9. For "bodily injury" or "property damage" for which that "insured":
- a. Is an insured under a nuclear energy liability policy; or
 - b. Would be an insured under a nuclear energy liability policy but for its termination upon exhaustion of its limit of liability.
- A nuclear energy liability policy is a policy issued by any of the following or their successors:
- (1) Nuclear Energy Liability Insurance Association;
 - (2) Mutual Atomic Energy Liability Underwriters; or
 - (3) Nuclear Insurance Association of Canada.
10. For the ownership, maintenance or use of "your covered auto" while:
- a. Enrolled in a personal vehicle sharing program under the terms of a written agreement; and
 - b. Being used in connection with such personal vehicle sharing program by anyone other than you or any "family member".

Group B Exclusions

We do not provide Liability Coverage for the ownership, maintenance or use of:

1. Any vehicle with less than four wheels or designed for use off public roads
 - The exception gives back coverage if the vehicle is used by “insured” in a medical emergency, or if it is a “trailer” or a non-owned golf cart
 -  • The following endorsements may be used to provide coverage. With both of these endorsements, Passenger Hazard liability coverage can be excluded. Be sure the client understands what coverage is taken away when the **YES** box for Passenger Hazard Excluded is **X'd**.

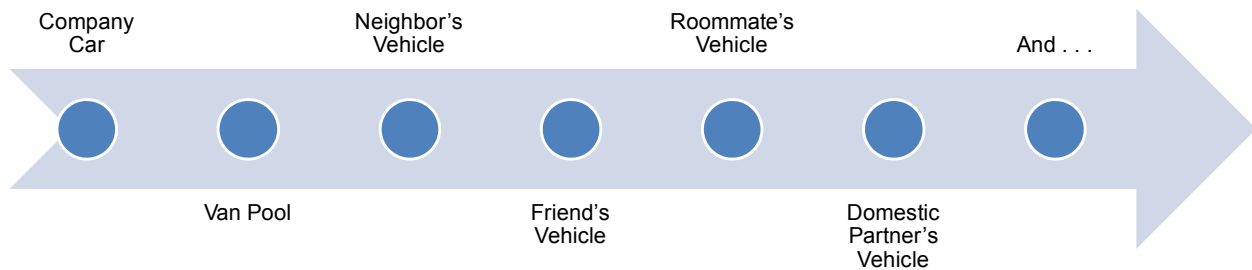
Miscellaneous Type Vehicle Endorsement (PP 03 23)

- Can provide liability, uninsured motorists, medical payments, other than collision and collision coverage
- Provides newly acquired coverage for same type of vehicle insured

Snowmobile Endorsement (PP 03 20)

- Liability, uninsured motorists, medical payments, other than collision and collision
- Provides newly acquired coverage for snowmobiles

2. Any vehicle other than “your covered auto” which is either owned by **you** or furnished or available for **your** regular use
- This excludes a vehicle owned and not insured on this policy or a newly acquired vehicle that has not been reported within the required period of time.
 - Vehicles furnished or available for regular use may include:



B. We do not provide Liability Coverage for the ownership, maintenance or use of:

1. Any vehicle which:
 - a. Has fewer than four wheels; or
 - b. Is designed mainly for use off public roads.

This exclusion **(B.1.)** does not apply:

- (1) While such vehicle is being used by an "insured" in a medical emergency;
 - (2) To any "trailer"; or
 - (3) To any non-owned golf cart.
2. Any vehicle, other than "your covered auto", which is:
 - a. Owned by you; or
 - b. Furnished or available for your regular use.

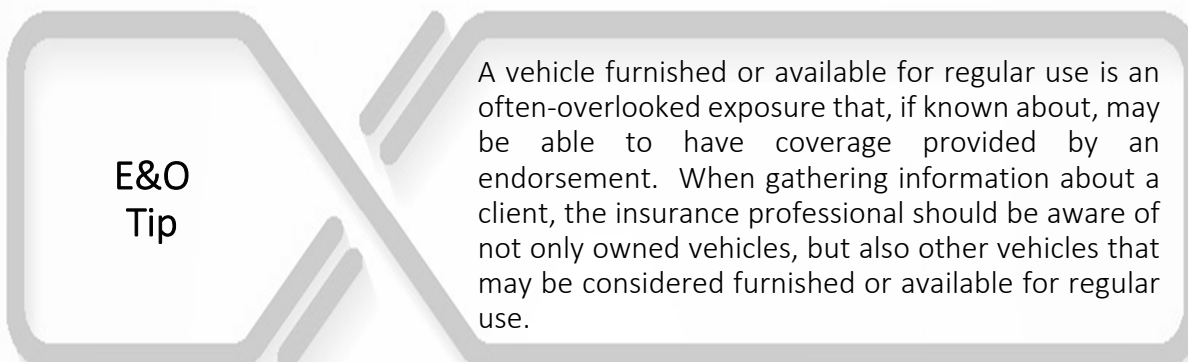
- Coverage for a vehicle furnished or available for a **you** may be provided by the **Extended Non-Owned Coverage – Vehicles Furnished Or Available For Regular Use (PP 03 06)** endorsement

- 1) Provides Part A – Liability and Part B – Medical Payments coverage for a vehicle furnished or available for the regular use of the **you** named in the Schedule.
- 2) Can include coverage for “family members” including named individual’s spouse if the box is X’d
- 3) Deletes Liability Exclusion B.2.b. for Individual(s) named in the Schedule or Declarations. (B.2.b. excludes a vehicle furnished or available for his/her regular use.)

“We will provide Liability Coverage for any vehicle, other than “your covered auto”, which is furnished or available for the regular use of the named individual.”

- 4) Deletes Medical Payment Exclusion 5.b. (5.b. excludes vehicle provided or available for his/her regular use.)

“We will provide Medical Payments Coverage for “bodily injury” sustained while “occupying”, or when struck by, any vehicle, (other than “your covered auto”) which is furnished or available for the regular use of the named individual.”



**E&O
Tip**

A vehicle furnished or available for regular use is an often-overlooked exposure that, if known about, may be able to have coverage provided by an endorsement. When gathering information about a client, the insurance professional should be aware of not only owned vehicles, but also other vehicles that may be considered furnished or available for regular use.

POLICY NUMBER:

PERSONAL AUTO
PP 03 06 09 18

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**EXTENDED NON-OWNED COVERAGE – VEHICLES
FURNISHED OR AVAILABLE FOR REGULAR USE**

SCHEDULE

Unless otherwise indicated below or in the Declarations, Extended Non-owned Coverage is applicable only to the individual named in the Schedule or in the Declarations.

Name Of Individual:

If indicated below or in the Declarations, Extended Non-owned Coverage applies to:

Named Individual and "Family Members" (including Named Individual's Spouse)

Coverage is provided where a premium is shown for the coverage.

Extended Non-owned Coverage	Premium
Liability	\$
Medical Payments	\$
Total Premium	\$

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

With respect to the individual(s) and coverages indicated in the Schedule or in the Declarations, the provisions of the Policy apply unless modified by this endorsement.

I. Extended Non-owned Coverage

The Extended Non-owned Coverage provided by this endorsement does not afford coverage under Part **A** and Part **B** of the Policy for any accident involving:

- A.** A vehicle owned by an individual named in the Schedule or in the Declarations;
- B.** A vehicle owned by a "family member"; or
- C.** A temporary substitute vehicle for such owned vehicle described in **A.** or **B.** above.

II. Part A – Liability Coverage

Part **A** is amended as follows with respect to the individual(s) shown as applicable in the Schedule or in the Declarations:

- A.** Exclusion **B.2.b.** does not apply to the coverages provided by this endorsement.

- B.** We will provide Liability Coverage for any vehicle, other than "your covered auto", which is furnished or available for the regular use of the named individual.

III. Part B – Medical Payments Coverage

Part **B** is amended as follows, if a premium is shown in the Schedule or in the Declarations for Medical Payments Coverage, with respect to the individual(s) shown as applicable in the Schedule or in the Declarations:

- A.** Exclusion **5.b.** does not apply to the coverages provided by this endorsement.
- B.** We will provide Medical Payments Coverage for "bodily injury" sustained while "occupying", or when struck by, any vehicle (other than "your covered auto") which is furnished or available for the regular use of the named individual.

Food for Thought...

Your clients are Mr. and Mrs. Wilson. Mr. Wilson has a company car. You have recommended the **Extended Non-Owned Coverage – Vehicles Furnished Or Available For Regular Use (PP 03 06)** endorsement.

They tell you that Mr. Wilson's employer provides all the coverage they need when driving the company car.

What are some reasons that they should strongly consider adding this endorsement to their personal auto policy?

1. Are the limits of liability carried by the owner of the company car sufficient?
2. Will the business auto policy be in force at the time an accident occurs?
3. Is there a fellow employee exposure? (Excluded in the unendorsed Business Auto Policy)
4. Is there a pollution exposure? (Pollution caused by property carried in the covered auto is excluded in the Business Auto Policy.)

3. Any vehicle other than “your covered auto” which is owned by any “family member” or furnished or available for the regular use of any “family member”
 - This excludes a vehicle owned by a “family member” and not insured on this policy.
 - The exception gives back coverage for a **you** while maintaining or occupying any vehicle owned by any “family member” or furnished or available for the regular use of any “family member”
 - This exclusion does apply to other “family members” such as siblings driving a vehicle owned by a “family member” that is not insured on this policy (either insured elsewhere or uninsured)
 - This also excludes a vehicle that is furnished or available for the regular use of a “family member”

3. Any vehicle, other than "your covered auto", which is:
 - a. Owned by any "family member"; or
 - b. Furnished or available for the regular use of any "family member".
 However, this exclusion **(B.3.)** does not apply to you while you are maintaining or "occupying" any vehicle which is:
 - (1) Owned by a "family member"; or
 - (2) Furnished or available for the regular use of a "family member".

- The **Extended Non-Owned Coverage – Vehicles Furnished Or Available For Regular Use (PP 03 06)** endorsement cannot be used to provide coverage for the “family member” with a vehicle furnished or available for his or her regular use
 - The rules for the use of this endorsement require the individual named in the Schedule to be someone who owns a vehicle and also has a vehicle furnished or available for his or her regular use. As a vehicle owned by a “family member” is not eligible to be insured on the parents’ policy, a “family member” is not eligible for this endorsement.
 - This endorsement does not remove Exclusion B.3.b., which is the exclusion for a vehicle furnished or available for the regular use of a “family member”.



4. Vehicle in a racing facility participating, competing, or preparing for any prearranged or organized racing, speed contest, driver skill training or driver skill event



5. Flying vehicles
 - There is no coverage for a vehicle that is also capable of flight. May also be referred to as roadable aircraft.

- | |
|--|
| <ol style="list-style-type: none">4. Any vehicle, located inside a facility designed for racing, for the purpose of:<ol style="list-style-type: none">a. Participating or competing in; orb. Practicing or preparing for;any prearranged or organized:<ol style="list-style-type: none">(1) Racing or speed contest; or(2) Driver skill training or driver skill event5. Any vehicle which is designed or can be used for flight. |
|--|

Part A – Liability Exclusions Recap

PERSONS or ACTIVITY EXCLUDED	VEHICLES EXCLUDED
Intentional injury or damage	Vehicle with fewer than 4 wheels unless a medical emergency or “trailer”
“Property damage” to property owned or transported by that “insured”	Vehicle designed for use off public roads unless medical emergency or non-owned golf cart
“Property damage” to property rented, used by or in care of that “insured” with exception for “property damage” to a residence or private garage	Vehicle other than a “your covered auto” owned by you or furnished or available for your regular use
“Bodily injury” to an employee with exception for domestic employee unless workers compensation benefits are required or available for that employee	Vehicle owned by or furnished or available for the regular use of a “family member” with an exception for you
Liability arising out of ownership or operation of vehicle used for public livery or conveyance with exception for share-the-expense carpools and using for volunteer or charitable purposes.	Vehicle in a race facility for an organized or prearranged speed contest or driver skill training or driver skill event.
Persons employed in auto business with exception for the ownership, maintenance or use of a “your covered auto” by you , “family member” or partner/agent/employee of you or any “family member”	Vehicle designed or can be used for flight.
“Business” use (other than auto business) of other than private passenger auto, pickup or van	
No reasonable belief entitled to use vehicle with exception for “family member”	
Persons insured on a nuclear policy	
“Your covered auto” enrolled in a personal vehicle sharing program under the terms of a written agreement being used by anyone other than you or any “family member”	

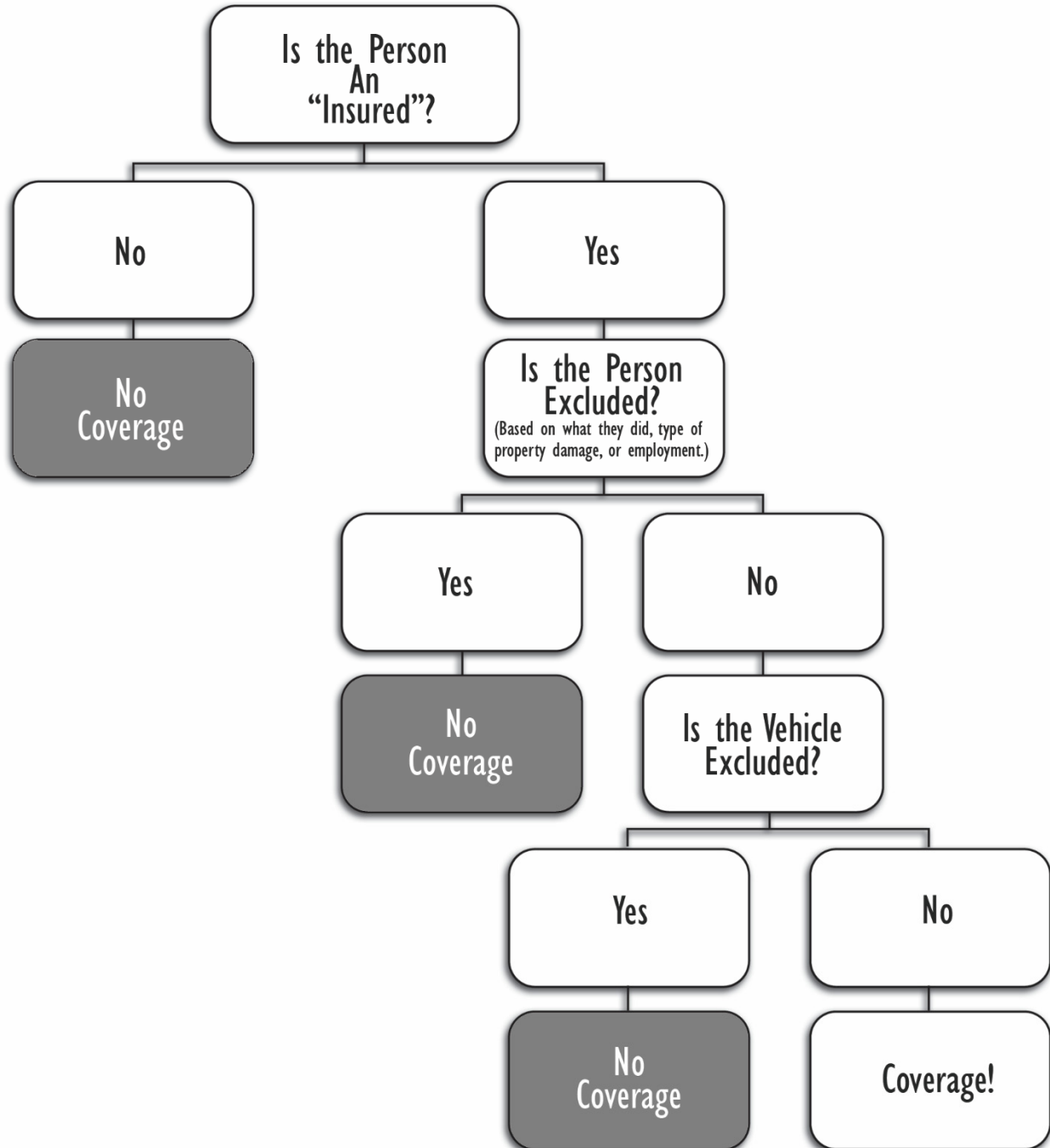


Knowledge Check – Liability Exclusions

James has 250/500/100 liability coverage on his 2017 GMC Yukon. For each of the following situations, state whether or not James' policy would provide liability coverage. Include the reason for your answer.

1. James gets in a little road rage and intentionally bumps the car in front of him, damaging the other vehicle.
2. James hits a utility pole while parking a rental car. There is no damage to the pole, but there is damage to the rental car.
3. James has an accident in a borrowed motor home.
4. James has an accident while driving his company car.
5. James' 16-year-old daughter Trish has an accident while driving her brother's car. Her brother lives with them.
6. James leaves his Yukon for servicing at the local garage. The garage mechanic has an accident while driving it from the garage to a parking space.
7. James is logged into the Lyft app as a driver when he has an accident.

Liability Coverage Analysis



Limit Of Liability

The Limit Of Liability shown in the Declarations is the maximum amount that will be paid in any one accident. There is no stacking of limits.

Will not pay duplicate payments for the same element of a loss covered under Medical Payments, Uninsured Motorists, or Underinsured Motorists Coverage

LIMIT OF LIABILITY

- A. The Limit Of Liability shown in the Declarations for each person for Bodily Injury Liability is our maximum limit of liability for all damages, including damages for care, loss of services or death, arising out of "bodily injury" sustained by any one person in any one auto accident. Subject to this limit for each person, the Limit Of Liability shown in the Declarations for each accident for Bodily Injury Liability is our maximum limit of liability for all damages for "bodily injury" resulting from any one auto accident.

The Limit Of Liability shown in the Declarations for each accident for Property Damage Liability is our maximum limit of liability for all "property damage" resulting from any one auto accident.

This is the most we will pay regardless of the number of:

1. "Insureds";
 2. Claims made;
 3. Vehicles or premiums shown in the Declarations; or
 4. Vehicles involved in the auto accident.
- B. No one will be entitled to receive duplicate payments for the same elements of loss under this coverage and:
1. Part B or Part C of this Policy; or
 2. Any Underinsured Motorists Coverage provided by this Policy.

Out of State Coverage

If a covered accident occurs outside the state in which “your covered auto” is principally garaged, the policy will provide a higher limit of liability if required by the state/jurisdiction where the accident happens

If a state/jurisdiction requires a certain type of coverage that the state where the “your covered auto” is principally garaged does not, the policy will provide the required coverage

Financial Responsibility

Compliance with law as required for proof of financial responsibility

Other Insurance

For an owned auto this policy is primary and for a non-owned auto (including a temporary substitute) this policy is excess over any liability insurance on the non-owned auto.

Loan your car, loan your insurance

OUT OF STATE COVERAGE

If an auto accident to which this Policy applies occurs in any state or province other than the one in which "your covered auto" is principally garaged, we will interpret your policy for that accident as follows:

- A. If the state or province has:
 1. A financial responsibility or similar law specifying limits of liability for "bodily injury" or "property damage" higher than the limit shown in the Declarations, your policy will provide the higher specified limit.
 2. A compulsory insurance or similar law requiring a nonresident to maintain insurance whenever the nonresident uses a vehicle in that state or province, your policy will provide at least the required minimum amounts and types of coverage.
- B. No one will be entitled to duplicate payments for the same elements of loss.

FINANCIAL RESPONSIBILITY

When this Policy is certified as future proof of financial responsibility, this Policy shall comply with the law to the extent required.

OTHER INSURANCE

If there is other applicable liability insurance, we will pay only our share of the loss. Our share is the proportion that our limit of liability bears to the total of all applicable limits. However, any insurance we provide for a vehicle you do not own, including any vehicle while used as a temporary substitute for “your covered auto”, shall be excess over any other collectible insurance except insurance written specifically to cover as excess over the limits of liability that apply in this Policy.

Part B – Medical Payments Coverage

Learning Objective 4:

Using their knowledge of the definition of “insured” and the Insuring Agreement for Part B – Medical Payments Coverage, participants will explain to their clients who is covered and the coverage provided.

Insuring Agreement

Pays reasonable and necessary medical and/or funeral services sustained by an “insured” (*Medical Payments Coverage has its own definition of “insured” that will be covered shortly*)

The Medical Payments Coverage limit is shown in the Declarations and is applied per person

This agreement explains the policy will pay expenses incurred for services provided within three years from the date of the accident. This is generally not an issue as Medical Payment Coverage limits are relatively low and are generally exceeded long before three years have passed.

The “bodily injury” must be caused by an accident, and coverage applies whether or not an “insured” is legally responsible for the accident

INSURING AGREEMENT

- A. We will pay reasonable expenses incurred for necessary medical and funeral services because of “bodily injury”:
1. Caused by accident; and
 2. Sustained by an “insured”.
- We will pay only those expenses incurred for services rendered within three years from the date of the accident.

Who Is An “Insured”

There are two groups of individuals entitled to coverage who fall within the definition of “insured” in this Part.

1. **You or “Family Member”**

- Coverage is provided both when they are
 - “Occupying” a motor vehicle designed for use mainly on public roads or a “trailer” of any type

In their own vehicle, a rental car, or in a friend’s vehicle; while a passenger in a cab or bus, etc. There would not be coverage while riding a recreational vehicle.

- A pedestrian and struck by a motor vehicle designed for use mainly on public roads or a “trailer” of any type

2. Any other person is an “insured” while “occupying” a client’s “your covered auto”

B. “Insured” as used in this Part means:

1. You or any “family member”:
 - a. While “occupying”; or
 - b. As a pedestrian when struck by;
a motor vehicle designed for use mainly on public roads or a trailer of any type.
2. Any other person while “occupying” “your covered auto”.


Medical Payments Coverage will pay for injuries to passengers (other than a **you** or a “family member”) even if your client isn’t responsible for the accident.

But what if your client is responsible? Medical Payments Coverage will still provide coverage for the passengers. In addition, Part A – Liability Coverage may provide coverage if the loss either exceeds the Medical Payment Coverage per person limit or doesn’t cover the type or amount of damages asked for.

Exclusions – Medical Payments Coverage

Many of the exclusions are identical to the exclusions found in Part A – Liability

No Medical Payments Coverage will be provided for an “insured” for “bodily injury” while:

1. “Occupying” a vehicle with fewer than four wheels. This excludes coverage for motorcycles, mopeds, tricycles, and autos with fewer than 4 wheels.
-  2. “Occupying” a “your covered auto” being used as a public or livery conveyance, including when an “insured” is using a “your covered auto” while logged into a Transportation Network Platform as a driver. The two exceptions to this exclusion give coverage back for a share-the-expense car pool and while being used for volunteer or charitable purposes.
3. “Occupying” a vehicle for use as a residence or premises
4. During employment if workers compensation benefits are required or available for the “bodily injury”

EXCLUSIONS

We do not provide Medical Payments Coverage for any "insured" for "bodily injury":

1. Sustained while "occupying" any motorized vehicle having fewer than four wheels.
2. Sustained while "occupying" "your covered auto" when it is being used as a public or livery conveyance. This includes but is not limited to any period of time “your covered auto” is being used by any “insured” who is logged into a “transportation network platform” as a driver, whether or not a passenger is “occupying” the vehicle.
This exclusion (2.) does not apply:
 - a. To a share-the-expense car pool; or
 - b. While “your covered auto” is being used for volunteer or charitable purposes.
3. Sustained while "occupying" any vehicle located for use as a residence or premises.
4. Occurring during the course of employment if workers' compensation benefits are required or available for the "bodily injury".

- 5. "Occupying" a vehicle owned by **you** or furnished or available for **your** regular use, unless it is a "your covered auto"
 - **Extended Non-Owned Coverage – Vehicles Furnished Or Available For Regular Use (PP 03 06 09 18)** endorsement may be used to provide coverage for this exposure

- 6. "Occupying" a vehicle owned by a "family member" or furnished or available for the regular use of a "family member" unless it is a "your covered auto"
 - There is an exception to this exclusion that gives back coverage for a **you** while maintaining or "occupying" any vehicle owned by a "family member" or furnished or available for the regular use of a "family member"

- 7. "Occupying" a vehicle without reasonable belief of entitlement
 - This exclusion does not apply to a "family member" using a "your covered auto" which is owned by you

5. Sustained while "occupying", or when struck by, any vehicle (other than "your covered auto") which is:




- a. Owned by you; or
- b. Furnished or available for your regular use.

6. Sustained while "occupying", or when struck by, any vehicle (other than "your covered auto") which is:

- a. Owned by any "family member"; or
- b. Furnished or available for the regular use of any "family member".

However, this exclusion (6.) does not apply to you.

7. Sustained while "occupying" a vehicle without a reasonable belief that that "insured" is entitled to do so. This exclusion (7.) does not apply to a "family member" using "your covered auto" which is owned by **you**.

8. "Occupying" a vehicle being used in the "business" of an "insured"
 - There is an exception that gives back coverage for the "business" use of private passenger autos, pickups, vans and trailers used with them
9. Caused by nuclear weapon discharge; war; civil war; insurrection; rebellion, or revolution
10. Caused by nuclear reaction, radiation, or radioactive contamination
-  11. "Occupying" a vehicle inside a facility designed for racing while participating, competing, practicing or preparing for a prearranged or organized race or speed contest or a driver skill training or driver skill event
-  12. "Occupying", or when struck by, "your covered auto" while it is enrolled in a Personal Vehicle Sharing Program under a written agreement while it is being used by someone other than **you** or a "family member"
-  13. "Occupying" or when struck by, any vehicles that are also capable of flight

8. Sustained while "occupying" a vehicle when it is being used in the "business" of an "insured". This exclusion **(8.)** does not apply to "bodily injury" sustained while "occupying" a:
 - a. Private passenger auto;
 - b. Pickup or van; or
 - c. "Trailer" used with a vehicle described in **a.** or **b.** above.
9. Caused by or as a consequence of:
 - a. Discharge of a nuclear weapon (even if accidental);
 - b. War (declared or undeclared);
 - c. Civil war;
 - d. Insurrection; or
 - e. Rebellion or revolution.
10. From or as a consequence of the following, whether controlled or uncontrolled or however caused:
 - a. Nuclear reaction;
 - b. Radiation; or
 - c. Radioactive contamination.
11. Sustained while "occupying" any vehicle located inside a facility designed for racing, for the purpose of:
 - a. Participating or competing in; or
 - b. Practicing or preparing for; any prearranged or organized;
 - (1) Racing or speed contest;
 - (2) Driver skill training or driver skill event
12. Sustained while "occupying", or when struck by, "your covered auto" while:
 - a. Enrolled in a personal vehicle sharing program under the terms of a written agreement; and
 - b. Being used in connection with such personal vehicle sharing program by anyone other than **you** or any "family member".
13. Sustained while "occupying", or when struck by, any vehicle which is designed or can be used for flight.

A per person limit as shown in the Declarations is the most that will be paid to any one individual under this coverage

- No stacking of limits
- Will not pay duplicate payments for the same element of a loss covered under Liability, Uninsured Motorists or Underinsured Motorists Coverage. In other words, a person will not be paid more than their actual loss when more than one Part of the policy applies to the loss.

LIMIT OF LIABILITY

- A. The Limit Of Liability shown in the Declarations for this coverage is our maximum limit of liability for each person injured in any one accident. This is the most we will pay regardless of the number of:
1. "Insureds";
 2. Claims made;
 3. Vehicles or premiums shown in the Declarations; or
 4. Vehicles involved in the accident.
- B. No one will be entitled to receive duplicate payments for the same elements of loss under this coverage and:
1. Part A or Part C of this Policy; or
 2. Any Underinsured Motorists Coverage provided by this Policy.

Other Insurance

For an owned auto, this policy provides primary coverage

For a non-owned auto (including a temporary substitute), this policy provides excess coverage over any auto insurance on the non-owned auto

OTHER INSURANCE

If there is other applicable auto medical payments insurance, we will pay only our share of the loss. Our share is the proportion that our limit of liability bears to the total of all applicable limits. However, any insurance we provide with respect to a vehicle you do not own, including any vehicle while used as a temporary substitute for "your covered auto", shall be excess over any other collectible auto insurance providing payments for medical or funeral expenses.

**Don't underestimate the importance of Medical Payments Coverage.
It may be the only protection available for the client
injured in an at-fault accident.**



Knowledge Check – Medical Payments Coverage

Lisa and Mike’s policy has \$10,000 Part – B Medical Payments Coverage. For each of the following situations, state whether or not their policy provides coverage. Include the reason for your answer.

1. Their 16-year-old son, Lance, is walking to school when he is struck by a vehicle. He is injured and has \$25,000 in medical expenses.
2. Lisa and Mike rent a car on vacation and are injured in an accident on the way to their hotel.
3. Lisa’s neighbor is a passenger in her car when she has an accident that causes injuries to both her and her neighbor.
4. Lisa is injured when she falls off the back of a friend’s motorcycle.
5. Lisa is stopped at a red light when she is challenged to a drag race by another driver. Lisa agrees to race but is injured when she loses control of her vehicle and hits a light pole.
6. Mike is taking Uber from the airport to the hotel where he is staying. The driver has an accident and Mike is injured.

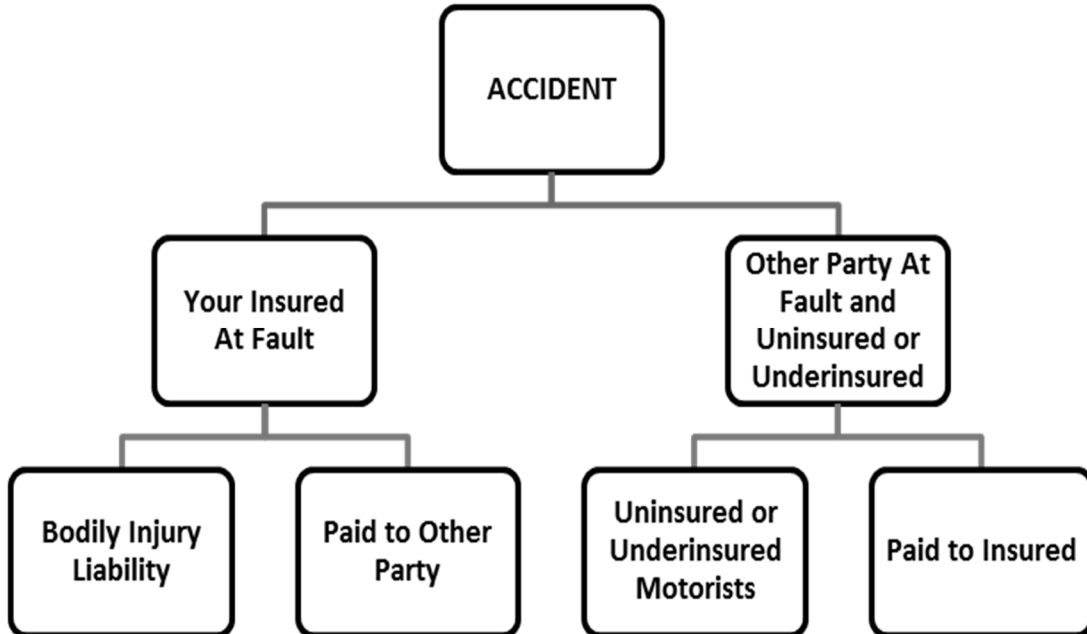
Part C – Uninsured Motorists Coverage

Learning Objective 5:

Participants will explain to their clients the purpose of Uninsured Motorists Coverage.

Uninsured/Underinsured Motorist (UM/UIM) is a coverage that differs more among states than any other coverage in the Personal Auto Policy. However, what doesn't differ is its purpose.

The purpose of this coverage is to allow clients the ability to protect themselves against the same potential for loss they protect others for with their Liability Coverage. In other words, clients are protecting their assets in case they are injured by an UM/UIM driver the same way Liability Coverage is protecting their assets when they injure someone else.



It is important for insurance professionals to understand UM/UIM so they can properly counsel their clients on the need for this coverage and the coverage benefits. This counsel will often convince clients of the importance of protecting their financial interests in the event other vehicle owners or drivers are not financially responsible.

Uninsured Motorists Coverage provides coverage for “bodily injury”. Uninsured Motorists Property Damage (UMPD) coverage is available in some states/jurisdictions.

Some states/jurisdictions require UM/UIM coverage be provided, while others allow UM/UIM coverage to be rejected or written for limits lower than the Part A – Liability limits

Underinsured motorists coverage is provided by the **Underinsured Motorists Coverage (PP 03 11)** endorsement.

Learning Objective 6:

Using their knowledge of the Part C – Uninsured Motorists Coverage Insuring Agreement, including its definitions of “insured” and “uninsured motor vehicle”, participants will explain to their clients who is covered and the coverage provided.

The agreement states the policy will pay an “insured” compensatory damages for his/her “bodily injury” if legally entitled to recover from the owner or operator of an “uninsured motor vehicle” The accident must be the other driver’s fault.

To understand the extent of the coverage provided by the Insuring Agreement, both the definitions of “insured” and “uninsured motor vehicle” need to be analyzed.

Only those individuals who fall within the definition are entitled to receive the benefits of the coverage. (Remember that while an individual may be an “insured” by definition, coverage may later be taken away by an exclusion)

The definition of “insured” contains three groupings of individuals:

1. **You** or any “family member”

The best coverage is provided to **you** or any “family member”. They can be in a vehicle insured on the policy, in a friend’s vehicle, on a public bus or even in a taxi. They are also an “insured” while a pedestrian or while having lunch at an outside café.

2. Any other person “occupying” or using “your covered auto”

Includes individuals who are driving the vehicle or are passengers in the vehicle.

3. Any person entitled to damages, because of “bodily injury” to **you**, a “family member” or anyone “occupying” “your covered auto”

When a person who is an “insured” in 1. or 2. above is injured, other individuals may also be an “insured”, even if they weren’t physically present at the time of the accident! This is most common when the injured person has a family.

Mark was seriously injured when he was hit by an uninsured car while he was running one night after dinner. It took several months for his recovery. During that time, Mark was unable to perform the usual activities of a spouse and a dad. As a result, both he and his wife Marni as well as their 8-year old daughter Poppy are each an “insured” and entitled to be compensated for the loss of their relationship with Mark in his role as a spouse and parent.

This part of the definition is often not fully understood and can easily be overlooked when explaining the coverage provided.

INSURING AGREEMENT

A. We will pay compensatory damages which an "insured" is legally entitled to recover from the owner or operator of an "uninsured motor vehicle" because of "bodily injury":

1. Sustained by an "insured"; and
2. Caused by an accident.

The owner's or operator's liability for these damages must arise out of the ownership, maintenance or use of the "uninsured motor vehicle".

Any judgment for damages arising out of a suit brought without our written consent is not binding on us.

B. "Insured" as used in this Part means:

1. You or any "family member";
2. Any other person "occupying" or using "your covered auto"; or
3. Any person for damages that person is entitled to recover because of "bodily injury" to which this coverage applies sustained by a person described in 1. or 2. above.



Knowledge Check – UM Who is an “Insured”

Sam and Laura have a Personal Auto Policy with Uninsured Motorists Coverage.

Are the following individuals an “insured” as defined in Part C – Uninsured Motorists Coverage?

	Yes	No
Laura is injured when the taxi taking her to the airport is hit by an uninsured vehicle.		
Sam’s son Chris, who lives across town, is hit by an uninsured vehicle while crossing the street as a pedestrian.		
Sam lets his neighbor Angie borrow his car to run errands. While driving Sam’s car, Angie is hit by an uninsured vehicle.		
Laura is in the crosswalk when she is hit by an uninsured driver who runs a red light. Due to her injuries, she will require a wheelchair for several months.		

The definition of “uninsured motor vehicle” is part of the Insuring Agreement. For this coverage to apply, the at-fault vehicle must be an “uninsured motor vehicle”. As a defined term, the following vehicles are considered to be uninsured:

A land motor vehicle or trailer:

1. That does not have a liability bond or policy that applies at the time of the accident
2. That does have a bodily injury liability bond or policy at the time of the accident, but has a limit less than the minimum required financial responsibility law in the state where “your covered auto” is principally garaged
3. That is a hit-and-run-vehicle whose owner cannot be identified that hits any of the following:
 - **You** or a “family member”
 - A vehicle occupied by you or a “family member”
 - “Your covered auto”

Police must be promptly notified of a hit-and-run accident, as required in **Part E – Duties After An Accident Or Loss**

Note:

In some states, hit-and-run includes a vehicle that causes an accident without physical contact. This is often referred to as a *phantom vehicle*. (There is usually a requirement that a disinterested third party supports an insured’s account of what took place.)

4. With a bodily injury liability bond or policy at the time of the accident, but the insurance company denies coverage or is/becomes insolvent

- C. “Uninsured motor vehicle” means a land motor vehicle or trailer of any type:
1. To which no liability bond or policy applies at the time of the accident.
 2. To which a bodily injury liability bond or policy applies at the time of the accident. In this case its limit for bodily injury liability must be less than the minimum limit for bodily injury liability specified by the financial responsibility law of the state in which “your covered auto” is principally garaged.
 3. Which is a hit-and-run vehicle whose operator or owner cannot be identified and which hits:
 - a. You or any “family member”;
 - b. A vehicle which you or any “family member” are “occupying”; or
 - c. “Your covered auto”.
 4. To which a bodily injury liability bond or policy applies at the time of the accident but the bonding or insuring company:
 - a. Denies coverage; or
 - b. Is or becomes insolvent.

The definition continues by identifying vehicles or equipment that are NOT an “uninsured motor vehicle”. An individual injured by one of the following vehicles or equipment would not have uninsured motorists coverage since the vehicle or equipment is not an “uninsured motor vehicle” as it is:

- Owned by or furnished for the regular use of **you** or any “family member”
- Owned or operated by self-insurer unless insolvent
- Owned by any government unit or agency as these are often self-insured
- Operated on rails or crawler treads such as a snowmobile, train, mobile equipment, etc.
- Designed for use off public roads while off public roads such as an ATV on forest roads; the same ATV on a public road could be considered an “uninsured motor vehicle”
- Located for use as a residence or premises such as a trailer or camper

However, "uninsured motor vehicle" does not include any vehicle or equipment:

- (1) Owned by or furnished or available for the regular use of you or any "family member".
- (2) Owned or operated by a self-insurer under any applicable motor vehicle law, except a self-insurer which is or becomes insolvent.
- (3) Owned by any governmental unit or agency.
- (4) Operated on rails or crawler treads.
- (5) Designed mainly for use off public roads while not on public roads.
- (6) While located for use as a residence or premises.

Many of the exclusions are identical to the exclusions found in Part A – Liability.

No Uninsured Motorists Coverage will be provided for “bodily injury” sustained by:

1. An “insured” either “occupying” or hit by a vehicle owned by that “insured” that is not insured for UM on this policy. Includes trailers used with that vehicle

2. A “family member” either “occupying” or hit by a vehicle owned by **you** that is insured for this coverage by another policy on a primary basis

EXCLUSIONS

- A. We do not provide Uninsured Motorists Coverage for "bodily injury" sustained:
1. By an "insured" while "occupying", or when struck by, any motor vehicle owned by that "insured" which is not insured for this coverage under this Policy. This includes a trailer of any type used with that vehicle.
 2. By any "family member" while "occupying", or when struck by, any motor vehicle you own which is insured for this coverage on a primary basis under any other policy.

No Uninsured Motorists Coverage will be provided for “bodily injury” sustained by any “insured”:

1. If that “insured” or legal representative settles the claim and it prejudices the insurance company’s right to subrogate against the responsible person or persons



2. “Occupying” a “your covered auto” being used as a public or livery conveyance, including when an “insured” is using a “your covered auto” while logged into a Transportation Network Platform as a driver. The two exceptions to this exclusion give coverage back for a share-the-expense car pool and while being used for volunteer or charitable purposes.

3. Using a vehicle without reasonable belief of entitlement. This exclusion does not apply to a “family member” using “your covered auto” which is owned by **you**



4. “Occupying”, or when struck by, “your covered auto” while it is enrolled in a Personal Vehicle Sharing Program under a written agreement while it is being used by someone other than **you** or a “family member”



5. “Occupying” or when struck by, any vehicle that is also capable of flight

- B.** We do not provide Uninsured Motorists Coverage for "bodily injury" sustained by any "insured":
1. If that "insured" or the legal representative settles the "bodily injury" claim and such settlement prejudices our right to recover payment.
 2. While "occupying" "your covered auto" when it is being used as a public or livery conveyance. This includes but is not limited to any period of time “your covered auto” is being used by any “insured” who is logged into a transportation network platform” as a driver, whether or not a passenger is “occupying” the vehicle.
This exclusion **(B.2.)** does not apply:
 - a. To a share-the-expense car pool; or
 - b. While “your covered auto” is being used for volunteer or charitable purposes.
 3. Using a vehicle without a reasonable belief that that "insured" is entitled to do so. This exclusion **(B.3.)** does not apply to a "family member" using "your covered auto" which is owned by you.
 4. While “occupying”, or when struck by “your covered auto” while:
 - a. Enrolled in a personal vehicle sharing program under the terms of a written agreement; and
 - b. Being used in connection with such personal vehicle sharing program by anyone other than you or any “family member”.
 5. While “occupying”, or when struck by, any vehicle which is designed or can be used for flight.

This coverage will not directly or indirectly benefit any insurer or self-insurer under any workers compensation or disability laws

Punitive or exemplary damages are excluded

- These are damages awarded by the courts to either punish the wrong doer or to set an example, so others will not engage in the same conduct

- C. This coverage shall not apply directly or indirectly to benefit any insurer or self-insurer under any of the following or similar law:
1. Workers' compensation law; or
 2. Disability benefits law.
- D. We do not provide Uninsured Motorists Coverage for punitive or exemplary damages.

Limit Of Liability

The Limit Of Liability shown in the Declarations is the maximum amount that will be paid in any one accident.

- No stacking of limits

Will not pay for the same element of a loss covered under Liability, Medical Payments or Underinsured Motorists coverages provided by this policy.

Will not pay for any part of the loss that has already been made by (or on behalf of) the legally responsible person or organization

Will not pay for any part of the loss if that person is entitled to receive payment under any workers compensation, disability benefits or similar law

Some states/jurisdictions allow for the *stacking of limits* with respect to this coverage. Simply stated, the insured's total available UM limit would be the sum of all of the UM limits that apply to each vehicle in the Declarations. For example, a policy with three vehicles each with 100/300 UM would provide up to 300/900 UM coverage. (This is referred to as *intrapolicy stacking*.)

LIMIT OF LIABILITY

- A. The Limit Of Liability shown in the Declarations for each person for Uninsured Motorists Coverage is our maximum limit of liability for all damages, including damages for care, loss of services or death, arising out of "bodily injury" sustained by any one person in any one accident. Subject to this limit for each person, the Limit Of Liability shown in the Declarations for each accident for Uninsured Motorists Coverage is our maximum limit of liability for all damages for "bodily injury" resulting from any one accident.
- This is the most we will pay regardless of the number of:
1. "Insured's";
 2. Claims made;
 3. Vehicles or premiums shown in the Declarations; or
 4. Vehicles involved in the accident.
- B. No one will be entitled to receive duplicate payments for the same elements of loss under this coverage and:
1. Part A. or Part B. of this Policy; or
 2. Any Underinsured Motorists Coverage provided by this policy.
- C. We will not make a duplicate payment under this coverage for any element of loss for which payment has been made by or on behalf of persons or organizations who may be legally responsible.
- D. We will not pay for any element of loss if a person is entitled to receive payment for the same element of loss under any of the following or similar law:
1. Workers' compensation law; or
 2. Disability benefits law.

Other Insurance

2

When more than one policy applies to a loss, the most that will be paid to any “insured” is the highest limit for UM on any one policy

Coverage is provided on a primary basis for an owned vehicle and on an excess basis for a non-owned vehicle

Arbitration

When an individual is not satisfied with the decision of the insurance company as to whether the individual is entitled to collect damages, or the amount of the settlement offered by the insurance company, arbitration may be requested

- The Arbitration Provision in the policy allows for a method to settle these disputes. Both parties must agree to arbitration
- The insured chooses an arbitrator, the company chooses an arbitrator and together they choose the third arbitrator
- When two of the three arbitrators agree, the decision is binding as to whether the “insured” is legally entitled to recover and the amount of damages up to the state’s minimum limits

Uninsured Motorists Property Damage (UMPD)

As UMPD differs from state to state, the endorsement needs to be analyzed to determine the coverage. While all cover direct damage to the vehicle, they do not all include:

- Loss of use of the damaged vehicle
- Damage to other owned property
- Damage to personal property in the vehicle

The amount of coverage available may be limited to \$3,500 or up to the limit shown in the Schedule. In some states, coverage does not apply if the damaged vehicle has Collision Coverage.

Learning Objective 7:

Participants will use their knowledge of how states may differ in their definition of an “underinsured motor vehicle” (trigger) and how much an “insured” can receive (offset) to correctly explain Underinsured Motorists Coverage to their clients.

UIM is the coverage needed for an insured when the person who is at fault for the accident has insurance – just not enough insurance

The entire endorsement providing UIM coverage will not be analyzed in this section. The two important coverage areas in the form that are important to understand so coverage is correctly explained to clients are:



UIM coverage differs from state to state. The endorsements for each state will incorporate that state’s requirements for these two coverage areas. This is important to understand for the insurance professional who writes personal auto insurance in more than one state.



How Is An Underinsured Motor Vehicle Defined?

How an underinsured motor vehicle defined is commonly referred to as the UIM **trigger** – that is, what is required for coverage to apply. This is very important since there is no coverage if the vehicle does not meet the definition of an “Underinsured Motor Vehicle”.

There are two ways an “underinsured motor vehicle” can be defined. Let’s look at these two **triggers** of coverage:

Limits Trigger

This definition is based on the liability limits of the at-fault driver and defines an “underinsured motor vehicle” as one with liability limits less than the insured’s UIM limits

- If the insurance for the other vehicle/driver provides the same or higher liability limits than the insured’s UIM limits, the vehicle is NOT an “underinsured motor vehicle”

Damages Trigger

This definition is based on the amount of the insured’s damages and defines an “underinsured motor vehicle” as one with liability limits that are not enough to pay the insured’s damages (Over half of the states use this definition)

- If the insurance for the other vehicle/driver provides \$500,000 liability coverage, and it is not enough to pay the insured’s damages, the vehicle would be considered an “underinsured motor vehicle”



How Much Can An Insured Receive?

The amount an insured can collect from their own UIM coverage depends on the language typically found in the Limit Of Liability section of the endorsement. It explains the amount an “insured” can receive is offset by the “underinsured motor vehicle’s” insurance and is either a **Limits Offset** or a **Damages Offset**.

Limits Offset

- The UIM payment will be reduced by the amount paid by the at-fault driver’s insurance
- The insured will never collect more in total payment (from at-fault driver’s insurance and UIM combined) than his/her UIM limit

Damages Offset

- Damages will be reduced by the amount paid by the at-fault driver’s insurance
- The insured can collect his/her entire UIM limit for damages that are in excess of the amount received from the at-fault driver’s insurance

Let’s look at how these **Offsets** can affect coverage for a client

Sarah has 250/500 UIM coverage on her personal auto policy. She was seriously injured by an at-fault underinsured vehicle. The at-fault driver has 100/300 bodily injury liability limits.

Sarah has \$900,000 in damages

Limits Offset: *Sarah would only be entitled to receive \$150,000 of her UIM coverage. This is the difference between her UIM limits and the driver’s liability limits.*

Damages Offset: *Sarah would be entitled to receive her entire \$250,000. Her \$900,000 damages less the \$100,000 driver’s liability limits leaves \$800,000 of her damages not covered by the at-fault driver. She can collect up to her entire UIM limit when the other driver’s liability limits are not enough to pay her damages.*

E&O Tip

Insurance professionals need to explain UIM coverage as it applies in the state for which coverage is being provided. This is especially important for those who have clients in more than one state.



Knowledge Check – Underinsured Motorist Coverage

Are the following statements True or False?

	True	False
In some states, a vehicle with 250/500 liability limits can be considered underinsured if it isn't enough to pay the insured's damages.		
In some states, the insured can only collect the difference between their UIM limit and the liability limit of the at-fault driver.		
A Limits Offset provides more coverage than a Damages Offset.		

Part D – Coverage for Damage to Your Auto

Insuring Agreement

This part of the policy covers direct and accidental loss to a “your covered auto” or any “non-owned auto”, including their equipment.

- “Your covered auto” is covered for the coverages shown in the Declarations
- A “non-owned auto” is covered for the broadest coverage on any vehicle shown in the Declarations. If there is not physical damage on a vehicle shown on the Declarations, there is not physical damage coverage for a “non-owned vehicle”

A loss may be subject to a deductible. If there is a loss to more than one “your covered auto” or “non-owned auto” resulting from the same collision, only the highest deductible will apply.

INSURING AGREEMENT

- A. We will pay for direct and accidental loss to "your covered auto" or any "non-owned auto", including its equipment, minus any applicable deductible shown in the Declarations. If loss to more than one "your covered auto" or "non-owned auto" results from the same "collision", only the highest applicable deductible will apply. We will pay for loss to "your covered auto" caused by:
1. Other than "collision" only if the Declarations indicate that Other Than Collision Coverage is provided for that auto.
 2. "Collision" only if the Declarations indicate that Collision Coverage is provided for that auto.
- If there is a loss to a "non-owned auto", we will provide the broadest coverage applicable to any "your covered auto" shown in the Declarations.

Learning Objective 8:

Using their knowledge of the Part D – Coverage For Damage To Your Auto Insuring Agreement, participants will be able to explain to clients the differences between “Collision” and Other Than “Collision”.

“Collision” and Other Than “Collision” Defined

Both “Collision” and Other Than “Collision” (Other policies may use the term Comprehensive rather than Other Than “Collision”) are defined in the Insuring Agreement.

“Collision” is defined as the upset of a vehicle or its impact with another vehicle or object. Other vehicles or objects include another car, train, tree, guardrail, building, pedestrian, utility pole, median, train tracks, etc.

Missiles or Falling Objects	Fire	Theft or Larceny	Explosion or Earthquake	Windstorm
Hail, Water, or Flood	Malicious Mischief or Vandalism	Riot or Civil Commotion	Contact with a Bird or Animal	Breakage of Glass

The definition for Other Than “Collision” provides examples of covered losses. These are not the only losses covered! Any direct and accidental loss, other than a “Collision” loss, that is not otherwise excluded is covered.

Includes contact with a bird or animal

If the glass breakage is caused by a “collision”, **you** can choose to have it covered by “collision”. This option is offered so there won’t be two deductibles applied to the same loss.

- | |
|---|
| <p>B. "Collision" means the upset of "your covered auto" or a "non-owned auto" or its impact with another vehicle or object.
Loss caused by the following is considered other than "collision":</p> <ol style="list-style-type: none">1. Missiles or falling objects;2. Fire;3. Theft or larceny;4. Explosion or earthquake;5. Windstorm;6. Hail, water or flood;7. Malicious mischief or vandalism;8. Riot or civil commotion;9. Contact with bird or animal; or10. Breakage of glass <p>If breakage of glass is caused by a “collision”, you may elect to have it considered a loss caused by “collision”.</p> |
|---|

Learning Objective 9:

Using their knowledge of the definition of “non-owned auto”, participants will be able to explain to clients the coverage provided by Part D – Coverage For Damage To Your Auto for an auto they borrow or rent.

“Non-Owned Auto”

“Non-owned auto” is a two-part definition that identifies the autos that will receive the coverage provided in the Insuring Agreement for a “non-owned auto”. The types of autos considered a “non-owned auto” will depend on the reason it is being used

Other Than A Temporary Substitute

- Must be a private passenger auto, pickup, van or “trailer” in the custody of or being operated by a **you** or any “family member” and cannot be a vehicle that is furnished or available for their regular use

Temporary Substitute

- Any auto or “trailer” **you** do not own when used as a temporary substitute. A temporary substitute is not limited to the named body styles above; it means ANY auto or “trailer” not owned by a **you**

While a “trailer” can be a “non-owned auto”, any coverage is limited to \$1,500 in the Part D – Limit Of Liability provision

- | |
|--|
| <p>C. "Non-owned auto" means:</p> <ol style="list-style-type: none">1. Any private passenger auto, pickup, van or "trailer" not owned by or furnished or available for the regular use of you or any "family member" while in the custody of or being operated by you or any "family member"; or2. Any auto or "trailer" you do not own while used as a temporary substitute for "your covered auto" which is out of normal use because of its:<ol style="list-style-type: none">a. Breakdown;b. Repair;c. Servicing;d. Loss; ore. Destruction. |
|--|



“Custom Equipment” is also defined in the Insuring Agreement. It will be explained with the “custom equipment” exclusion.

Transportation expenses are provided when there is a covered Other Than Collision or Collision loss. Transportation Expenses are not subject to a deductible.

For a “your covered auto”, transportation expenses are provided up to \$30 per day with a maximum of \$900 per loss. Transportation expenses include a rental vehicle, bus or cab fare, etc.

For a “non-owned auto”, coverage is provided for expenses **you** are legally responsible for due to the loss. Loss of use is limited to \$30 day, with \$900 maximum for all expenses.

Transportation Expenses

The length of the waiting period before Transportation Expenses Coverage begins depends on the type of loss.

- For a total theft of a vehicle, coverage begins 48 hours after the theft and ends when the vehicle is returned or the insurance company has paid for the loss
- For other losses, coverage begins 24 hours after a vehicle is withdrawn from use

Payment is limited to the period of time reasonably required to repair or replace “your covered auto” or the “non-owned auto”.

TRANSPORTATION EXPENSES

A. In addition, we will pay, without application of a deductible, up to a maximum of \$900 for:

1. Temporary transportation expenses not exceeding \$30 per day incurred by you in the event of a loss to "your covered auto". We will pay for such expenses if the loss is caused by:
 - a. Other than "collision" only if the Declarations indicates that Other Than Collision Coverage is provided for that auto.
 - b. "Collision" only if the Declarations indicates that Collision Coverage is provided for that auto.
2. Expenses for which you become legally responsible in the event of loss to a "non-owned auto". We will pay for such expenses if the loss is caused by:
 - a. Other than "collision" only if the Declarations indicates that Other Than Collision Coverage is provided for any "your covered auto".
 - b. "Collision" only if the Declarations indicates that Collision Coverage is provided for any "your covered auto".

However, the most we will pay for any expenses for loss of use is \$30 per day.

B. Subject to the provisions of Paragraph A, if the loss is caused by:

1. A total theft of "your covered auto" or a "non-owned auto", we will pay only expenses incurred during the period:
 - a. Beginning 48 hours after the theft; and
 - b. Ending when "your covered auto" or the "non-owned auto" is returned to use or we pay for its loss.
2. Other than theft of a "your covered auto" or a "non-owned auto", we will pay only expenses beginning when the auto is withdrawn from use for more than 24 hours.

Our payment will be limited to that period of time reasonably required to repair or replace the "your covered auto" or the "non-owned auto".



Endorsements can either increase the daily/maximum coverage or provide other types of coverage:

Optional Limits Transportation Expenses Coverage (PP 03 02 09 18) – Increases the \$30/\$900 limit to \$40/\$1200, \$50/\$1500, or \$75/\$2250

Towing And Labor Costs Coverage (PP 03 03 09 18) – Provides selected limit of \$25, \$50, \$75 or \$100 with higher limits available for motor homes

Trip Interruption Coverage (PP 13 02 09 18) – \$600 limit for transportation expenses and expenses for lodging and meals in the event of a mechanical or electrical breakdown of the scheduled auto that occurs more than 100 miles from home and is withdrawn from use for at least 24 hours

Learning Objective 10:

Applying their knowledge of the Part D – Coverage For Damage To Your Auto exclusions and the Limit Of Liability provision, participants will identify a client's potential gaps in coverage and recommend the appropriate endorsement, if one is available, to provide the coverage.

We Do Not Provide Coverage For The Following Losses:



1. “Your covered auto” or any “non-owned auto” is being used as a public or livery conveyance including being used by any person logged into a “transportation network platform” as a driver. This includes driving for Uber or Lyft and applies even if a passenger is not “occupying” the vehicle.
 - The exception gives back coverage for a vehicle while being used in a share-the-expense car pool or while being used for volunteer or charitable purposes

1. Loss to “your covered auto” or any “non-owned auto” which occurs while it is being used for public or livery conveyance. This includes but is not limited to any period of time “your covered auto” or any “non-owned auto” is being used by any person who is logged into a “transportation network platform” as a driver, whether or not a passenger is “occupying” the vehicle.

This exclusion **(1)** does not apply:

- (a) To a share-the-expense carpool; or
- (b) While “your covered auto” is being used for volunteer or charitable purposes.

2. Damage due and confined to wear and tear, freezing, mechanical breakdown or failure, or road damage to tires
 - An exception gives back coverage if this type of damage results from the total theft of the vehicle
 - The exclusion applies to damage due and confined to the cited losses; resulting damage from those cited losses may be covered

2. Damage due and confined to:

- a. Wear and tear;
- b. Freezing;
- c. Mechanical or electrical breakdown or failure; or
- d. Road damage to tires.

This exclusion (2.) does not apply if the damage results from the total theft of "your covered auto" or any "non-owned auto".

- 3. Due to radioactive contamination, nuclear, war, civil war, insurrection, or rebellion or revolution

- 4. Any electronic equipment that reproduces, receives or transmits audio, visual or data signals. The electronic equipment listed in the policy is not the only electronic equipment subject to this exclusion.
 - An exception gives back coverage for electronic equipment that is permanently installed

 - HOWEVER, if the electronic equipment is permanently installed in a place not used by the auto manufacturer to install such equipment, coverage is limited to \$1,000 in the Part D Limit Of Liability provision. Sound system/speakers installed in the trunk would be subject to the limitation

The **Excess Electronic Equipment Coverage (PP 03 13 09 18)** endorsement increases the maximum the policy will pay from \$1,000 to the limit shown in the Schedule for the described vehicle. \$200 for tapes, records, disks, and other media is also provided.

- 3. Loss due to or as a consequence of:
 - a. Radioactive contamination;
 - b. Discharge of any nuclear weapon (even if accidental);
 - c. War (declared or undeclared);
 - d. Civil war;

- 4. Loss to any electronic equipment that reproduces, receives or transmits audio, visual or data signals. This includes but is not limited to:
 - a. Radios and stereos;
 - b. Tape decks; or
 - c. Compact disc systems;
 - d. Navigation systems;
 - e. Internet access systems;
 - f. Personal computers;
 - g. Video entertainment systems;
 - h. Telephones;
 - g. Televisions;
 - j. Two-way mobile radios;
 - k. Scanners; or
 - l. Citizens band radios.

This exclusion (4.) does not apply to electronic equipment that is permanently installed in "your covered auto" or any "non-owned auto".

FROM THE LIMIT OF LIABILITY PROVISION
 However, the most we will pay for loss to:

- 2. Electronic equipment that reproduces, receives or transmits audio, visual or data signals, which is permanently installed in the auto in locations not used by the auto manufacturer for installation of such equipment, is \$1,000.

5. Tapes, records, discs or other media used with equipment listed in Exclusion 4
6. Total loss due to destruction or confiscation by governmental or civil authorities. (Does not apply to the interests of any loss payee)



7. A "trailer", camper body or motor home (including facilities or equipment) not shown in the Declarations.

An exception gives back coverage for a non-owned "trailer" (subject to \$1,500 limit) and a newly acquired "trailer" or camper body if it is acquired during the policy period by a **you** and the insurance company is asked by **you** to insure it within 14 days

Trailer/Camper Body Coverage (Maximum Limit of Liability) (PP 03 07) provides coverage on a stated amount basis, paying the lesser of cost to repair, replace, ACV or stated amount. Values must be kept current.

5. Loss to tapes, records, discs or other media used with equipment described in Exclusion 4.
6. A total loss to "your covered auto" or any "non-owned auto" due to destruction or confiscation by government or civil authorities. This exclusion (6.) does not apply to the interests of Loss Payees in "your covered auto".
7. Loss to:
 - a. A "trailer", camper body or motor home, which is not shown in the Declarations; or
 - b. Facilities or equipment used with such "trailer", camper body or motor home. Facilities or equipment include but are not limited to:
 - (1) Cooking, dining, plumbing or refrigeration facilities;
 - (2) Awnings or cabanas; or
 - (3) Any other facilities or equipment used with a "trailer", camper body, or motor home.

This exclusion (7.) does not apply to a:

 - a. "Trailer", and its facilities or equipment, which you do not own; or
 - b. "Trailer", camper body, or the facilities or equipment in or attached to the "trailer" or camper body, which you:
 - (1) Acquire during the policy period; and
 - (2) Ask us to insure within 14 days after you become the owner.

- 8. Any “non-owned” auto without reasonable belief entitled to be operating
- 9. Radar and/or laser equipment

8. Loss to any "non-owned auto" when used by you or any "family member" without a reasonable belief that you or that "family member" are entitled to do so.

9. Loss to equipment designed or used for the detection or location of radar or laser.



- 10. “Custom furnishings” or equipment in or upon any “your covered auto” or “non-owned auto”.

“Custom equipment” is a defined term in the Insuring Agreement. To know what is excluded and what is not subject to this exclusion, we need to refer to the definition.

- “Custom equipment” does not include original manufacturer equipment, furnishings or parts; or any replacement of them with like kind and quality.
- The list of “custom equipment” is not all inclusive. Equipment for mobility or wheelchair access and other types of equipment could also be included in this definition.

INSURING AGREEMENT

D. "Custom equipment" means equipment, furnishings and parts in or upon any auto, other than:

1. Original manufacturer equipment, furnishings or parts; or
2. Any replacement of original manufacturer equipment, furnishings or parts with other equipment, furnishings or parts of like kind and quality.

"Custom equipment" includes but is not limited to:

- a. Special carpeting or insulation;
- b. Furniture or bars;
- c. Height-extending roofs;
- d. Body, engine, exhaust or suspension enhancers;
- e. Winches, or anti-roll or anti-sway bars;
- f. Custom grilles, louvers, side pipes, hood scoops or spoilers;
- g. Custom wheels, tires or spinners;
- h. Custom chrome, murals, paintwork, decals or other graphics; or
- i. Caps, covers or bedliners.

"Custom equipment" does not include electronic equipment that reproduces, receives or transmits audio, visual or data signals.

Prior to the 2018 policy, this exclusion only applied to pickups or vans in an unendorsed policy. It now applies to all types of vehicles.

- An exception gives back coverage for the first \$1,500 of “custom equipment” in or upon “your covered auto” or “non-owned auto”

10. Loss to any “custom equipment” in or upon “your covered auto” or any “non-owned auto”.
This exclusion **(10.)** does not apply to the first \$1,500 of “custom equipment” in or upon “your covered auto” or any “non-owned auto”.

The **Excess Custom Equipment Coverage (PP 03 18 09 18)** endorsement can be used to increase the \$1,500 to the limit shown in the Schedule for the described vehicle. Coverage is provided for any “non-owned auto”, coverage up to the highest limit for Excess Custom Equipment Coverage shown in the Schedule or in the Declarations. This endorsement will not cover property excluded in Exclusions 4, 5, 7, or 9.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCESS CUSTOM EQUIPMENT COVERAGE**SCHEDULE**

1. Description Of Vehicle:	
Excess Custom Equipment Coverage	
Limit Of Liability	Premium
\$	\$
2. Description Of Vehicle:	
Excess Custom Equipment Coverage	
Limit Of Liability	Premium
\$	\$
3. Description Of Vehicle:	
Excess Custom Equipment Coverage	
Limit Of Liability	Premium
\$	\$
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

With respect to coverage provided by this endorsement, the provisions of the Custom Equipment Exclusion Endorsement apply unless modified by this endorsement.

Part **D** – Coverage For Damage To Your Auto is amended as follows with respect to a "non-owned auto" or to "your covered auto" shown in the Schedule or in the Declarations for which Excess Custom Equipment Coverage applies:

A. Exclusion **10.** is replaced by the following:

We will not pay for:

10. Loss to any "custom equipment" in or upon "your covered auto" or any "non-owned auto".

This exclusion (**10.**) does not apply to "custom equipment" in or upon:

a. "Your covered auto" up to the limit for Excess Custom Equipment Coverage shown as applicable to that vehicle in the Schedule or in the Declarations.

b. Any "non-owned auto" up to the highest limit for Excess Custom Equipment Coverage shown in the Schedule or in the Declarations.

B. The following is added to Paragraph **A.** of the **Limit Of Liability** Provision:

The most we will pay for loss to any "custom equipment" in or upon:

1. "Your covered auto" is increased from \$1,500 to the limit for Excess Custom Equipment Coverage shown as applicable to that vehicle in the Schedule or in the Declarations.

2. Any "non-owned auto" is increased from \$1,500 to the highest limit for Excess Custom Equipment Coverage shown in the Schedule or in the Declarations.

C. This coverage does not apply to furnishings or equipment that are excluded from coverage under Exclusion **4., 5., 7. or 9.** of Part **D.**




11. “Non-owned” vehicle being maintained or used in the auto business



12. Vehicle inside a racing facility for the purpose of participating, competing in, practicing, preparing for any prearranged or organized racing or speed contest or driver skill training or driver skill event






13. Loss to or loss of use of a rented auto if the rental company is precluded from recovering such loss or loss of use because of the rental agreement or state law

11. Loss to any “non-owned auto” being maintained or used by any person while employed or otherwise engaged in the “business” of:
- a. Selling;
 - b. Repairing;
 - c. Servicing;
 - d. Storing; or
 - e. Parking;
- vehicles designed for use on public highways. This includes road testing and delivery.
12. Loss to “your covered auto” or any “non-owned auto”, located inside a facility designed for racing, for the purpose of:
- a. Participating or competing in; or
 - b. Practicing or preparing for;
any prearranged or organized;
 - (1) Racing or speed contest; or
 - (2) Driver skill training or driver skill event.
13. Loss to, or loss of use of, a “non-owned auto” rented by:
- a. You; or
 - b. Any “family member”;
- if a rental vehicle company is precluded from recovering such loss or loss of use, from you or that “family member”, pursuant to the provisions of any applicable rental agreement or state law.

-  14. Loss to “your covered auto” while enrolled in a personal vehicle sharing program and is being used by anyone other than **you** or any “family member”
-  15. Loss to or loss of use of a “non-owned auto” used by **you** or any “family member” in connection with a personal vehicle sharing program if either the program or state law does not allow recovery
-  16. Loss to any vehicle designed or can be used for flight

14. Loss to “your covered auto”
- Enrolled in a personal vehicle sharing program under the terms of a written agreement; and
 - Being used in connection with such personal vehicle sharing program by anyone other than you or any “family member”.
15. Loss to, or loss of use of, a “non-owned auto” used by:
- You; or
 - Any “family member”;
- in connection with a personal vehicle sharing program if the provisions of such a personal vehicle sharing program precludes the recovery of such loss or loss of use, from you or that “family member”, or otherwise precluded by any state law.
16. Loss to any vehicle which is designed or can be used for flight.

**PART D – COVERAGE FOR DAMAGE TO YOUR AUTO
EXCLUSIONS RECAP**

	Public livery or conveyance with exception for share-the-expense carpools and using for volunteer or charitable purposes.	Radar or laser equipment	
	Wear & tear, freezing, mechanical or electrical breakdown or failure or road damage to tires Unless resulting from total theft of vehicle	Custom furnishings or equipment in excess of \$1,500	
	Radioactive contamination, war, civil war, insurrection, rebellion, revolution	Non-owned auto being maintained or used by any person while employed in the auto business	
	Electronic equipment that reproduces, receives, or transmits audio, visual or data signals. Unless permanently installed. If equipment is permanently installed in a place NOT used by the auto manufacturer, coverage is limited to \$1,000	Vehicle in a race facility for an organized or prearranged speed contest or driver skill training or driver skill event.	
	Tapes, records, discs, etc., used in conjunction with electronic equipment previously identified	Loss to or loss of use of a non-owned auto rented if rental vehicle company is stopped from recovering the loss because of the rental agreement or state law	
	Total loss due to destruction or confiscation by governmental or civil authorities Loss payee still has coverage	“Your covered auto” enrolled in a personal vehicle sharing program under the terms of a written agreement being used by anyone other than you or any “family member”	
	Trailer, camper body or motor home not shown in the Declarations Gives back coverage for non-owned trailer \$1,500 and Newly Acquired Trailer for 14 days	“Non-owned auto” being used by you or a “family member” in connection with a personal vehicle sharing program and either the program or state law prohibit recovery for loss to or loss of use	
	“Non-owned” auto used by you or “family member” without reasonable belief entitled to do so	Vehicle designed or can be used for flight	

E = Coverage Available By Endorsement



Knowledge Check – Coverage For Damage To Your Auto

Does Part D – Coverage For Damage To Your Auto provide coverage for the following situations? Why or why not?

1. While driving for Uber, Steve backs his car into signpost while dropping a passenger off at the airport.
2. Samantha has spent \$6,000 adding custom rims to her car and \$3,000 on a paint job in the colors of her favorite football team including the team's logo. Thieves take the rims and damage the paint job in the process.
3. Jason borrows a neighbor's utility trailer to haul some items to the dump. While backing the trailer at the dump, Jason hits a concrete pole, causing \$2,500 damage to the trailer. The neighbor does not have collision coverage on the trailer.
4. Sandy is having problems with the transmission in her car. It will cost \$3,500 to replace the transmission.
5. Jackson works as a valet parking attendant for a restaurant. While parking a customer's car he scrapes it against a building.

Limit Of Liability

The policy will pay the lesser of the actual cash value of the stolen or damaged property OR the amount necessary to repair or replace the property with like-kind and quality



- Will not pay more than \$1,500 for a non-owned “trailer”; \$1,000 for permanently installed electronic equipment in a location not used by the auto manufacturer for the installation of such equipment; or \$1,500 for “custom equipment”

Depreciation and physical condition of the vehicle will be taken into consideration when the insurance company determines the actual cash value of a total loss

No coverage for betterment

LIMIT OF LIABILITY

- A. Our limit of liability for loss will be the lesser of the:
1. Actual cash value of the stolen or damaged property; or
 2. Amount necessary to repair or replace the property with other property of like kind and quality.
- However, the most we will pay for loss to:
- a. Any "non-owned auto" which is a trailer is \$1,500.
 - b. Electronic equipment that reproduces, receives or transmits audio, visual, or data signals which is permanently installed in the auto in locations not used by the auto manufacturer for installation of such equipment, is \$1,000.
 - c. “Custom equipment” in or upon “your covered auto” or any “non-owned auto” is \$1,500
- B. An adjustment for depreciation and physical condition will be made in determining actual cash value in the event of a total loss.
- C. If a repair or replacement results in better than like kind or quality, we will not pay for the amount of the betterment.

Learning Objective 11:

Applying their knowledge of the 2018 new and revised endorsements, participants will be able to determine when clients have a need for them and explain the coverage each provides.



Auto Loan/Lease Coverage (PP 03 35) endorsement commonly referred to as **Gap Insurance**, pays the difference between the actual cash value and the balance of the loan/lease, subject to exclusions.



Coverage For Damage To Your Auto (Maximum Limit Of Liability) (PP 03 08) endorsement changes the loss settlement to the lesser of the actual cash value, the cost to repair or replace or the limit on this endorsement. This is not agreed value coverage.



Replacement Cost Coverage (PP 33 10 09 18) endorsement changes the loss settlement for a total loss from ACV to replacement cost. For coverage to apply:

- The total loss must occur within 24 months after **you** become the original owner of that auto; and
- The mileage on the vehicle must be less than 24,000 miles

If a similar new vehicle is not available, the policy limits replacement to a similar type vehicle and equipment not to exceed 110% of the manufacturer's suggested retail price of the "your covered auto" being replaced



Full Safety Glass (PP 33 05 09 18): For a vehicle with Other Than Collision, safety glass will be repaired or replaced without a deductible



New Endorsements Introduced In 2018 Personal Auto Program

Key Replacement And Related Services Coverage (PP 33 27) pays reasonable expenses incurred by **you** or any “family member” to obtain access to “your covered auto” when a key or key fob is lost or stolen

- Includes coverage to replace and program keys and key fobs that are lost or stolen and no deductible applies

Child Restraint System Coverage (PP 33 30) pays to replace a child restraint system as a result of direct and accidental loss to a “your covered auto” or any “non-owned auto” with three requirements for this coverage to apply:

1. Other Than Collision and Collision coverage must be on at least one vehicle on the policy
2. The child restraint system is inside “your covered auto” or “non-owned auto” at the time of loss
3. The child restraint system is owned by you or a “family member”

Limit of either \$400 or \$800 available and no deductible applies

Pet Injury Coverage (PP 33 31)

- Covers veterinary expenses or services incurred as a result of “bodily injury” of “your pet”; also includes expenses for cremation or disposal
- Provides coverage for a cat or dog (“your pet”) owned by **you** or any “family member” if:
 - At least one “your covered auto” on the Declarations has both Other Than Collision and Collision coverages; and
 - “Your pet” is inside “your covered auto” or any “non-owned auto” at the time of an Other Than Collision or Collision loss
- Coverage options of \$500, \$1,000 and \$2,000 and no deductible applies

Personal Property Coverage (PP 33 42)

- For a client who either does not have homeowners insurance or has it with a large deductible
- Covers personal property owned by a **you** while it is anywhere in the world
- Open peril coverage (subject to exclusions and property limitations/exclusions)
- Actual cash value loss settlement with option for replacement cost
- Aggregate limits of \$5,000 or \$10,000 available with deductible options of \$100, \$250 or \$500

Named Non-Owner Coverage (PP 03 22)

- This endorsement is not new; however, previously unavailable coverages are now available
- This should be used for the individual who does not own a vehicle and is not a **you** or “family member” on a Personal Auto Policy
- Liability, Medical Payments and UM; Other Than Collision and Collision became available in 2018 with coverage limited to the Limit of Liability shown in the Schedule, subject to the deductible
- Coverage options are for Named Individual only or for Named Individual and “Family Members” (including resident spouse)
- Option available to provide coverage for a vehicle furnished/available for the regular use of the individual named in the Schedule

Payment of Loss

The insurance company determines how the client will be compensated for their loss and can choose to pay for the damage, or repair or replace the damaged item(s).

The insurance company also has the right to return stolen property or keep it if they have already paid for the loss.

No Benefit to Bailee

This provision does not relieve obligation of any carrier or bailee for hire

A client's auto is damaged by vandals while in the repair shop. If the repair shop is legally responsible, the existence of the client's Other Than "Collision" coverage does not release the repair shop from its financial responsibility for the damage.

PAYMENT OF LOSS

We may pay for loss in money or repair or replace the damaged or stolen property. We may, at our expense, return any stolen property to:

1. You; or
2. The address shown in this Policy.

If we return stolen property we will pay for any damage resulting from the theft. We may keep all or part of the property at an agreed or appraised value.

If we pay for loss in money, our payment will include the applicable sales tax for the damaged or stolen property.

NO BENEFIT TO BAILEE

This insurance shall not directly or indirectly benefit any carrier or other bailee for hire.

Other Sources of Recovery

If there is a loss and there is more than one source of recovery (such as two policies covering the loss), the insurance company will only pay its proportional share of the claim

If the loss is to a “non-owned auto”, the policy will pay on an excess basis. The owner’s insurance is primary.

Appraisal

This is a method used to settle disputes when **you** and the insurance company do not agree on the amount of the loss. **You** or the insurance company can request this.

OTHER SOURCES OF RECOVERY

If other sources of recovery also cover the loss, we will pay only our share of the loss. Our share is the proportion that our limit of liability bears to the total of all applicable limits. However, any insurance we provide with respect to a "non-owned auto" shall be excess over any other collectible source of recovery including, but not limited to:

1. Any coverage provided by the owner of the "non-owned auto";
2. Any other applicable physical damage insurance;
3. Any other source of recovery applicable to the loss.

APPRAISAL

- A. If we and you do not agree on the amount of the loss, either may demand an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. The appraisers will state separately the actual cash value and 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 be binding. Each party will:
1. Pay its chosen appraiser; and
 2. Bear the expenses of the appraisal and umpire equally.
- B. We do not waive any of our rights under this Policy by agreeing to an appraisal.

Part E – Duties After An Accident Or Loss

The insurance company has no duty to provide coverage if the individual(s) fail to perform the duties and the failure is prejudicial to the insurance company.

The insurance company must be notified promptly of the loss and provided information related to the loss (the who, what, where, when and how).

A person seeking coverage must cooperate with the insurance company; send the insurance company notices or legal papers; submit to physical exams, examination under oath and recorded statements as reasonably required; authorize access to medical records; and submit a proof of loss when required.

A person seeking Uninsured Motorists Coverage must promptly notify police if a hit-and-run accident and send copies of legal papers if a suit is brought.

A person seeking Coverage For Damage To Your Auto must take reasonable steps to protect the vehicle from further damage; promptly notify police if a theft; and allow the insurance company to inspect and appraise the damage before the vehicle is repaired or disposed of.

PART E – DUTIES AFTER AN ACCIDENT OR LOSS

We have no duty to provide coverage under this Policy if the failure to comply with the following duties is prejudicial to us:

- A. We must be notified promptly of how, when and where the accident or loss happened. Notice should also include the names and addresses of any injured persons and of any witnesses.
- B. A person seeking any coverage must:
 1. Cooperate with us in the investigation, settlement or defense of any claim or suit.
 2. Promptly send us copies of any notices or legal papers received in connection with the accident or loss.
 3. Submit, as often as we reasonably require:
 - a. To physical exams by physicians we select. We will pay for these exams.
 - b. To examination under oath and subscribe the same.
 - c. To recorded statements.
 4. Authorize us to obtain:
 - a. Medical reports; and
 - b. Other pertinent records.
 5. Submit a proof of loss when required by us.
- C. A person seeking Uninsured Motorists Coverage must also:
 1. Promptly notify the police if a hit-and-run driver is involved.
 2. Promptly send us copies of the legal papers if a suit is brought.
- D. A person seeking Coverage For Damage To Your Auto must also:
 1. Take reasonable steps after loss to protect "your covered auto" or any "non-owned auto" and their equipment from further loss. We will pay reasonable expenses incurred to do this.
 2. Promptly notify the police if "your covered auto" or any "non-owned auto" is stolen.
 3. Permit us to inspect and appraise the damaged property before its repair or disposal.

Part F – General Provisions (Only Selected Provisions are Included)

Changes – The policy contains all agreements between the insured and the insurance company. Terms of the contract can only be changed or waived by an endorsement issued by the insurance company.

Fraud – There is no coverage for any “insured” who has engaged in fraudulent activity in connection with any accident or loss.

Our Right To Recover Payment – This provision gives the insurance company the right to seek recovery from another for the loss payment it made (commonly referred to as subrogation). The insurance company cannot seek recovery under Part D from any person using a “your covered auto” with a reasonable belief that he/she was entitled to do so.

CHANGES

- A. This Policy contains all the agreements between you and us. Its terms may not be changed or waived except by endorsement issued by us.
- B. If there is a change to the information used to develop the policy premium, we may adjust your premium. Changes during the policy term that may result in a premium increase or decrease include, but are not limited to, changes in:
 - 1. The number, type or use classification of insured vehicles;
 - 2. Operators using insured vehicles;
 - 3. The place of principal garaging of insured vehicles; or
 - 4. Coverage, deductible or limits.

If a change resulting from **A.** or **B.** requires a premium adjustment, we will make the premium adjustment in accordance with our manual rules.

- C. If we make a change which broadens coverage under this edition of your policy without additional premium charge, that change will automatically apply to your policy as of the date we implement the change in your state. This paragraph (**C.**) 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 your policy; or
 - 2. An Amendatory Endorsement.

FRAUD

We do not provide coverage for any "insured" who has made fraudulent statements or engaged in fraudulent conduct in connection with any accident or loss for which coverage is sought under this Policy.

OUR RIGHT TO RECOVER PAYMENT

- A. If we make a payment under this Policy and the person to or for whom payment was made has a right to recover damages from another, we shall be surrogated to that right. That person shall do:
 - 1. Whatever is necessary to enable us to exercise our rights; and
 - 2. Nothing after loss to prejudice them.However, our rights in this paragraph (**A.**) do not apply under Part D, against any person using “your covered auto” with a reasonable belief that that person is entitled to do so.
- B. If we make a payment under this Policy and the person to or for whom payment is made recovers damages from another, that person shall:
 - 1. Hold in trust for us the proceeds of the recovery; and
 - 2. Reimburse us to the extent of our payment.

Learning Objective 12:

Using their knowledge of the Policy Territory, participants will be able to explain to their clients the geographic areas where their policy provides coverage.

Policy Period and Territory – A loss must occur during the policy period and within the coverage territory. The Personal Auto Policy does not provide worldwide coverage. The territory is:

- United States
- Its territories or possessions
- Puerto Rico
- Canada
- “Your covered auto” while being transported between the ports of the above

Mexico is not within the coverage territory. The **Limited Mexico Coverage (PP 03 21 09 18)** endorsement does not meet the Mexican auto insurance requirements and requires the insured to also purchase liability coverage through a licensed Mexican insurance company for the endorsement’s coverage to apply. The word limited in the endorsement supports the limitations of coverage as determined by the location of the loss and the length of time the vehicle has been in Mexico.

POLICY PERIOD AND TERRITORY

- A. This Policy applies only to accidents and losses which occur:
1. During the policy period as shown in the Declarations; and
 2. Within the policy territory.
- B. The Policy territory is:
1. The United States of America, its territories or possessions;
 2. Puerto Rico; or
 3. Canada.

This policy also applies to loss to, or accidents involving, "your covered auto" while being transported between their ports.

Termination – Explains the requirements for a policy to be cancelled or non-renewed. This section is state specific and is typically changed by a state’s **Amendment Of Policy Provisions** endorsement.

Transfer Of Your Interest In This Policy – The insured does not have the right to assign this policy over to another person. Assignment of policy is allowed only with insurance company’s written consent.

- If named insured dies, coverage applies to the surviving spouse if a resident of the same household and the legal representative as if each was a named insured until the end of the policy period.

Two Or More Auto Policies – If the insurance company has issued two or more auto policies to **you**, it will not be liable for more than the highest limit of liability on any one policy.

TRANSFER OF YOUR INTEREST IN THIS POLICY

- A. Your rights and duties under this Policy may not be assigned without our written consent. However, if a named insured shown in the Declarations dies, coverage will be provided for:
1. The surviving spouse if resident in the same household at the time of death. Coverage applies to the spouse as if a named insured shown in the Declarations; and
 2. The legal representative of the deceased person as if a named insured shown in the Declarations. This applies only with respect to the representative's legal responsibility to maintain or use "your covered auto".
- B. Coverage will only be provided until the end of the policy period.

TWO OR MORE AUTO POLICIES

If this Policy and any other auto insurance policy issued to you by us apply to the same accident, the maximum limit of our liability under all the policies shall not exceed the highest applicable limit of liability under any one policy.

Review of Learning Objectives

1. Using knowledge of ISO eligibility, participants will determine if a Personal Auto Policy can be written for a client based on vehicle ownership, type of vehicle, and vehicle usage.
2. By understanding the following terms and the Part A – Liability Insuring Agreement, participants will use their knowledge to explain to clients who has liability coverage provided by their Personal Auto Policy:
 - **You or Yours**
 - “Family member”
 - “Your covered auto”
 - “Newly acquired auto”
 - “Bodily injury”
 - “Property damage”
 - “Insured”
3. Applying their knowledge of liability exclusions, participants will identify a client’s potential gaps in coverage and recommend the appropriate endorsement if one is available, to provide the coverage.
4. Using their knowledge of the definition of “insured” and the Insuring Agreement for Part B – Medical Payments Coverage, participants will explain to their clients who is covered and the coverage provided.
5. Participants will explain to their clients the purpose of Part C - Uninsured Motorists Coverage.
6. Using their knowledge of the Part C – Uninsured Motorists Coverage Insuring Agreement, including its definitions of “insured” and “uninsured motor vehicle”, participants will explain to their clients who is covered and the coverage provided.
7. Participants will use their knowledge of how states may differ in their definition of an “underinsured motor vehicle” (trigger) and how much an “insured” can receive (offset) to correctly explain Underinsured Motorists Coverage to their clients.

8. Using their knowledge of the Part D – Coverage For Damage To Your Auto Insuring Agreement, participants will be able to explain to clients the differences between “Collision” and Other Than “Collision”.
9. Using their knowledge of the definition of “non-owned auto”, participants will be able to explain to clients the coverage provided by Part D – Coverage For Damage To Your Auto for an auto they borrow or rent.
10. Applying their knowledge of the Part D – Coverage For Damage To Your Auto exclusions and the Limit Of Liability provision, participants will identify a client’s potential gaps in coverage and recommend the appropriate endorsement, if one is available, to provide the coverage.
11. Applying their knowledge of the 2018 new and revised endorsements, participants will be able to determine when clients have a need for them and explain the coverage each provides.
12. Using their knowledge of the Policy Territory, participants will be able to explain to their clients the geographic areas where their policy provides coverage.



Knowledge Check – Eligibility: ANSWERS

The following individuals have come to you for their auto insurance.

Are they eligible for a Personal Auto Policy?

	Yes	No
Bob and Mary own three vehicles.	X	
Alan and Stacey own two vehicles. They are currently separated.		X
Casey and his roommate Carl jointly own a Jeep Wrangler.	X	
Michael and his fiancé Doris have jointly purchased a Mustang. Doris lives with her parents and Michael lives in his own home.		X
Sean wants to insure a vehicle registered to a corporation of which he is president.		X
Tim and his spouse have registered their only cars under a family trust.	X	
Jackie earns extra money driving her car for Lyft.		X
Monte owns a small pickup and a camping trailer.	X	
Lloyd owns a Ford F550 pickup that has a GVWR of 12,000 pounds.		X
Emily drives her van several days a week delivering flowers for her sister's floral shop.		X



Knowledge Check – “Family Member”: ANSWERS

Sarah has a Personal Auto Policy. Which of the following individuals are considered a “family member” by her policy?

	Yes	No
Her 17-year-old unlicensed resident son Brady.	X	
Her sister who is visiting her for a week.		X
Her daughter, Meredith, who lives in her own home.		X
Sarah’s daughter-in-law Sherry who is living with her for a year while Sarah’s son, who is in the military, is stationed overseas.	X	
Sarah’s boyfriend Bob who lives with her.		X



Knowledge Check – Newly Acquired: ANSWERS

Meredith is the named insured on a Personal Auto Policy that provides the following coverages:

1974 AMC Gremlin

Liability

Medical Payments

UM

\$250 ded. OTC

2015 Honda

Liability

Medical Payments

UM

\$100 ded. OTC

\$1000 ded. Collision

What coverages, if any, are provided by Meredith's policy for each of the following?

1. Meredith trades in her Honda for a 1968 Chevrolet Camaro.
 - *Eligible vehicle acquired by a you*
 - *Liability, MP and UM until the for 14 days*
 - *\$100 ded. OTC for 14 days.*
 - *\$1000 ded. Collision for 14 days.*
2. Meredith purchases a 1990 Chevrolet pickup.
 - *Eligible vehicle acquired by a you*
 - *Liability, MP and UM for 14 days.*
 - *\$100 ded. OTC for 14 days.*
 - *\$1000 ded. Collision for 14 days.*
3. Meredith trades in her Gremlin for a 2005 BMW.
 - *Eligible vehicle acquired by a you*
 - *Liability, MP, UM for 14 days*
 - *\$100 ded. OTC for 14 days.*
 - *\$1000 ded. Collision for 14 days.*
4. Meredith buys a 2002 Winnebago motor home.
 - *Not a newly acquired auto as it is not a private passenger auto, pickup, van or trailer.*
5. Meredith's 19-year old resident son purchases a 2014 Toyota.
 - *Not a newly acquired auto as it was not acquired by a you.*



Knowledge Check – Liability Exclusions: ANSWERS

James has 250/500/100 liability coverage on his 2017 GMC Yukon. For each of the following situations, state whether or not James' policy would provide liability coverage. Include the reason for your answer.

1. James gets in a little road rage and intentionally bumps the car in front of him, damaging the other vehicle.

No. *Intentional "property damage" is excluded.*

2. James hits a utility pole while parking a rental car. There is no damage to the pole, but there is damage to the rental car.

No. *Damage to rented property is excluded.*

3. James has an accident in a borrowed motor home.

Yes. *A you is an "insured" for the ownership, maintenance or use of any auto and there is not an exclusion for a motor home.*

4. James has an accident while driving his company car.

No. *The policy excludes a vehicle furnished or available for regular use.*

5. James' 16-year-old daughter Trish has an accident while driving her brother's car. Her brother lives with them.

No. *The policy excludes a vehicle owned by a "family member" that is not a "your covered auto"*

6. James leaves his Yukon for servicing at the local garage. The garage mechanic has an accident while driving it from the garage to a parking space.

No. *Excluded as a person in the auto "business". (James would still have coverage.)*

7. James is logged into the Lyft app as a driver when he has an accident.

No. *Excluded as public or livery conveyance.*



Knowledge Check – Medical Payments Coverage: ANSWERS

Lisa and Mike's policy has \$10,000 Part B - Medical Payments Coverage. For each of the following situations, state whether or not their policy provides coverage. Include the reason for your answer.

1. Their 16-year-old son, Lance, is walking to school when he is struck by a vehicle. He is injured and has \$25,000 in medical expenses.

Yes. *Lisa and Mike's policy will pay the per person limit of \$10,000. The definition of "insured" includes a "family member" as a pedestrian when struck by a motor vehicle designed for use mainly on public roads.*

2. Lisa and Mike rent a car on vacation and are injured in an accident on the way to their hotel.

Yes. *Lisa and Mike are "insureds" as they are both a you "occupying" a motor vehicle designed for use mainly on public roads.*

3. Lisa's neighbor is a passenger in her car when she has an accident that causes injuries to both her and her neighbor.

Yes. *Lisa's policy will pay up to the per person limit for both Lisa and her neighbor. Lisa is an "insured" as a you "occupying" a motor vehicle designed for use mainly on public roads and the neighbor is also an "insured" since she was "occupying" Lisa's "your covered auto".*

4. Lisa is injured when she falls off the back of a friend's motorcycle.

No. *While Lisa is an "insured" as a you "occupying" a motor vehicle designed for use mainly on public roads, there is an exclusion for a vehicle with fewer than 4 wheels.*

5. Lisa is stopped at a red light when she is challenged to a drag race by another driver. Lisa agrees to race but is injured when she loses control of her vehicle and hits a light pole.

Yes. *Lisa is an "insured" as a you "occupying" a motor vehicle designed for use mainly on public roads and the racing exclusion does not apply. Racing is only excluded when it is organized and conducted inside a facility designed for racing.*

6. Mike is taking Uber from the airport to the hotel where he is staying. The driver has an accident and Mike is injured.

Yes. *Mike is an "insured" as a you "occupying" a motor vehicle designed for use mainly on public roads.*



Knowledge Check – UM Who is an “Insured”: ANSWERS

Sam and Laura have a Personal Auto Policy with Uninsured Motorists Coverage.

Are the following individuals an “insured” as defined in Part C – Uninsured Motorists Coverage?

	Yes	No
<p>Laura is injured when the taxi taking her to the airport is hit by an uninsured vehicle.</p> <p><i>Laura is an insured as a you in a vehicle.</i></p>	X	
<p>Sam’s son Chris, who lives across town, is hit by an uninsured vehicle while crossing the street as a pedestrian.</p> <p><i>Chris does not meet the definition of “family member”. (He is not a resident of their household.)</i></p>		X
<p>Sam lets his neighbor Angie borrow his car to run errands. While driving Sam’s car, Angie is hit by an uninsured vehicle.</p> <p><i>Angie is an “insured” as any other person “occupying” “your covered auto”.</i></p>	X	
<p>Laura is in the crosswalk when she is hit by an uninsured driver who runs a red light. Due to her injuries, she will require a wheelchair for several months.</p> <p><i>Laura is an insured as a you when a pedestrian. (Her husband is also an “insured” as any person for damages he is entitled to recover because of “bodily injury” to his spouse.)</i></p>	X	



Knowledge Check – Underinsured Motorist Coverage: ANSWERS

Are the following statements True or False?

	True	False
In some states, a vehicle with 250/500 liability limits can be considered underinsured if it isn't enough to pay the insured's damages.	X	
In some states, the insured can only collect the difference between their UIM limit and the liability limit of the at-fault driver.	X	
A Limits Offset provides more coverage than a Damages Offset.		X



Knowledge Check – Coverage For Damage To Your Auto: ANSWERS

Does Part D – Coverage For Damage To Your Auto provide coverage for the following situations? Why or why not?

1. While driving for Uber, Steve backs his car into signpost while dropping a passenger off at the airport.

No. *The car was being used as a public conveyance which is excluded from coverage.*

2. Samantha has spent \$6,000 adding custom rims to her car and \$3,000 on a paint job in the colors of her favorite football team including the team's logo. Thieves take the rims and damage the paint job in the process.

Yes, but only up to \$1,500 limit for "custom equipment" that is given back in the "custom equipment" exclusion.

3. Jason borrows a neighbor's utility trailer to haul some items to the dump. While backing the trailer at the dump, Jason hits a concrete pole, causing \$2,500 damage to the trailer. The neighbor does not have collision coverage on the trailer.

Yes. *It is a "non-owned auto" but only \$1,500 is provided for damage to a non-owned "trailer".*

4. Sandy is having problems with the transmission in her car. It will cost \$3,500 to replace the transmission.

No. *Damage due and confined to mechanical or electrical breakdown or failure is excluded.*

5. Jackson works as a valet parking attendant for a restaurant. While parking a customer's car he scrapes it against a building.

No. *Damage to a "non-owned auto" maintained or used in the auto "business" is excluded.*

Personal Auto Coverages Forms

Form Number	Form Name
PP 00 01 09 18	Personal Auto Policy
PP 03 06 09 18	Extended Non-Owned Coverage – Vehicles Furnished Or Available For Regular Use
PP 03 08 09 18	Coverage For Damage To Your Auto (Maximum Limit Of Liability)
PP 03 11 09 18	Underinsured Motorists Coverage
PP 03 13 09 18	Excess Electronic Equipment Coverage
PP 03 18 09 18	Excess Custom Equipment Coverage
PP 03 21 09 18	Limited Mexico Coverage
PP 03 22 09 18	Named Non-Owner Coverage
PP 03 23 09 18	Miscellaneous Type Vehicle Endorsement
PP 03 34 09 18	Joint Ownership Coverage
PP 03 35 09 18	Auto Loan/Lease Coverage
PP 13 01 09 18	Coverage For Damage To Your Auto Exclusion Endorsement
PP 23 41 09 18	Transportation Network Driver Coverage (No Passenger)
PP 23 45 09 18	Limited Transportation Network Driver Coverage (No Passenger)
PP 33 05 09 18	Full Safety Glass Coverage
PP 33 10 09 18	Replacement Cost Coverage
PP 33 27 09 18	Key Replacement And Related Services Coverage
PP 33 30 09 18	Child Restraint System Coverage
PP 33 31 09 18	Pet Injury Coverage
PP 33 37 09 18	Additional Resident Of Your Household
PP 33 42 09 18	Personal Property Coverage

PERSONAL AUTO POLICY

AGREEMENT

In return for payment of the premium and subject to all the terms of this Policy, we agree with you as follows:

DEFINITIONS

A. Throughout this Policy, "you" and "your" refer to:

1. The named insured shown in the Declarations; and
2. The spouse if a resident of the same household.

If the spouse ceases to be a resident of the same household during the policy period or prior to the inception of this Policy, the spouse will be considered "you" and "your" under this Policy but only until the earlier of:

- a. The end of 90 days following the spouse's change of residency;
- b. The effective date of another policy listing the spouse as a named insured; or
- c. The end of the policy period.

B. "We", "us" and "our" refer to the company providing this insurance.

C. For purposes of this Policy, a private passenger type auto, pickup or van shall be deemed to be owned by a person if leased:

1. Under a written agreement to that person; and
2. For a continuous period of at least six months.

Other words and phrases are defined. They are in quotation marks when used.

D. "Bodily injury" means bodily harm, sickness or disease, including death that results.

E. "Business" includes trade, profession or occupation.

F. "Family member" means a person related to you by blood, marriage or adoption who is a resident of your household. This includes a ward or foster child.

G. "Occupying" means:

1. In;
2. Upon; or
3. Getting in, on, out or off.

H. "Property damage" means physical injury to, destruction of or loss of use of tangible property.

I. "Trailer" means a vehicle designed to be pulled by a:

1. Private passenger auto; or
2. Pickup or van.

It also means a farm wagon or farm implement while towed by a vehicle listed in 1. or 2. above.

J. "Your covered auto" means:

1. Any vehicle shown in the Declarations;
2. A "newly acquired auto";
3. Any "trailer" you own; or
4. Any auto or "trailer" you do not own while used as a temporary substitute for any other vehicle described in this definition which is out of normal use because of its:
 - a. Breakdown;
 - b. Repair;
 - c. Servicing;
 - d. Loss; or
 - e. Destruction.

This provision (**J.4.**) does not apply to Coverage For Damage To Your Auto.

K. "Newly acquired auto":

1. "Newly acquired auto" means any of the following types of vehicles you become the owner of during the policy period:
 - a. A private passenger auto; or
 - b. A pickup or van, for which no other insurance policy provides coverage, that:
 - (1) Has a Gross Vehicle Weight Rating of 10,000 lbs. or less; and
 - (2) Is not used for the delivery or transportation of goods and materials unless such use is:
 - (a) Incidental to your "business" of installing, maintaining or repairing furnishings or equipment; or
 - (b) For farming or ranching.

2. Coverage for a "newly acquired auto" is provided as follows:

- a. For any coverage provided in this Policy other than Coverage For Damage To Your Auto, a "newly acquired auto" will have the broadest coverage we now provide for any vehicle shown in the Declarations. However, for this coverage to apply, you must ask us to insure it within 14 days after you become the owner.
- b. Collision Coverage for a "newly acquired auto" begins on the date you become the owner. However, for this coverage to apply, you must ask us to insure it within:
 - (1) 14 days after you become the owner, if the Declarations indicates that Collision Coverage applies to at least one auto. In this case, the "newly acquired auto" will have the broadest coverage we now provide for any auto shown in the Declarations.
 - (2) Four days after you become the owner, if the Declarations does not indicate that Collision Coverage applies to at least one auto. If you comply with the four-day requirement and a loss occurred before you asked us to insure the "newly acquired auto", a Collision deductible of \$500 will apply.
- c. Other Than Collision Coverage for a "newly acquired auto" begins on the date you become the owner. However, for this coverage to apply, you must ask us to insure it within:
 - (1) 14 days after you become the owner, if the Declarations indicates that Other Than Collision Coverage applies to at least one auto. In this case, the "newly acquired auto" will have the broadest coverage we now provide for any auto shown in the Declarations.
 - (2) Four days after you become the owner, if the Declarations does not indicate that Other Than Collision Coverage applies to at least one auto. If you comply with the four-day requirement and a loss occurred before you asked us to insure the "newly acquired auto", an Other Than Collision deductible of \$500 will apply.

d. For all coverages addressed in Paragraphs **K.2.a.**, **b.** and **c.**, if you first ask us to insure the "newly acquired auto" after the applicable time period has elapsed, coverage will begin on the day you first ask us to insure the "newly acquired auto".

- L. "Transportation network platform" means an online-enabled application or digital network used to connect passengers with drivers using vehicles for the purpose of providing prearranged transportation services for compensation.

PART A – LIABILITY COVERAGE

INSURING AGREEMENT

- A. We will pay damages for "bodily injury" or "property damage" for which any "insured" becomes legally responsible because of an auto accident. Damages include prejudgment interest awarded against the "insured". We will settle or defend, as we consider appropriate, any claim or suit asking for these damages. In addition to our limit of liability, we will pay all defense costs we incur. Our duty to settle or defend ends when our limit of liability for this coverage has been exhausted by payment of judgments or settlements. We have no duty to defend any suit or settle any claim for "bodily injury" or "property damage" not covered under this Policy.
- B. "Insured" as used in this Part means:
 - 1. You or any "family member" for the ownership, maintenance or use of any auto or "trailer".
 - 2. Any person using "your covered auto".
 - 3. For "your covered auto", any person or organization but only with respect to legal responsibility for acts or omissions of a person for whom coverage is afforded under this Part.
 - 4. For any auto or "trailer", other than "your covered auto", any other person or organization but only with respect to legal responsibility for acts or omissions of you or any "family member" for whom coverage is afforded under this Part. This provision **(B.4.)** applies only if the person or organization does not own or hire the auto or "trailer".

SUPPLEMENTARY PAYMENTS

We will pay on behalf of an "insured":

- 1. Up to \$250 for the cost of bail bonds required because of an accident, including related traffic law violations. The accident must result in "bodily injury" or "property damage" covered under this Policy.

2. Premiums on appeal bonds and bonds to release attachments in any suit we defend.
3. Interest accruing after a judgment is entered in any suit we defend. Our duty to pay interest ends when we offer to pay that part of the judgment which does not exceed our limit of liability for this coverage.
4. Up to \$250 a day for loss of earnings, but not other income, because of attendance at hearings or trials at our request.
5. Other reasonable expenses incurred at our request.

These payments will not reduce the limit of liability.

EXCLUSIONS

A. We do not provide Liability Coverage for any "insured":

1. Who intentionally causes "bodily injury" or "property damage".
2. For "property damage" to property owned or being transported by that "insured".
3. For "property damage" to property:
 - a. Rented to;
 - b. Used by; or
 - c. In the care of;
 that "insured".

This exclusion **(A.3.)** does not apply to "property damage" to a residence or private garage.

4. For "bodily injury" to an employee of that "insured" during the course of employment. This exclusion **(A.4.)** does not apply to "bodily injury" to a domestic employee unless workers' compensation benefits are required or available for that domestic employee.

5. For that "insured's" liability arising out of the ownership or operation of a vehicle while it is being used as a public or livery conveyance. This includes but is not limited to any period of time a vehicle is being used by any "insured" who is logged into a "transportation network platform" as a driver, whether or not a passenger is "occupying" the vehicle.

This exclusion **(A.5.)** does not apply to:

- a. A share-the-expense car pool; or
 - b. The ownership or operation of a vehicle while it is being used for volunteer or charitable purposes.
6. While employed or otherwise engaged in the "business" of:
 - a. Selling;

- b. Repairing;
- c. Servicing;
- d. Storing; or
- e. Parking;

vehicles designed for use mainly on public highways. This includes road testing and delivery. This exclusion **(A.6.)** does not apply to the ownership, maintenance or use of "your covered auto" by:

- (1) You;
- (2) Any "family member"; or
- (3) Any partner, agent or employee of you or any "family member".

7. Maintaining or using any vehicle while that "insured" is employed or otherwise engaged in any "business" (other than farming or ranching) not described in Exclusion **A.6.**

This exclusion **(A.7.)** does not apply to the maintenance or use of a:

- a. Private passenger auto;
- b. Pickup or van; or
- c. "Trailer" used with a vehicle described in **a.** or **b.** above.

8. Using a vehicle without a reasonable belief that that "insured" is entitled to do so. This exclusion **(A.8.)** does not apply to a "family member" using "your covered auto" which is owned by you.

9. For "bodily injury" or "property damage" for which that "insured":

- a. Is an insured under a nuclear energy liability policy; or
- b. Would be an insured under a nuclear energy liability policy but for its termination upon exhaustion of its limit of liability.

A nuclear energy liability policy is a policy issued by any of the following or their successors:

- (1) Nuclear Energy Liability Insurance Association;
- (2) Mutual Atomic Energy Liability Underwriters; or
- (3) Nuclear Insurance Association of Canada.

10. For the ownership, maintenance or use of "your covered auto" while:

- a. Enrolled in a personal vehicle sharing program under the terms of a written agreement; and

- b. Being used in connection with such personal vehicle sharing program by anyone other than you or any "family member".

B. We do not provide Liability Coverage for the ownership, maintenance or use of:

1. Any vehicle which:
 - a. Has fewer than four wheels; or
 - b. Is designed mainly for use off public roads.

This exclusion **(B.1.)** does not apply:

- (1) While such vehicle is being used by an "insured" in a medical emergency;
- (2) To any "trailer"; or
- (3) To any non-owned golf cart.

2. Any vehicle, other than "your covered auto", which is:
 - a. Owned by you; or
 - b. Furnished or available for your regular use.
3. Any vehicle, other than "your covered auto", which is:
 - a. Owned by any "family member"; or
 - b. Furnished or available for the regular use of any "family member".

However, this exclusion **(B.3.)** does not apply to you while you are maintaining or "occupying" any vehicle which is:

- (1) Owned by a "family member"; or
- (2) Furnished or available for the regular use of a "family member".

4. Any vehicle, located inside a facility designed for racing, for the purpose of:
 - a. Participating or competing in; or
 - b. Practicing or preparing for; any prearranged or organized:
 - (1) Racing or speed contest; or
 - (2) Driver skill training or driver skill event.
5. Any vehicle which is designed or can be used for flight.

LIMIT OF LIABILITY

- A.** The Limit Of Liability shown in the Declarations for each person for Bodily Injury Liability is our maximum limit of liability for all damages, including damages for care, loss of services or death, arising out of "bodily injury" sustained by any one person in any one auto accident. Subject to this limit for each person, the Limit Of Liability shown in the Declarations for each accident for Bodily Injury Liability is our maximum limit of liability for all damages for "bodily injury" resulting from any one auto accident.

The Limit Of Liability shown in the Declarations for each accident for Property Damage Liability is our maximum limit of liability for all "property damage" resulting from any one auto accident.

This is the most we will pay regardless of the number of:

1. "Insureds";
2. Claims made;
3. Vehicles or premiums shown in the Declarations; or
4. Vehicles involved in the auto accident.

- B.** No one will be entitled to receive duplicate payments for the same elements of loss under this coverage and:

1. Part **B** or Part **C** of this Policy; or
2. Any Underinsured Motorists Coverage provided by this Policy.

OUT OF STATE COVERAGE

If an auto accident to which this Policy applies occurs in any state or province other than the one in which "your covered auto" is principally garaged, we will interpret your policy for that accident as follows:

- A.** If the state or province has:
1. A financial responsibility or similar law specifying limits of liability for "bodily injury" or "property damage" higher than the limit shown in the Declarations, your policy will provide the higher specified limit.
 2. A compulsory insurance or similar law requiring a nonresident to maintain insurance whenever the nonresident uses a vehicle in that state or province, your policy will provide at least the required minimum amounts and types of coverage.
- B.** No one will be entitled to duplicate payments for the same elements of loss.

FINANCIAL RESPONSIBILITY

When this Policy is certified as future proof of financial responsibility, this Policy shall comply with the law to the extent required.

OTHER INSURANCE

If there is other applicable liability insurance, we will pay only our share of the loss. Our share is the proportion that our limit of liability bears to the total of all applicable limits. However, any insurance we provide for a vehicle you do not own, including any vehicle while used as a temporary substitute for "your covered auto", shall be excess over any other collectible insurance except insurance written specifically to cover as excess over the limits of liability that apply in this Policy.

PART B – MEDICAL PAYMENTS COVERAGE

INSURING AGREEMENT

A. We will pay reasonable expenses incurred for necessary medical and funeral services because of "bodily injury":

1. Caused by an accident; and
2. Sustained by an "insured".

We will pay only those expenses incurred for services rendered within three years from the date of the accident.

B. "Insured" as used in this Part means:

1. You or any "family member":
 - a. While "occupying"; or
 - b. As a pedestrian when struck by;
a motor vehicle designed for use mainly on public roads or a trailer of any type.
2. Any other person while "occupying" "your covered auto".

EXCLUSIONS

We do not provide Medical Payments Coverage for any "insured" for "bodily injury":

1. Sustained while "occupying" any motorized vehicle having fewer than four wheels.
2. Sustained while "occupying" "your covered auto" when it is being used as a public or livery conveyance. This includes but is not limited to any period of time "your covered auto" is being used by any "insured" who is logged into a "transportation network platform" as a driver, whether or not a passenger is "occupying" the vehicle.

This exclusion (2.) does not apply:

- a. To a share-the-expense car pool; or
 - b. While "your covered auto" is being used for volunteer or charitable purposes.
3. Sustained while "occupying" any vehicle located for use as a residence or premises.
 4. Occurring during the course of employment if workers' compensation benefits are required or available for the "bodily injury".
 5. Sustained while "occupying", or when struck by, any vehicle (other than "your covered auto") which is:
 - a. Owned by you; or
 - b. Furnished or available for your regular use.
 6. Sustained while "occupying", or when struck by, any vehicle (other than "your covered auto") which is:
 - a. Owned by any "family member"; or

- b. Furnished or available for the regular use of any "family member".

However, this exclusion (6.) does not apply to you.

7. Sustained while "occupying" a vehicle without a reasonable belief that that "insured" is entitled to do so. This exclusion (7.) does not apply to a "family member" using "your covered auto" which is owned by you.
8. Sustained while "occupying" a vehicle when it is being used in the "business" of an "insured". This exclusion (8.) does not apply to "bodily injury" sustained while "occupying" a:
 - a. Private passenger auto;
 - b. Pickup or van; or
 - c. "Trailer" used with a vehicle described in a. or b. above.
9. Caused by or as a consequence of:
 - a. Discharge of a nuclear weapon (even if accidental);
 - b. War (declared or undeclared);
 - c. Civil war;
 - d. Insurrection; or
 - e. Rebellion or revolution.
10. From or as a consequence of the following, whether controlled or uncontrolled or however caused:
 - a. Nuclear reaction;
 - b. Radiation; or
 - c. Radioactive contamination.
11. Sustained while "occupying" any vehicle located inside a facility designed for racing, for the purpose of:
 - a. Participating or competing in; or
 - b. Practicing or preparing for;any prearranged or organized:
 - (1) Racing or speed contest; or
 - (2) Driver skill training or driver skill event.
12. Sustained while "occupying", or when struck by, "your covered auto" while:
 - a. Enrolled in a personal vehicle sharing program under the terms of a written agreement; and
 - b. Being used in connection with such personal vehicle sharing program by anyone other than you or any "family member".
13. Sustained while "occupying", or when struck by, any vehicle which is designed or can be used for flight.

LIMIT OF LIABILITY

- A.** The Limit Of Liability shown in the Declarations for this coverage is our maximum limit of liability for each person injured in any one accident. This is the most we will pay regardless of the number of:
1. "Insureds";
 2. Claims made;
 3. Vehicles or premiums shown in the Declarations; or
 4. Vehicles involved in the accident.
- B.** No one will be entitled to receive duplicate payments for the same elements of loss under this coverage and:
1. Part **A** or Part **C** of this Policy; or
 2. Any Underinsured Motorists Coverage provided by this Policy.

OTHER INSURANCE

If there is other applicable auto medical payments insurance, we will pay only our share of the loss. Our share is the proportion that our limit of liability bears to the total of all applicable limits. However, any insurance we provide with respect to a vehicle you do not own, including any vehicle while used as a temporary substitute for "your covered auto", shall be excess over any other collectible auto insurance providing payments for medical or funeral expenses.

PART C – UNINSURED MOTORISTS COVERAGE

INSURING AGREEMENT

- A.** We will pay compensatory damages which an "insured" is legally entitled to recover from the owner or operator of an "uninsured motor vehicle" because of "bodily injury":
1. Sustained by an "insured"; and
 2. Caused by an accident.
- The owner's or operator's liability for these damages must arise out of the ownership, maintenance or use of the "uninsured motor vehicle".
- Any judgment for damages arising out of a suit brought without our written consent is not binding on us.
- B.** "Insured" as used in this Part means:
1. You or any "family member";
 2. Any other person "occupying" "your covered auto"; or
 3. Any person for damages that person is entitled to recover because of "bodily injury" to which this coverage applies sustained by a person described in 1. or 2. above.

- C.** "Uninsured motor vehicle" means a land motor vehicle or trailer of any type:
1. To which no bodily injury liability bond or policy applies at the time of the accident.
 2. To which a bodily injury liability bond or policy applies at the time of the accident. In this case its limit for bodily injury liability must be less than the minimum limit for bodily injury liability specified by the financial responsibility law of the state in which "your covered auto" is principally garaged.
 3. Which is a hit-and-run vehicle whose operator or owner cannot be identified and which hits:
 - a. You or any "family member";
 - b. A vehicle which you or any "family member" are "occupying"; or
 - c. "Your covered auto".
 4. To which a bodily injury liability bond or policy applies at the time of the accident but the bonding or insuring company:
 - a. Denies coverage; or
 - b. Is or becomes insolvent.

However, "uninsured motor vehicle" does not include any vehicle or equipment:

- (1) Owned by or furnished or available for the regular use of you or any "family member".
- (2) Owned or operated by a self-insurer under any applicable motor vehicle law, except a self-insurer which is or becomes insolvent.
- (3) Owned by any governmental unit or agency.
- (4) Operated on rails or crawler treads.
- (5) Designed mainly for use off public roads while not on public roads.
- (6) While located for use as a residence or premises.

EXCLUSIONS

- A.** We do not provide Uninsured Motorists Coverage for "bodily injury" sustained:
1. By an "insured" while "occupying", or when struck by, any motor vehicle owned by that "insured" which is not insured for this coverage under this Policy. This includes a trailer of any type used with that vehicle.
 2. By any "family member" while "occupying", or when struck by, any motor vehicle you own which is insured for this coverage on a primary basis under any other policy.

B. We do not provide Uninsured Motorists Coverage for "bodily injury" sustained by any "insured":

1. If that "insured" or the legal representative settles the "bodily injury" claim and such settlement prejudices our right to recover payment.
2. While "occupying" "your covered auto" when it is being used as a public or livery conveyance. This includes but is not limited to any period of time "your covered auto" is being used by any "insured" who is logged into a "transportation network platform" as a driver, whether or not a passenger is "occupying" the vehicle.
This exclusion (**B.2.**) does not apply:
 - a. To a share-the-expense car pool; or
 - b. While "your covered auto" is being used for volunteer or charitable purposes.
3. Using a vehicle without a reasonable belief that that "insured" is entitled to do so. This exclusion (**B.3.**) does not apply to a "family member" using "your covered auto" which is owned by you.
4. While "occupying", or when struck by, "your covered auto" while:
 - a. Enrolled in a personal vehicle sharing program under the terms of a written agreement; and
 - b. Being used in connection with such personal vehicle sharing program by anyone other than you or any "family member".
5. While "occupying", or when struck by, any vehicle which is designed or can be used for flight.

C. This coverage shall not apply directly or indirectly to benefit any insurer or self-insurer under any of the following or similar law:

1. Workers' compensation law; or
2. Disability benefits law.

D. We do not provide Uninsured Motorists Coverage for punitive or exemplary damages.

LIMIT OF LIABILITY

A. The Limit Of Liability shown in the Declarations for each person for Uninsured Motorists Coverage is our maximum limit of liability for all damages, including damages for care, loss of services or death, arising out of "bodily injury" sustained by any one person in any one accident. Subject to this limit for each person, the Limit Of Liability shown in the Declarations for each accident for Uninsured Motorists Coverage is our maximum limit of liability for all damages for "bodily injury" resulting from any one accident.

This is the most we will pay regardless of the number of:

1. "Insureds";
2. Claims made;
3. Vehicles or premiums shown in the Declarations; or
4. Vehicles involved in the accident.

B. No one will be entitled to receive duplicate payments for the same elements of loss under this coverage and:

1. Part **A** or Part **B** of this Policy; or
2. Any Underinsured Motorists Coverage provided by this Policy.

C. We will not make a duplicate payment under this coverage for any element of loss for which payment has been made by or on behalf of persons or organizations who may be legally responsible.

D. We will not pay for any element of loss if a person is entitled to receive payment for the same element of loss under any of the following or similar law:

1. Workers' compensation law; or
2. Disability benefits law.

OTHER INSURANCE

If there is other applicable insurance available under one or more policies or provisions of coverage that is similar to the insurance provided under this Part of the Policy:

1. Any recovery for damages under all such policies or provisions of coverage may equal but not exceed the highest applicable limit for any one vehicle under any insurance providing coverage on either a primary or excess basis.
2. Any insurance we provide with respect to a vehicle you do not own, including any vehicle while used as a temporary substitute for "your covered auto", shall be excess over any collectible insurance providing such coverage on a primary basis.
3. If the coverage under this Policy is provided:
 - a. On a primary basis, we will pay only our share of the loss that must be paid under insurance providing coverage on a primary basis. Our share is the proportion that our limit of liability bears to the total of all applicable limits of liability for coverage provided on a primary basis.

- b. On an excess basis, we will pay only our share of the loss that must be paid under insurance providing coverage on an excess basis. Our share is the proportion that our limit of liability bears to the total of all applicable limits of liability for coverage provided on an excess basis.

ARBITRATION

- A. If we and an "insured" do not agree:
 - 1. Whether that "insured" is legally entitled to recover damages; or
 - 2. As to the amount of damages which are recoverable by that "insured";

from the owner or operator of an "uninsured motor vehicle", then the matter may be arbitrated. However, disputes concerning coverage under this Part may not be arbitrated.

Both parties must agree to arbitration. If so agreed, each party will select an arbitrator. The two arbitrators will select a third. If they cannot agree within 30 days, either may request that selection be made by a judge of a court having jurisdiction.
- B. Each party will:
 - 1. Pay the expenses it incurs; and
 - 2. Bear the expenses of the third arbitrator equally.
- C. Unless both parties agree otherwise, arbitration will take place in the county in which the "insured" lives. Local rules of law as to procedure and evidence will apply. A decision agreed to by at least two of the arbitrators will be binding as to:
 - 1. Whether the "insured" is legally entitled to recover damages; and
 - 2. The amount of damages. This applies only if the amount does not exceed the minimum limit for bodily injury liability specified by the financial responsibility law of the state in which "your covered auto" is principally garaged. If the amount exceeds that limit, either party may demand the right to a trial. This demand must be made within 60 days of the arbitrators' decision. If this demand is not made, the amount of damages agreed to by the arbitrators will be binding.

PART D – COVERAGE FOR DAMAGE TO YOUR AUTO

INSURING AGREEMENT

- A. We will pay for direct and accidental loss to "your covered auto" or any "non-owned auto", including its equipment, minus any applicable deductible shown in the Declarations. If loss to more than one "your covered auto" or "non-owned auto" results from the same "collision", only the highest applicable deductible will apply. We will pay for loss to "your covered auto" caused by:
 - 1. Other than "collision" only if the Declarations indicates that Other Than Collision Coverage is provided for that auto.
 - 2. "Collision" only if the Declarations indicates that Collision Coverage is provided for that auto.

- 1. Other than "collision" only if the Declarations indicates that Other Than Collision Coverage is provided for that auto.
- 2. "Collision" only if the Declarations indicates that Collision Coverage is provided for that auto.

If there is a loss to a "non-owned auto", we will provide the broadest coverage applicable to any "your covered auto" shown in the Declarations.

- B. "Collision" means the upset of "your covered auto" or a "non-owned auto" or its impact with another vehicle or object.

Loss caused by the following is considered other than "collision":

- 1. Missiles or falling objects;
- 2. Fire;
- 3. Theft or larceny;
- 4. Explosion or earthquake;
- 5. Windstorm;
- 6. Hail, water or flood;
- 7. Malicious mischief or vandalism;
- 8. Riot or civil commotion;
- 9. Contact with bird or animal; or
- 10. Breakage of glass.

If breakage of glass is caused by a "collision", you may elect to have it considered a loss caused by "collision".

- C. "Non-owned auto" means:
 - 1. Any private passenger auto, pickup, van or "trailer" not owned by or furnished or available for the regular use of you or any "family member" while in the custody of or being operated by you or any "family member"; or

2. Any auto or "trailer" you do not own while used as a temporary substitute for "your covered auto" which is out of normal use because of its:
 - a. Breakdown;
 - b. Repair;
 - c. Servicing;
 - d. Loss; or
 - e. Destruction.

D. "Custom equipment" means equipment, furnishings and parts in or upon any auto, other than:

1. Original manufacturer equipment, furnishings or parts; or
2. Any replacement of original manufacturer equipment, furnishings or parts with other equipment, furnishings or parts of like kind and quality.

"Custom equipment" includes but is not limited to:

- a. Special carpeting or insulation;
- b. Furniture or bars;
- c. Height-extending roofs;
- d. Body, engine, exhaust or suspension enhancers;
- e. Winches, or anti-roll or anti-sway bars;
- f. Custom grilles, louvers, side pipes, hood scoops or spoilers;
- g. Custom wheels, tires or spinners;
- h. Custom chrome, murals, paintwork, decals or other graphics; or
- i. Caps, covers or bedliners.

"Custom equipment" does not include electronic equipment that reproduces, receives or transmits audio, visual or data signals.

TRANSPORTATION EXPENSES

A. In addition, we will pay, without application of a deductible, up to a maximum of \$900 for:

1. Temporary transportation expenses not exceeding \$30 per day incurred by you in the event of a loss to "your covered auto". We will pay for such expenses if the loss is caused by:
 - a. Other than "collision" only if the Declarations indicates that Other Than Collision Coverage is provided for that auto.
 - b. "Collision" only if the Declarations indicates that Collision Coverage is provided for that auto.

2. Expenses for which you become legally responsible in the event of loss to a "non-owned auto". We will pay for such expenses if the loss is caused by:

- a. Other than "collision" only if the Declarations indicates that Other Than Collision Coverage is provided for any "your covered auto".
- b. "Collision" only if the Declarations indicates that Collision Coverage is provided for any "your covered auto".

However, the most we will pay for any expenses for loss of use is \$30 per day.

B. Subject to the provisions of Paragraph **A.**, if the loss is caused by:

1. A total theft of "your covered auto" or a "non-owned auto", we will pay only expenses incurred during the period:
 - a. Beginning 48 hours after the theft; and
 - b. Ending when "your covered auto" or the "non-owned auto" is returned to use or we pay for its loss.
2. Other than theft of a "your covered auto" or a "non-owned auto", we will pay only expenses beginning when the auto is withdrawn from use for more than 24 hours.

Our payment will be limited to that period of time reasonably required to repair or replace the "your covered auto" or the "non-owned auto".

EXCLUSIONS

We will not pay for:

1. Loss to "your covered auto" or any "non-owned auto" which occurs while it is being used as a public or livery conveyance. This includes but is not limited to any period of time "your covered auto" or any "non-owned auto" is being used by any person who is logged into a "transportation network platform" as a driver, whether or not a passenger is "occupying" the vehicle.

This exclusion (1.) does not apply:

- a. To a share-the-expense car pool; or
 - b. While "your covered auto" or any "non-owned auto" is being used for volunteer or charitable purposes.
2. Damage due and confined to:
 - a. Wear and tear;
 - b. Freezing;

- c. Mechanical or electrical breakdown or failure; or
- d. Road damage to tires.

This exclusion (2.) does not apply if the damage results from the total theft of "your covered auto" or any "non-owned auto".

3. Loss due to or as a consequence of:
 - a. Radioactive contamination;
 - b. Discharge of any nuclear weapon (even if accidental);
 - c. War (declared or undeclared);
 - d. Civil war;
 - e. Insurrection; or
 - f. Rebellion or revolution.
4. Loss to any electronic equipment that reproduces, receives or transmits audio, visual or data signals. This includes but is not limited to:
 - a. Radios and stereos;
 - b. Tape decks;
 - c. Compact disc systems;
 - d. Navigation systems;
 - e. Internet access systems;
 - f. Personal computers;
 - g. Video entertainment systems;
 - h. Telephones;
 - i. Televisions;
 - j. Two-way mobile radios;
 - k. Scanners; or
 - l. Citizens band radios.

This exclusion (4.) does not apply to electronic equipment that is permanently installed in "your covered auto" or any "non-owned auto".

5. Loss to tapes, records, discs or other media used with equipment described in Exclusion 4.
6. A total loss to "your covered auto" or any "non-owned auto" due to destruction or confiscation by governmental or civil authorities.

This exclusion (6.) does not apply to the interests of Loss Payees in "your covered auto".
7. Loss to:
 - a. A "trailer", camper body or motor home, which is not shown in the Declarations; or

- b. Facilities or equipment used with such "trailer", camper body or motor home. Facilities or equipment include but are not limited to:
 - (1) Cooking, dining, plumbing or refrigeration facilities;
 - (2) Awnings or cabanas; or
 - (3) Any other facilities or equipment used with a "trailer", camper body or motor home.

This exclusion (7.) does not apply to a:

- a. "Trailer", and its facilities or equipment, which you do not own; or
- b. "Trailer", camper body, or the facilities or equipment in or attached to the "trailer" or camper body, which you:
 - (1) Acquire during the policy period; and
 - (2) Ask us to insure within 14 days after you become the owner.

8. Loss to any "non-owned auto" when used by you or any "family member" without a reasonable belief that you or that "family member" are entitled to do so.
9. Loss to equipment designed or used for the detection or location of radar or laser.
10. Loss to any "custom equipment" in or upon "your covered auto" or any "non-owned auto".

This exclusion (10.) does not apply to the first \$1,500 of "custom equipment" in or upon "your covered auto" or any "non-owned auto".

11. Loss to any "non-owned auto" being maintained or used by any person while employed or otherwise engaged in the "business" of:
 - a. Selling;
 - b. Repairing;
 - c. Servicing;
 - d. Storing; or
 - e. Parking;

vehicles designed for use on public highways. This includes road testing and delivery.
12. Loss to "your covered auto" or any "non-owned auto", located inside a facility designed for racing, for the purpose of:
 - a. Participating or competing in; or

- b. Practicing or preparing for; any prearranged or organized:
 - (1) Racing or speed contest; or
 - (2) Driver skill training or driver skill event.
- 13. Loss to, or loss of use of, a "non-owned auto" rented by:
 - a. You; or
 - b. Any "family member";
 if a rental vehicle company is precluded from recovering such loss or loss of use, from you or that "family member", pursuant to the provisions of any applicable rental agreement or state law.
- 14. Loss to "your covered auto" which occurs while:
 - a. Enrolled in a personal vehicle sharing program under the terms of a written agreement; and
 - b. Being used in connection with such personal vehicle sharing program by anyone other than you or any "family member".
- 15. Loss to, or loss of use of, a "non-owned auto" used by:
 - a. You; or
 - b. Any "family member";
 in connection with a personal vehicle sharing program if the provisions of such a personal vehicle sharing program preclude the recovery of such loss or loss of use, from you or that "family member", or if otherwise precluded by any state law.
- 16. Loss to any vehicle which is designed or can be used for flight.

LIMIT OF LIABILITY

- A. Our limit of liability for loss will be the lesser of the:
 - 1. Actual cash value of the stolen or damaged property; or
 - 2. Amount necessary to repair or replace the property with other property of like kind and quality.

However, the most we will pay for loss to:

- a. Any "non-owned auto" which is a trailer is \$1,500.
- b. Electronic equipment that reproduces, receives or transmits audio, visual or data signals, which is permanently installed in the auto in locations not used by the auto manufacturer for installation of such equipment, is \$1,000.

- c. "Custom equipment" in or upon "your covered auto" or any "non-owned auto" is \$1,500.

- B. An adjustment for depreciation and physical condition will be made in determining actual cash value in the event of a total loss.
- C. If a repair or replacement results in better than like kind or quality, we will not pay for the amount of the betterment.

PAYMENT OF LOSS

We may pay for loss in money or repair or replace the damaged or stolen property. We may, at our expense, return any stolen property to:

- 1. You; or
- 2. The address shown in this Policy.

If we return stolen property we will pay for any damage resulting from the theft. We may keep all or part of the property at an agreed or appraised value.

If we pay for loss in money, our payment will include the applicable sales tax for the damaged or stolen property.

NO BENEFIT TO BAILEE

This insurance shall not directly or indirectly benefit any carrier or other bailee for hire.

OTHER SOURCES OF RECOVERY

If other sources of recovery also cover the loss, we will pay only our share of the loss. Our share is the proportion that our limit of liability bears to the total of all applicable limits. However, any insurance we provide with respect to a "non-owned auto" shall be excess over any other collectible source of recovery including, but not limited to:

- 1. Any coverage provided by the owner of the "non-owned auto".
- 2. Any other applicable physical damage insurance.
- 3. Any other source of recovery applicable to the loss.

APPRAISAL

- A. If we and you do not agree on the amount of loss, either may demand an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. The appraisers will state separately the actual cash value and 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 be binding. Each party will:
 - 1. Pay its chosen appraiser; and
 - 2. Bear the expenses of the appraisal and umpire equally.

- B.** We do not waive any of our rights under this Policy by agreeing to an appraisal.

PART E – DUTIES AFTER AN ACCIDENT OR LOSS

We have no duty to provide coverage under this Policy if the failure to comply with the following duties is prejudicial to us:

- A.** We must be notified promptly of how, when and where the accident or loss happened. Notice should also include the names and addresses of any injured persons and of any witnesses.
- B.** A person seeking any coverage must:
1. Cooperate with us in the investigation, settlement or defense of any claim or suit.
 2. Promptly send us copies of any notices or legal papers received in connection with the accident or loss.
 3. Submit, as often as we reasonably require:
 - a. To physical exams by physicians we select. We will pay for these exams.
 - b. To examination under oath and subscribe the same.
 - c. To recorded statements.
 4. Authorize us to obtain:
 - a. Medical reports; and
 - b. Other pertinent records.
 5. Submit a proof of loss when required by us.
- C.** A person seeking Uninsured Motorists Coverage must also:
1. Promptly notify the police if a hit-and-run driver is involved.
 2. Promptly send us copies of the legal papers if a suit is brought.
- D.** A person seeking Coverage For Damage To Your Auto must also:
1. Take reasonable steps after loss to protect "your covered auto" or any "non-owned auto" and its equipment from further loss. We will pay reasonable expenses incurred to do this.
 2. Promptly notify the police if "your covered auto" or any "non-owned auto" is stolen.
 3. Permit us to inspect and appraise the damaged property before its repair or disposal.

PART F – GENERAL PROVISIONS

BANKRUPTCY

Bankruptcy or insolvency of the "insured" shall not relieve us of any obligations under this Policy.

CHANGES

- A.** This Policy contains all the agreements between you and us. Its terms may not be changed or waived except by endorsement issued by us.
- B.** If there is a change to the information used to develop the policy premium, we may adjust your premium. Changes during the policy term that may result in a premium increase or decrease include, but are not limited to, changes in:
1. The number, type or use classification of insured vehicles;
 2. Operators using insured vehicles;
 3. The place of principal garaging of insured vehicles; or
 4. Coverage, deductible or limits.

If a change resulting from **A.** or **B.** requires a premium adjustment, we will make the premium adjustment in accordance with our manual rules.

- C.** If we make a change which broadens coverage under this edition of your policy without additional premium charge, that change will automatically apply to your policy as of the date we implement the change in your state. This paragraph (**C.**) 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 your policy; or
 2. An Amendatory Endorsement.

FRAUD

We do not provide coverage for any "insured" who has made fraudulent statements or engaged in fraudulent conduct in connection with any accident or loss for which coverage is sought under this Policy.

LEGAL ACTION AGAINST US

- A.** No legal action may be brought against us until there has been full compliance with all the terms of this Policy. In addition, under Part **A.**, no legal action may be brought against us until:
1. We agree in writing that the "insured" has an obligation to pay; or
 2. The amount of that obligation has been finally determined by judgment after trial.
- B.** No person or organization has any right under this Policy to bring us into any action to determine the liability of an "insured".

OUR RIGHT TO RECOVER PAYMENT

- A.** If we make a payment under this Policy and the person to or for whom payment was made has a right to recover damages from another, we shall be subrogated to that right. That person shall do:
1. Whatever is necessary to enable us to exercise our rights; and
 2. Nothing after loss to prejudice them.

However, our rights in this paragraph **(A.)** do not apply under Part **D**, against any person using "your covered auto" with a reasonable belief that that person is entitled to do so.

- B.** If we make a payment under this Policy and the person to or for whom payment is made recovers damages from another, that person shall:
1. Hold in trust for us the proceeds of the recovery; and
 2. Reimburse us to the extent of our payment.

POLICY PERIOD AND TERRITORY

- A.** This Policy applies only to accidents and losses which occur:
1. During the policy period as shown in the Declarations; and
 2. Within the policy territory.
- B.** The policy territory is:
1. The United States of America, its territories or possessions;
 2. Puerto Rico; or
 3. Canada.

This Policy also applies to loss to, or accidents involving, "your covered auto" while being transported between their ports.

TERMINATION

A. Cancellation

This Policy may be cancelled during the policy period as follows:

1. The named insured shown in the Declarations may cancel by:
 - a. Returning this Policy to us; or
 - b. Giving us advance written notice of the date cancellation is to take effect.
2. We may cancel by mailing to the named insured shown in the Declarations at the address shown in this Policy:
 - a. At least 10 days' notice:
 - (1) If cancellation is for nonpayment of premium; or

- (2) If notice is mailed during the first 60 days this Policy is in effect and this is not a renewal or continuation policy; or

- b. At least 20 days' notice in all other cases.

3. After this Policy is in effect for 60 days, or if this is a renewal or continuation policy, we will cancel only:

- a. For nonpayment of premium; or

- b. If your driver's license or that of:

- (1) Any driver who lives with you; or

- (2) Any driver who customarily uses "your covered auto";

has been suspended or revoked. This must have occurred:

- (a) During the policy period; or

- (b) Since the last anniversary of the original effective date if the policy period is other than one year; or

- c. If the Policy was obtained through material misrepresentation.

B. Nonrenewal

If we decide not to renew or continue this Policy, we will mail notice to the named insured shown in the Declarations at the address shown in this Policy. Notice will be mailed at least 20 days before the end of the policy period. Subject to this notice requirement, if the policy period is:

1. Less than six months, we will have the right not to renew or continue this Policy every six months, beginning six months after its original effective date.
2. Six months or longer, but less than one year, we will have the right not to renew or continue this Policy at the end of the policy period.
3. One year or longer, we will have the right not to renew or continue this Policy at each anniversary of its original effective date.

C. Automatic Termination

If we offer to renew or continue and you or your representative does not accept, this Policy will automatically terminate at the end of the current policy period. Failure to pay the required renewal or continuation premium when due shall mean that you have not accepted our offer.

If you obtain other insurance on "your covered auto", any similar insurance provided by this Policy will terminate as to that auto on the effective date of the other insurance.

D. Other Termination Provisions

1. We may deliver any notice instead of mailing it. Proof of mailing of any notice shall be sufficient proof of notice.
2. If this Policy is cancelled, you may be entitled to a premium refund. If so, we will send you the refund. The premium refund, if any, will be computed according to our manuals. However, making or offering to make the refund is not a condition of cancellation.
3. The effective date of cancellation stated in the notice shall become the end of the policy period.

TRANSFER OF YOUR INTEREST IN THIS POLICY

- A.** Your rights and duties under this Policy may not be assigned without our written consent. However, if a named insured shown in the Declarations dies, coverage will be provided for:
1. The surviving spouse if resident in the same household at the time of death. Coverage applies to the spouse as if a named insured shown in the Declarations; and

2. The legal representative of the deceased person as if a named insured shown in the Declarations. This applies only with respect to the representative's legal responsibility to maintain or use "your covered auto".

- B.** Coverage will only be provided until the end of the policy period.

TWO OR MORE AUTO POLICIES

If this Policy and any other auto insurance policy issued to you by us apply to the same accident, the maximum limit of our liability under all the policies shall not exceed the highest applicable limit of liability under any one policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXTENDED NON-OWNED COVERAGE – VEHICLES FURNISHED OR AVAILABLE FOR REGULAR USE

SCHEDULE

Unless otherwise indicated below or in the Declarations, Extended Non-owned Coverage is applicable only to the individual named in the Schedule or in the Declarations.

Name Of Individual:

If indicated below or in the Declarations, Extended Non-owned Coverage applies to:

Named Individual and "Family Members" (including Named Individual's Spouse)

Coverage is provided where a premium is shown for the coverage.

Extended Non-owned Coverage	Premium
Liability	\$
Medical Payments	\$
Total Premium	\$

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

With respect to the individual(s) and coverages indicated in the Schedule or in the Declarations, the provisions of the Policy apply unless modified by this endorsement.

I. Extended Non-owned Coverage

The Extended Non-owned Coverage provided by this endorsement does not afford coverage under Part **A** and Part **B** of the Policy for any accident involving:

- A.** A vehicle owned by an individual named in the Schedule or in the Declarations;
- B.** A vehicle owned by a "family member"; or
- C.** A temporary substitute vehicle for such owned vehicle described in **A.** or **B.** above.

II. Part A – Liability Coverage

Part **A** is amended as follows with respect to the individual(s) shown as applicable in the Schedule or in the Declarations:

- A.** Exclusion **B.2.b.** does not apply to the coverages provided by this endorsement.

- B.** We will provide Liability Coverage for any vehicle, other than "your covered auto", which is furnished or available for the regular use of the named individual.

III. Part B – Medical Payments Coverage

Part **B** is amended as follows, if a premium is shown in the Schedule or in the Declarations for Medical Payments Coverage, with respect to the individual(s) shown as applicable in the Schedule or in the Declarations:

- A.** Exclusion **5.b.** does not apply to the coverages provided by this endorsement.
- B.** We will provide Medical Payments Coverage for "bodily injury" sustained while "occupying", or when struck by, any vehicle (other than "your covered auto") which is furnished or available for the regular use of the named individual.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

COVERAGE FOR DAMAGE TO YOUR AUTO (MAXIMUM LIMIT OF LIABILITY)

SCHEDULE

1. Description Of Vehicle:				
2. Description Of Vehicle:				
3. Description Of Vehicle:				
Vehicle	Coverages	Limit Of Liability		Premium
	Collision			
1.		\$	Less \$	Deductible \$
2.		\$	Less \$	Deductible \$
3.		\$	Less \$	Deductible \$
	Other Than Collision			
1.		\$	Less \$	Deductible \$
2.		\$	Less \$	Deductible \$
3.		\$	Less \$	Deductible \$
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.				

NOTICE

Coverage is not provided on an agreed value basis. The amount shown in the Schedule or in the Declarations is not necessarily the amount you will receive at the time of loss or damage for the described property. PLEASE refer to the Limit Of Liability Provision below.

With respect to the coverage(s) shown as applicable to a vehicle described in the Schedule or in the Declarations, the **Limit Of Liability** Provision in Part D is replaced by the following:

Limit Of Liability

- A. Our limit of liability for loss will be the least of the:
 1. Amount shown in the Schedule or in the Declarations;
 2. Actual cash value of the stolen or damaged property; or
 3. Amount necessary to repair or replace the property with other property of like kind and quality.

Our payment for loss will be reduced by any applicable deductible shown in the Schedule or in the Declarations. If loss to more than one "your covered auto" results from the same "collision", only the highest applicable deductible will apply.

- B. An adjustment for depreciation and physical condition will be made in determining actual cash value in the event of a total loss.
- C. If a repair or replacement results in better than like kind or quality, we will not pay for the amount of the betterment.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

UNDERINSURED MOTORISTS COVERAGE

SCHEDULE

1. Description Of Your Covered Auto:			
2. Description Of Your Covered Auto:			
3. Description Of Your Covered Auto:			
Auto	Limit Of Liability		Premium
1.	\$ \$	Each Person Each Accident	\$
2.	\$ \$	Each Person Each Accident	\$
3.	\$ \$	Each Person Each Accident	\$
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.			

With respect to the coverage provided by this endorsement, the provisions of the Policy apply unless modified by the endorsement.

INSURING AGREEMENT

A. We will pay compensatory damages which an "insured" is legally entitled to recover from the owner or operator of an "underinsured motor vehicle" because of "bodily injury":

1. Sustained by an "insured"; and
2. Caused by an accident.

The owner's or operator's liability for these damages must arise out of the ownership, maintenance or use of the "underinsured motor vehicle".

We will pay under this coverage only if **1.** or **2.** below applies:

1. The limits of liability under any bodily injury liability bonds or policies applicable to the "underinsured motor vehicle" have been exhausted by payment of judgments or settlements; or
2. A tentative settlement has been made between an "insured" and the insurer of the "underinsured motor vehicle" and we:
 - a. Have been given prompt written notice of such tentative settlement; and

b. Advance payment to the "insured" in an amount equal to the tentative settlement within 30 days after receipt of notification.

B. "Insured" as used in this endorsement means:

1. You or any "family member";
2. Any other person "occupying" "your covered auto"; or
3. Any person for damages that person is entitled to recover because of "bodily injury" to which this coverage applies sustained by a person described in **1.** or **2.** above.

C. "Underinsured motor vehicle" means a land motor vehicle or trailer of any type to which a bodily injury liability bond or policy applies at the time of the accident but its limit for bodily injury liability is less than the limit of liability for this coverage.

However, "underinsured motor vehicle" does not include any vehicle or equipment:

1. To which a bodily injury liability bond or policy applies at the time of the accident but its limit for bodily injury liability is less than the minimum limit for bodily injury liability specified by the financial responsibility law of the state in which "your covered auto" is principally garaged.

2. Owned by or furnished or available for the regular use of you or any "family member".
 3. Owned by any governmental unit or agency.
 4. Operated on rails or crawler treads.
 5. Designed mainly for use off public roads while not upon public roads.
 6. While located for use as a residence or premises.
 7. Owned or operated by a person qualifying as a self-insurer under any applicable motor vehicle law.
 8. To which a bodily injury liability bond or policy applies at the time of the accident but the bonding or insuring company:
 - a. Denies coverage; or
 - b. Is or becomes insolvent.
- b. Being used in connection with such personal vehicle sharing program by anyone other than you or any "family member".
 4. While "occupying", or when struck by, any vehicle which is designed or can be used for flight.
- C. This coverage shall not apply directly or indirectly to benefit any insurer or self-insurer under any of the following or similar law:
 1. Workers' compensation law; or
 2. Disability benefits law.
 - D. We do not provide Underinsured Motorists Coverage for punitive or exemplary damages.

EXCLUSIONS

- A. We do not provide Underinsured Motorists Coverage for "bodily injury" sustained:
 1. By an "insured" while "occupying", or when struck by, any motor vehicle owned by that "insured" which is not insured for this coverage under this Policy. This includes a trailer of any type used with that vehicle.
 2. By any "family member" while "occupying", or when struck by, any motor vehicle you own which is insured for this coverage on a primary basis under any other policy.
 - B. We do not provide Underinsured Motorists Coverage for "bodily injury" sustained by any "insured":
 1. While "occupying" "your covered auto" when it is being used as a public or livery conveyance. This includes but is not limited to any period of time "your covered auto" is being used by any "insured" who is logged into a "transportation network platform" as a driver, whether or not a passenger is "occupying" the vehicle.
This exclusion **(B.1.)** does not apply:
 - a. To a share-the-expense car pool; or
 - b. While "your covered auto" is being used for volunteer or charitable purposes.
 2. Using a vehicle without a reasonable belief that that "insured" is entitled to do so. This exclusion **(B.2.)** does not apply to a "family member" using "your covered auto" which is owned by you.
 3. While "occupying", or when struck by, "your covered auto" while:
 - a. Enrolled in a personal vehicle sharing program under the terms of a written agreement; and
 - b. Being used in connection with such personal vehicle sharing program by anyone other than you or any "family member".
- This is the most we will pay regardless of the number of:
1. "Insureds";
 2. Claims made;
 3. Vehicles or premiums shown in the Schedule or in the Declarations; or
 4. Vehicles involved in the accident.
- B. The limit of liability shall be reduced by all sums paid because of the "bodily injury" by or on behalf of persons or organizations who may be legally responsible. This includes all sums paid under Part **A** of this Policy.
 - C. No one will be entitled to receive duplicate payments for the same elements of loss under this coverage and Part **A**, Part **B** or Part **C** of this Policy.
 - D. We will not make a duplicate payment under this coverage for any element of loss for which payment has been made by or on behalf of persons or organizations who may be legally responsible.
 - E. We will not pay for any element of loss if a person is entitled to receive payment for the same element of loss under any of the following or similar law:
 1. Workers' compensation law; or

2. Disability benefits law.

OTHER INSURANCE

If there is other applicable insurance available under one or more policies or provisions of coverage that is similar to the insurance provided by this endorsement:

1. Any recovery for damages under all such policies or provisions of coverage may equal but not exceed the highest applicable limit for any one vehicle under any insurance providing coverage on either a primary or excess basis.
2. Any insurance we provide with respect to a vehicle you do not own, including any vehicle while used as a temporary substitute for "your covered auto", shall be excess over any collectible insurance providing such coverage on a primary basis.
3. If the coverage under this Policy is provided:
 - a. On a primary basis, we will pay only our share of the loss that must be paid under insurance providing coverage on a primary basis. Our share is the proportion that our limit of liability bears to the total of all applicable limits of liability for coverage provided on a primary basis.
 - b. On an excess basis, we will pay only our share of the loss that must be paid under insurance providing coverage on an excess basis. Our share is the proportion that our limit of liability bears to the total of all applicable limits of liability for coverage provided on an excess basis.

ARBITRATION

- A. If we and an "insured" do not agree:
 1. Whether that "insured" is legally entitled to recover damages; or
 2. As to the amount of damages which are recoverable by that "insured";from the owner or operator of an "underinsured motor vehicle", then the matter may be arbitrated. However, disputes concerning coverage under this endorsement may not be arbitrated.

Both parties must agree to arbitration. If so agreed, each party will select an arbitrator. The two arbitrators will select a third. If they cannot agree within 30 days, either may request that selection be made by a judge of a court having jurisdiction.
- B. Each party will:
 1. Pay the expenses it incurs; and
 2. Bear the expenses of the third arbitrator equally.

- C. Unless both parties agree otherwise, arbitration will take place in the county in which the "insured" lives. Local rules of law as to procedure and evidence will apply. A decision agreed to by at least two of the arbitrators will be binding as to:

1. Whether the "insured" is legally entitled to recover damages; and
2. The amount of damages. This applies only if the amount does not exceed the minimum limit for bodily injury liability specified by the financial responsibility law of the state in which "your covered auto" is principally garaged. If the amount exceeds that limit, either party may demand the right to a trial. This demand must be made within 60 days of the arbitrators' decision. If this demand is not made, the amount of damages agreed to by the arbitrators will be binding.

ADDITIONAL DUTIES

A person seeking coverage under this endorsement must also promptly:

1. Send us copies of the legal papers if a suit is brought; and
2. Notify us in writing of a tentative settlement between the "insured" and the insurer of the "underinsured motor vehicle" and allow us 30 days to advance payment to that "insured" in an amount equal to the tentative settlement to preserve our rights against the insurer, owner or operator of such "underinsured motor vehicle".

GENERAL PROVISIONS

The following is added to the **Our Right To Recover Payment** Provision in Part F:

Our rights do not apply under Paragraph A. with respect to Underinsured Motorists Coverage if we:

1. Have been given prompt written notice of a tentative settlement between an "insured" and the insurer of an "underinsured motor vehicle"; and
2. Fail to advance payment to the "insured" in an amount equal to the tentative settlement within 30 days after receipt of notification.

If we advance payment to the "insured" in an amount equal to the tentative settlement within 30 days after receipt of notification:

1. That payment will be separate from any amount the "insured" is entitled to recover under the provisions of Underinsured Motorists Coverage; and
2. We also have a right to recover the advanced payment.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCESS ELECTRONIC EQUIPMENT COVERAGE

SCHEDULE

Coverage is provided where a premium and Limit of Liability are shown for the coverage.

1. Description Of Vehicle:			
2. Description Of Vehicle:			
3. Description Of Vehicle:			
Vehicle	Limit Of Liability		Premium
	Excess Electronic Equipment	Tapes, Records, Discs And Other Media Only	
1.	\$	\$200	\$
2.	\$	\$200	\$
3.	\$	\$200	\$
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.			

NOTICE

The amount shown in the Schedule or in the Declarations is not necessarily the amount you will receive at the time of loss or damage for the described property. PLEASE refer to the Limit Of Liability Provisions below.

With respect to the coverage provided by this endorsement, the provisions of the Policy apply unless modified by the endorsement.

I. Excess Electronic Equipment

The following is added to Paragraph A. of the Limit Of Liability Provision of Part D:

In the event of a loss to a "non-owned auto", or to a "your covered auto" shown in the Schedule or in the Declarations for which Excess Electronic Equipment Coverage applies:

The most we will pay for loss to electronic equipment that reproduces, receives or transmits audio, visual or data signals that is permanently installed in the auto in locations not used by the auto manufacturer for installation of such equipment is increased from \$1,000 to the amount shown in the Schedule or in the Declarations.

II. Coverage For Tapes, Records, Discs And Other Media

- A. Exclusion 5. of Part D – Coverage For Damage To Your Auto does not apply to the extent that coverage is provided under this endorsement for tapes, records, discs or other media.
- B. We will also pay, without application of a deductible, for direct and accidental loss to tapes, records, discs or other media if they are:
 - 1. Owned by you or any "family member"; and
 - 2. In or upon "your covered auto" or any "non-owned auto" at the time of the loss.

C. With respect to **Coverage For Tapes, Records, Discs And Other Media**, the **Limit Of Liability** Provision of Part **D** is replaced by the following:

Limit Of Liability

1. Our limit of liability for the total of all losses to tapes, records, discs or other media, as a result of any one occurrence, shall be the least of:
 - a. \$200;
 - b. The actual cash value of the stolen or damaged property; or
 - c. The amount necessary to repair or replace the property with other property of like kind and quality.

If Excess Electronic Equipment Coverage is purchased, the limit of liability applicable for losses to tapes, records, discs or other media under this endorsement is in addition to any limits of liability applicable to Excess Electronic Equipment Coverage.

2. An adjustment for depreciation and physical condition will be made in determining actual cash value in the event of a total loss.
3. If a repair or replacement results in better than like kind or quality, we will not pay for the amount of the betterment.

SAMPLE

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCESS CUSTOM EQUIPMENT COVERAGE

SCHEDULE

1. Description Of Vehicle:	
Excess Custom Equipment Coverage	
Limit Of Liability	Premium
\$	\$
2. Description Of Vehicle:	
Excess Custom Equipment Coverage	
Limit Of Liability	Premium
\$	\$
3. Description Of Vehicle:	
Excess Custom Equipment Coverage	
Limit Of Liability	Premium
\$	\$
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

With respect to coverage provided by this endorsement, the provisions of the Custom Equipment Exclusion Endorsement apply unless modified by this endorsement.

Part D – Coverage For Damage To Your Auto is amended as follows with respect to a "non-owned auto" or to "your covered auto" shown in the Schedule or in the Declarations for which Excess Custom Equipment Coverage applies:

A. Exclusion 10. is replaced by the following:

We will not pay for:

10. Loss to any "custom equipment" in or upon "your covered auto" or any "non-owned auto".

This exclusion (10.) does not apply to "custom equipment" in or upon:

- a. "Your covered auto" up to the limit for Excess Custom Equipment Coverage shown as applicable to that vehicle in the Schedule or in the Declarations.

- b. Any "non-owned auto" up to the highest limit for Excess Custom Equipment Coverage shown in the Schedule or in the Declarations.

B. The following is added to Paragraph A. of the **Limit Of Liability** Provision:

The most we will pay for loss to any "custom equipment" in or upon:

- 1. "Your covered auto" is increased from \$1,500 to the limit for Excess Custom Equipment Coverage shown as applicable to that vehicle in the Schedule or in the Declarations.
- 2. Any "non-owned auto" is increased from \$1,500 to the highest limit for Excess Custom Equipment Coverage shown in the Schedule or in the Declarations.

C. This coverage does not apply to furnishings or equipment that are excluded from coverage under Exclusion 4., 5., 7. or 9. of Part D.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

LIMITED MEXICO COVERAGE

WARNING

AUTO ACCIDENTS IN MEXICO ARE SUBJECT TO THE LAWS OF MEXICO, NOT THE LAWS OF THE UNITED STATES. UNDER MEXICAN LAW, AUTO ACCIDENTS MAY BE CONSIDERED A CRIMINAL OFFENSE AS WELL AS A CIVIL MATTER.

THE COVERAGE WE PROVIDE YOU BY THIS ENDORSEMENT MAY NOT MEET MEXICAN AUTO INSURANCE REQUIREMENTS.

YOU ARE REQUIRED TO PURCHASE LIABILITY INSURANCE THROUGH A LICENSED MEXICAN INSURANCE COMPANY FOR THIS ENDORSEMENT TO APPLY.

SCHEDULE

	Premium
Limited Mexico Coverage	\$
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

With respect to the coverage provided by this endorsement, the provisions of the Policy apply unless modified by the endorsement.

I. Definitions

The **Definitions** Section is amended as follows:

- A.** "Your covered auto" means:
 - 1. Any vehicle shown in the Declarations.
 - 2. A "newly acquired auto".
 - 3. Any "trailer" you own.
- B.** Paragraph 1. of the definition of "newly acquired auto" is replaced with the following:
 - 1. "Newly acquired auto" means any of the following types of vehicles you become the owner of during the policy period, and the vehicle is principally garaged and used in the United States:
 - a. A private passenger auto; or
 - b. A pickup or van that:
 - (1) Has a Gross Vehicle Weight Rating of 10,000 lbs. or less; and

(2) Is not used for the delivery or transportation of goods and materials unless such use is:

- (a) Incidental to your "business" of installing, maintaining or repairing furnishings or equipment; or
- (b) For farming or ranching.

II. Coverage

If afforded under this Policy, all Liability, Medical Payments, Uninsured Motorists, Damage To Your Auto and No-Fault Coverage is extended to apply to accidents and losses which occur in Mexico within 25 miles of the United States border. This extension of coverage only applies while an "insured" seeking coverage under this endorsement is in Mexico on a trip of 10 days or less.

Our duty to defend under Liability Coverage will only apply if:

- 1. The original suit for damages is brought in the United States; and

2. The suit does not involve a Mexican citizen or resident.

III. Additional Exclusions

- A. With respect to any coverage afforded under this endorsement, we do not provide coverage to any "insured":
 1. If liability insurance from a licensed Mexican Insurance Company is not in force at the time of the accident or loss;
 2. While "occupying" an auto other than "your covered auto"; or
 3. Who is a citizen or resident of Mexico. This exclusion **(A.3.)** does not apply to loss payable under Damage To Your Auto Coverage if the accident arises out of the operation of "your covered auto" by a Mexican citizen or resident.

- B. We will not pay under Damage To Your Auto Coverage for auto repairs made in Mexico unless "your covered auto" cannot be driven in its damaged condition. If it cannot be driven, we will not pay more than the actual cash value of "your covered auto" as that value would be determined in the United States, and not in Mexico.

IV. Other Insurance

The insurance we provide by this endorsement will be excess over any other collectible insurance.

SAMPLE

With respect to the individuals and coverages listed in the Schedule or in the Declarations, the provisions of the Policy apply unless modified by the endorsement.

I. Definitions

- A.** The definitions of "you" and "your" are replaced by the following:

Throughout this Policy, "you" and "your" refer to the individual named in the Schedule or Declarations.

- B.** The definition of "family member" is replaced by the following:

"Family member" means a person related to you by blood, marriage or adoption, including a ward or foster child, if:

1. The person is a resident of your household; and
2. The Schedule or Declarations indicates that coverage is provided for the named individual and "family members".

- C.** The definition of "your covered auto" is replaced by the following:

"Your covered auto" means a "newly acquired auto".

- D.** The definition of "newly acquired auto" is replaced by the following:

"Newly acquired auto" means any of the following types of vehicles on the date you become the owner:

- a. A private passenger auto; or
- b. A pickup or van that:
 - (1) Has a Gross Vehicle Weight Rating of 10,000 lbs. or less; and
 - (2) Is not used for the delivery or transportation of goods and materials unless such use is:
 - (a) Incidental to your "business" of maintaining or repairing furnishings or equipment; or
 - (b) For farming or ranching.

This provision applies only:

- a. If you acquire the vehicle during the policy period; and
- b. For 14 days after you become the owner.

This insurance does not apply if other insurance applies with respect to newly acquired vehicles.

II. Part A – Liability Coverage

- A.** If the Schedule or Declarations indicates that Named Non-owner Coverage applies only to the named individual, the definition of "insured" is amended by deleting reference to "family member".

- B.** The **Exclusions** section is amended as follows:

1. Exclusion **B.2.** is replaced by the following:

We do not provide Liability Coverage for the ownership, maintenance or use of any vehicle, other than "your covered auto", which is owned by you.

2. The following exclusion is added:

We do not provide Liability Coverage for the ownership, maintenance or use of any vehicle, other than "your covered auto", which is furnished or available for your regular use.

However, this exclusion (2.) does not apply if the Schedule or Declarations indicates that the Vehicles Furnished Or Available For Regular Use Exclusion does not apply.

- C.** Paragraph **A.** of the **Limit Of Liability** Provision is replaced by the following:

- A.** The Limit Of Liability shown in the Schedule or in the Declarations for each person for Bodily Injury Liability is our maximum limit of liability for all damages, including damages for care, loss of services or death, arising out of "bodily injury" sustained by any one person in any one auto accident. Subject to this limit for each person, the Limit Of Liability shown in the Schedule or in the Declarations for each accident for Bodily Injury Liability is our maximum limit of liability for all damages for "bodily injury" resulting from any one auto accident.

The Limit Of Liability shown in the Schedule or in the Declarations for each accident for Property Damage Liability is our maximum limit of liability for all "property damage" resulting from any one auto accident.

This is the most we will pay regardless of the number of:

1. "Insureds";
2. Claims made;

3. Vehicles or premiums shown in the Schedule or in the Declarations; or
4. Vehicles involved in the auto accident.

D. The **Out Of State Coverage** Provision is replaced by the following:

Out Of State Coverage

If an auto accident to which this Policy applies occurs in any state or province other than where you reside, we will interpret your policy for that accident as follows:

If the state or province has:

1. A financial responsibility or similar law specifying limits of liability for "bodily injury" or "property damage" higher than the limit shown in the Schedule or in the Declarations, your policy will provide the higher specified limit.
2. A compulsory insurance or similar law requiring a nonresident to maintain insurance whenever the nonresident uses a vehicle in that state or province, your policy will provide at least the required minimum amounts and types of coverage.

No one will be entitled to duplicate payments for the same elements of loss.

III. Part B – Medical Payments Coverage

- A. If the Schedule or Declarations indicates that Named Non-owner Coverage applies only to the named individual, the definition of "insured" is amended by deleting reference to "family member".
- B. The **Exclusions** section is amended as follows:
 1. Exclusion 5. is replaced by the following:
We do not provide Medical Payments Coverage for any "insured" for "bodily injury" sustained while "occupying", or when struck by, any vehicle (other than "your covered auto") which is owned by you.

2. The following exclusion is added:

We do not provide Medical Payments Coverage for any "insured" for "bodily injury" sustained while "occupying", or when struck by, any vehicle, other than "your covered auto", which is furnished or available for your regular use.

However, this exclusion (2.) does not apply if the Schedule or Declarations indicates that the Vehicles Furnished Or Available For Regular Use Exclusion does not apply.

C. Paragraph A. of the **Limit Of Liability** Provision is replaced by the following:

- A. The Limit Of Liability shown in the Schedule or in the Declarations for this coverage is our maximum limit of liability for each person injured in any one accident. This is the most we will pay regardless of the number of:
 1. "Insureds";
 2. Claims made;
 3. Vehicles or premiums shown in the Schedule or in the Declarations; or
 4. Vehicles involved in the accident.

IV. Part C – Uninsured Motorists Coverage

- A. If the Schedule or Declarations indicates that Named Non-owner Coverage applies only to the named individual, the definition of "insured" is amended by deleting reference to "family member".
- B. The definition of "uninsured motor vehicle" is amended as follows:
 1. Any reference to the state in which "your covered auto" is principally garaged is amended to read the state in which you reside.
 2. If the Schedule or Declarations indicates that Named Non-owner Coverage applies to the Named Individual, the hit-and-run vehicle section is amended by deleting reference to "family member".

C. Limit Of Liability

1. Paragraph **A.** of the **Limit Of Liability** Provision is replaced by the following:

A. The Limit Of Liability shown in the Schedule or in the Declarations for each person for Uninsured Motorists Coverage is our maximum limit of liability for all damages, including damages for care, loss of services or death, arising out of "bodily injury" sustained by any one person in any one accident. Subject to this limit for each person, the Limit Of Liability shown in the Schedule or in the Declarations for each accident for Uninsured Motorists Coverage is our maximum limit of liability for all damages for "bodily injury" resulting from any one accident.

This is the most we will pay regardless of the number of:

- 1. "Insureds";
- 2. Claims made;
- 3. Vehicles or premiums shown in the Schedule or in the Declarations; or
- 4. Vehicles involved in the accident.

2. If the Schedule or Declarations also indicates an each accident limit of liability for Property Damage Uninsured Motorists Coverage, the following is added to Paragraph **A.**:

The Limit Of Liability shown in the Schedule or in the Declarations for each accident for Property Damage Uninsured Motorists Coverage is our maximum limit of liability for all damages to all property resulting from any one accident.

This is the most we will pay regardless of the number of:

- 1. "Insureds";
- 2. Claims made;
- 3. Vehicles or premiums shown in the Schedule or in the Declarations; or
- 4. Vehicles involved in the accident.

V. Part D – Coverage For Damage To Your Auto

A. If the Schedule or Declarations indicates that Named Non-owner Coverage applies only to the named individual, the definition of "non-owned auto" is amended by deleting reference to "family member".

B. The **Insuring Agreement** is replaced by the following:

Insuring Agreement

A. We will pay for direct and accidental loss to any "non-owned auto", including its equipment, minus any applicable deductible shown in the Schedule or in the Declarations. We will pay for loss to a "non-owned auto" caused by:

- 1. Other than "collision" only if the Schedule or Declarations indicates that Other Than Collision Coverage is provided.
- 2. "Collision" only if the Schedule or Declarations indicates that Collision Coverage is provided.

B. "Collision" means the upset of a "non-owned auto" or its impact with another vehicle or object.

Loss caused by the following is considered other than "collision":

- 1. Missiles or falling objects;
- 2. Fire;
- 3. Theft or larceny;
- 4. Explosion or earthquake;
- 5. Windstorm;
- 6. Hail, water or flood;
- 7. Malicious mischief or vandalism;
- 8. Riot or civil commotion;
- 9. Contact with bird or animal; or
- 10. Breakage of glass.

If breakage of glass is caused by a "collision", you may elect to have it considered a loss caused by "collision".

C. "Non-owned auto" means any private passenger auto, pickup, van or "trailer" not owned by or furnished or available for the regular use of you or any "family member" while in the custody of or being operated by you or any "family member".

However, if the Schedule or Declarations indicates that Coverage For Vehicles Furnished Or Available For Regular Use applies, then "non-owned auto" means any private passenger auto, pickup, van or "trailer" not owned by you or any "family member" while in the custody of or being operated by you or any "family member".

C. The **Transportation Expenses** Provision is replaced by the following:

Transportation Expenses

1. In addition, we will pay, without application of a deductible, up to a maximum of \$900 for expenses for which you become legally responsible in the event of loss to a "non-owned auto". However, the most we will pay for any expenses for loss of use is \$30 per day.
2. Subject to the provisions of Paragraph 1., if the loss is caused by:
 - a. A total theft of a "non-owned auto", we will pay only expenses incurred during the period:
 - (1) Beginning 48 hours after the theft; and
 - (2) Ending when the "non-owned auto" is returned to use or we pay for its loss.
 - b. Other than theft of a "non-owned auto", we will pay only expenses beginning when the auto is withdrawn from use for more than 24 hours.

Our payment will be limited to that period of time reasonably required to repair or replace the "non-owned auto".

D. The **Exclusions** section is amended as follows:

Exclusion 7. does not apply.

E. Paragraph **A.** of the **Limit Of Liability** Provision is replaced by the following:

- A. Our limit of liability for loss will be the least of the:
 1. Amount shown in the Schedule or in the Declarations;
 2. Actual cash value of the stolen or damaged property; or
 3. Amount necessary to repair or replace the property with other property of like kind and quality.

However, the most we will pay for loss to:

1. Any "non-owned auto" which is a trailer is \$1,500.
2. Electronic equipment that reproduces, receives or transmits audio, visual or data signals, which is permanently installed in the auto in locations not used by the auto manufacturer for installation of such equipment, is \$1,000.

F. The **Other Sources Of Recovery** Provision is replaced by the following:

Any insurance we provide with respect to a "non-owned auto" shall be excess over any other collectible source of recovery including, but not limited to.

1. Any coverage provided by the owner of the "non-owned auto".
2. Any other applicable physical damage insurance.
3. Any other source of recovery applicable to the loss.

VI. Underinsured Motorists Coverage

If the Schedule or Declarations indicates that Underinsured Motorists Coverage applies, the provisions of the Underinsured Motorists Coverage endorsement made a part of this Policy apply except as follows:

- A. If the Schedule or Declarations indicates that Named Non-owner Coverage applies only to the named individual, the definition of "insured" is amended by deleting reference to "family member".
- B. The definition of "underinsured motor vehicle" is amended as follows:

Any reference to the state in which "your covered auto" is principally garaged is amended to read the state in which you reside.

- C. If the Schedule or Declarations also indicates an each accident limit of liability for Property Damage Underinsured Motorists Coverage, the following is added to Paragraph **A.**:

The Limit Of Liability shown in the Schedule or in the Declarations for each accident for Property Damage Underinsured Motorists Coverage is our maximum limit of liability for all damages to all property resulting from any one accident.

This is the most we will pay regardless of the number of:

1. "Insureds";
2. Claims made;
3. Vehicles or premiums shown in the Schedule or in the Declarations; or
4. Vehicles involved in the accident.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MISCELLANEOUS TYPE VEHICLE ENDORSEMENT

2

SCHEDULE

1. Description And Type Of Vehicle: <input type="checkbox"/> If indicated to the left or in the Declarations, the Passenger Hazard Exclusion described below applies to the Vehicle described above in this Item 1.			
2. Description And Type Of Vehicle: <input type="checkbox"/> If indicated to the left or in the Declarations, the Passenger Hazard Exclusion described below applies to the Vehicle described above in this Item 2.			
3. Description And Type Of Vehicle: <input type="checkbox"/> If indicated to the left or in the Declarations, the Passenger Hazard Exclusion described below applies to the Vehicle described above in this Item 3.			
Coverage is provided where a premium and a limit of liability are shown for the coverage.			
Vehicle	Coverages	Limit Of Liability	Premium
	Liability		
1.	Bodily Injury	\$ \$	Each Person Each Accident
	Property Damage	\$	Each Accident
2.	Bodily Injury	\$ \$	Each Person Each Accident
	Property Damage	\$	Each Accident
3.	Bodily Injury	\$ \$	Each Person Each Accident
	Property Damage	\$	Each Accident
	Medical Payments		
1.		\$	Each Person
2.		\$	Each Person
3.		\$	Each Person

Vehicle	Coverages	Limit Of Liability		Premium
	Uninsured Motorists			
1.	Bodily Injury	\$	Each Person	\$
		\$	Each Accident	
	Property Damage	\$	Each Accident	\$
2.	Bodily Injury	\$	Each Person	\$
		\$	Each Accident	
	Property Damage	\$	Each Accident	\$
3.	Bodily Injury	\$	Each Person	\$
		\$	Each Accident	
	Property Damage	\$	Each Accident	\$
	Collision			
1.		\$	Less \$ Deductible	\$
2.		\$	Less \$ Deductible	\$
3.		\$	Less \$ Deductible	\$
	Other Than Collision			
1.		\$	Less \$ Deductible	\$
2.		\$	Less \$ Deductible	\$
3.		\$	Less \$ Deductible	\$
Total Premium				\$
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.				

NOTICE

For the Collision and Other Than Collision Coverages, the amount shown in the Schedule or in the Declarations is not necessarily the amount you will receive at the time of loss or damage for the described property. PLEASE refer to the Limit Of Liability Provision below.

With respect to the "miscellaneous type vehicles" and coverages described in the Schedule or in the Declarations, the provisions of the Policy apply unless modified by this endorsement.

I. Definitions

A. For the purpose of the coverage provided by this endorsement, "miscellaneous type vehicle" means a motor home, motorcycle or other similar type vehicle, all-terrain vehicle, dune buggy or golf cart.

B. The definition of "your covered auto" is replaced by the following:

"Your covered auto" means:

1. Any "miscellaneous type vehicle" shown in the Schedule or in the Declarations.

2. A "newly acquired auto".
3. Any "trailer".
4. Any "miscellaneous type vehicle" or auto you do not own while used as a temporary substitute for any other vehicle described in this definition which is out of normal use because of its:
 - a. Breakdown;
 - b. Repair;
 - c. Servicing;
 - d. Loss; or
 - e. Destruction.

This provision (4.) does not apply to Coverage For Damage To Your Auto.

C. Paragraph 1. of the definition of "newly acquired auto" is replaced by the following:

1. "Newly acquired auto" means any of the following types of vehicles you become the owner of during the policy period:
 - a. A private passenger auto;
 - b. A pickup or van, for which no other insurance policy provides coverage, that:
 - (1) Has a Gross Vehicle Weight Rating of 10,000 lbs. or less; and
 - (2) Is not used for the delivery or transportation of goods and materials unless such use is:
 - (a) Incidental to your "business" of installing, maintaining or repairing furnishings or equipment; or
 - (b) For farming or ranching; or
 - c. Any "miscellaneous type vehicle" of the same type shown in the Schedule or in the Declarations.

D. The following definition is added:

"Fungi" means any type or form of fungus, including mold or mildew and any mycotoxins, spores, scents, or by-products produced or released by fungi.

II. Part A – Liability Coverage

A. The definition of "insured" is replaced by the following:

"Insured" means:

1. You or any "family member" for the ownership, maintenance or use of "your covered auto".
2. Any person using "your covered auto".
3. For "your covered auto", any person or organization but only with respect to legal responsibility for acts or omissions of a person for whom coverage is afforded under this Part.

B. The **Exclusions** Section is amended as follows:

1. Exclusion **B.1.** is replaced by the following:
We do not provide Liability Coverage for the ownership, maintenance or use of any vehicle which:
 - a. Has fewer than four wheels; or
 - b. Is designed mainly for use off public roads.

This exclusion (**B.1.**) does not apply:

- a. While such vehicle is being used by an "insured" in a medical emergency;
 - b. To any "trailer"; or
 - c. To a vehicle insured for Liability Coverage under this endorsement.
2. The following exclusion applies under Part **A** to any vehicle for which the Schedule or Declarations indicates that the passenger hazard is excluded:

We do not provide Liability Coverage for any "insured" for "bodily injury" to any person while "occupying" the described "miscellaneous type vehicle".

III. Part B – Medical Payments Coverage

Exclusion 1. of Part **B** is replaced by the following:

We do not provide Medical Payments Coverage for any "insured" for "bodily injury" sustained while "occupying" any motorized vehicle having fewer than four wheels. However, this exclusion (1.) does not apply to a motorized vehicle having fewer than four wheels if it is insured for Medical Payments Coverage under this endorsement.

IV. Part D – Coverage For Damage To Your Auto

A. The following is added to the **Insuring Agreement**:

We will pay for direct and accidental loss to facilities or equipment designed to be used with a "your covered auto" shown in the Schedule or in the Declarations which is a motor home, while such facilities or equipment are in or attached to the motor home. Facilities or equipment include but are not limited to:

1. Cooking, dining, plumbing or refrigeration facilities;
2. Awnings or cabanas; or
3. Any other facilities or equipment designed to be used with a motor home.

B. The following is added to the definition of "non-owned auto":

3. Any motor home, motorcycle or other similar type vehicle, all-terrain vehicle, dune buggy or golf cart you do not own while used as a temporary substitute for "your covered auto" which is out of its normal use because of its:
 - a. Breakdown;
 - b. Repair;
 - c. Servicing;

- d. Loss; or
 - e. Destruction.
- C. The **Exclusions** Section is amended as follows:

1. Exclusion 7. does not apply to:
 - a. Any "miscellaneous type vehicle", shown in the Schedule or in the Declarations, which is a motor home; and
 - b. Facilities or equipment designed to be used with the described motor home while in or attached to the motor home.
 - c. Any motor home you do not own while used as a temporary substitute for "your covered auto" which is out of its normal use because of its:
 - (1) Breakdown;
 - (2) Repair;
 - (3) Servicing;
 - (4) Loss; or
 - (5) Destruction.
2. The following exclusions are added:
 - a. We will not pay for loss to:
 - (1) Clothing or luggage;
 - (2) Business or office equipment; or
 - (3) Articles which are sales samples or used in exhibitions.
 - b. This coverage does not apply to furnishings or equipment that are excluded from coverage under Exclusion 4., 5., 9. or 10. of Part D.

- c. We will not pay for loss due to "fungi", wet or dry rot, or bacteria, meaning the presence, growth, proliferation, spread or any activity of "fungi", wet or dry rot, or bacteria.

- D. With respect to the Coverage(s) shown as applicable to a vehicle described in the Schedule or in the Declarations, the **Limit Of Liability** Provision is replaced by the following:

Limit Of Liability

- A. Our limit of liability for loss will be the least of the:
 1. Amount shown in the Schedule or in the Declarations;
 2. Actual cash value of the stolen or damaged property; or
 3. Amount necessary to repair or replace the property with other property of like kind and quality.

Our payment for loss will be reduced by any applicable deductible shown in the Schedule or in the Declarations. If loss to more than one "your covered auto" results from the same "collision" only the highest applicable deductible will apply.

- B. An adjustment for depreciation and physical condition will be made in determining actual cash value in the event of a total loss.
- C. If a repair or replacement results in better than like kind or quality, we will not pay for the amount of the betterment.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

JOINT OWNERSHIP COVERAGE

SCHEDULE

Name Of Joint Owner(s):
Name And Address Of Joint Owner(s) If A Nonresident Relative:
Description Of Jointly Owned Vehicle(s):
1.
2.
3.
Additional Liability Coverage Exclusion:
<input type="checkbox"/> If indicated to the left or in the Declarations, the additional Liability Coverage exclusion under Section II. of this endorsement does not apply.
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

The provisions of the Policy apply unless modified by this endorsement.

I. Definitions

The **Definitions** Section is amended as follows:

- A.** For the purpose of the coverage provided by this endorsement, "you" and "your" refer to two or more:
 - 1. Individuals, other than spouses, residing in the same household; or
 - 2. "Nonresident relatives"; who jointly own:
 - 1. A private passenger auto; or
 - 2. A pickup or van that:
 - a. Has a Gross Vehicle Weight Rating of 10,000 lbs. or less; and
 - b. Is not used for the delivery or transportation of goods and materials unless such use is:
 - (1) Incidental to your "business" of installing, maintaining, or repairing furnishings or equipment; or

- (2) For farming or ranching.

- B.** The definition of "your covered auto" is replaced by the following:

"Your covered auto" means:

- 1. Any vehicle shown in the Schedule or in the Declarations.
- 2. A "newly acquired auto".
- 3. Any "trailer" you own.
- 4. Any auto or "trailer" you do not own while used as a temporary substitute for any other vehicle described in this definition which is out of normal use because of its:
 - a. Breakdown;
 - b. Repair;
 - c. Servicing;
 - d. Loss; or
 - e. Destruction.

This provision (4.) does not apply to Coverage For Damage To Your Auto.

C. The following definition is added:

"Nonresident relatives" means two or more persons related by blood, marriage or adoption who reside in separate households. This includes a ward or foster child.

II. Part A – Liability Coverage

The following exclusion is added to Part **A** unless the Schedule or Declarations indicates that such exclusion does not apply:

We do not provide Liability Coverage for the ownership, maintenance or use of any vehicle, other than "your covered auto" by any:

1. "Nonresident relative"; or
2. "Family member" of a "nonresident relative".

SAMPLE

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AUTO LOAN/LEASE COVERAGE

SCHEDULE

Description Of Your Covered Auto(s)	Other Than Collision Additional Premium	Collision Additional Premium
	\$	\$
	\$	\$
	\$	\$
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.		

With respect to the coverage provided by this endorsement, the provisions of the Policy apply unless modified by this endorsement.

A. In the event of a covered total loss to a "your covered auto" shown in the Schedule or in the Declarations for which a specific premium charge indicates that Auto Loan/Lease Coverage applies, we will pay any unpaid amount due on the lease or loan for "your covered auto" less:

1. The amount paid under Part **D** of the Policy; and
2. Any:
 - a. Overdue or any deferred lease/loan payments at the time of the loss;
 - b. Financial penalties imposed under a lease for excessive use, abnormal wear and tear or high mileage;

- c. Security deposits not refunded by a lessor;
- d. Costs for extended warranties, Credit Life Insurance, Health, Accident or Disability Insurance purchased with the loan or lease; and
- e. Carry-over balances from previous loans or leases.

B. Any insurance we provide with respect to the Auto Loan/Lease Coverage shall be excess over any other collectible source of recovery including but not limited to any coverage provided by or purchased from the lessor or any financial institution.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

COVERAGE FOR DAMAGE TO YOUR AUTO EXCLUSION ENDORSEMENT

With respect to the coverage provided by this endorsement, the provisions of the Policy apply unless modified by the endorsement.

I. Definitions

The following definition is added:

"Diminution in value" means the actual or perceived loss in market or resale value which results from a direct and accidental loss.

II. Part D – Coverage For Damage To Your Auto

The following exclusion is added:

We will not pay for:

Loss to "your covered auto" or any "non-owned auto" due to "diminution in value".

SAMPLE

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TRANSPORTATION NETWORK DRIVER COVERAGE (NO PASSENGER)

SCHEDULE

Transportation Network Platform(s)			
1. Description Of Vehicle:			
2. Description Of Vehicle:			
3. Description Of Vehicle:			
Coverage is provided where a premium is shown for the coverage.			
Coverages	Premium		
	Vehicle 1	Vehicle 2	Vehicle 3
Liability	\$	\$	\$
Medical Payments	\$	\$	\$
Uninsured Motorists	\$	\$	\$
Collision	\$	\$	\$
Other Than Collision	\$	\$	\$
Underinsured Motorists	\$	\$	\$
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.			

The provisions of the Policy apply unless modified by this endorsement.

I. Part A – Liability Coverage

Exclusion **A.5.** is replaced by the following:

We do not provide Liability Coverage for any "insured":

- 5. For that "insured's" liability arising out of the ownership or operation of a vehicle while it is being used as a public or livery conveyance. This includes but is not limited to any period of time a vehicle is being used by any "insured" who is logged into a "transportation network platform" as a driver, whether or not a passenger is "occupying" the vehicle.

This exclusion (**A.5.**) does not apply to:

- a. A share-the-expense car pool;

- b. The ownership or operation of a vehicle while it is being used for volunteer or charitable purposes; or
- c. The ownership or operation of a vehicle during any period of time such vehicle is being used by an "insured" who is logged into a "transportation network platform" described in the Schedule or in the Declarations as a driver and a passenger is not "occupying" the vehicle if:
 - (1) Such vehicle is described in the Schedule or in the Declarations; and
 - (2) A specific premium charge indicates that coverage under this Part is provided for such vehicle.

II. Part B – Medical Payments Coverage

Exclusion 2. is replaced by the following:

We do not provide Medical Payments Coverage for any "insured" for "bodily injury":

2. Sustained while "occupying" "your covered auto" when it is being used as a public or livery conveyance. This includes but is not limited to any period of time "your covered auto" is being used by any "insured" who is logged into a "transportation network platform" as a driver, whether or not a passenger is "occupying" the vehicle.

This exclusion (2.) does not apply:

- a. To a share-the-expense car pool;
- b. While "your covered auto" is being used for volunteer or charitable purposes; or
- c. While "occupying" "your covered auto" during any period of time such vehicle is being used by an "insured" who is logged into a "transportation network platform" described in the Schedule or in the Declarations as a driver and a passenger is not "occupying" the vehicle if:

- (1) Such vehicle is described in the Schedule or in the Declarations; and
- (2) A specific premium charge indicates that coverage under this Part is provided for such vehicle.

III. Part C – Uninsured Motorists Coverage

The Uninsured Motorists Coverage Exclusion for "bodily injury" sustained by any "insured" while "occupying" "your covered auto" when it is being used as a public or livery conveyance is replaced by the following:

We do not provide Uninsured Motorists Coverage for "bodily injury" sustained by any "insured":

While "occupying" "your covered auto" when it is being used as a public or livery conveyance. This includes but is not limited to any period of time "your covered auto" is being used by any "insured" who is logged into a "transportation network platform" as a driver, whether or not a passenger is "occupying" the vehicle.

This exclusion does not apply:

- a. To a share-the-expense car pool;

b. While "your covered auto" is being used for volunteer or charitable purposes; or

c. While "occupying" "your covered auto" during any period of time such vehicle is being used by an "insured" who is logged into a "transportation network platform" described in the Schedule or in the Declarations as a driver and a passenger is not "occupying" the vehicle if:

- (1) Such vehicle is described in the Schedule or in the Declarations; and
- (2) A specific premium charge indicates that coverage under this Part is provided for such vehicle.

IV. Part D – Coverage For Damage To Your Auto

Exclusion 1. is replaced by the following:

We will not pay for:

1. Loss to "your covered auto" or any "non-owned auto" which occurs while it is being used as a public or livery conveyance. This includes but is not limited to any period of time "your covered auto" or any "non-owned auto" is being used by any person who is logged into a "transportation network platform" as a driver, whether or not a passenger is "occupying" the vehicle.

This exclusion (1.) does not apply:

- a. To a share-the-expense car pool;
- b. While "your covered auto" or any "non-owned auto" is being used for volunteer or charitable purposes; or
- c. While such vehicle is being used during any period of time a person is logged into a "transportation network platform" described in the Schedule or in the Declarations as a driver and a passenger is not "occupying" the vehicle if:

- (1) Such vehicle is described in the Schedule or in the Declarations; and
- (2) A specific premium charge indicates that coverage under this Part is provided for such vehicle.

V. Underinsured Motorists Coverage Endorsement

If the Underinsured Motorists Coverage endorsement is attached to the Policy, the Underinsured Motorists Coverage Exclusion for "bodily injury" sustained by any "insured" while "occupying" "your covered auto" when it is being used as a public or livery conveyance is replaced by the following:

We do not provide Underinsured Motorists Coverage for "bodily injury" sustained by any "insured":

While "occupying" "your covered auto" when it is being used as a public or livery conveyance. This includes but is not limited to any period of time "your covered auto" is being used by any "insured" who is logged into a "transportation network platform" as a driver, whether or not a passenger is "occupying" the vehicle.

This exclusion does not apply:

- a. To a share-the-expense car pool;

- b. While "your covered auto" is being used for volunteer or charitable purposes; or

- c. While "occupying" "your covered auto" during any period of time such vehicle is being used by an "insured" who is logged into a "transportation network platform" described in the Schedule or in the Declarations as a driver and a passenger is not "occupying" the vehicle if:

- (1) Such vehicle is described in the Schedule or in the Declarations; and

- (2) A specific premium charge indicates that Underinsured Motorists Coverage is provided for such vehicle.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

LIMITED TRANSPORTATION NETWORK DRIVER COVERAGE (NO PASSENGER)

SCHEDULE

Transportation Network Platform(s)			
1. Description Of Vehicle:			
2. Description Of Vehicle:			
3. Description Of Vehicle:			
Coverage is provided where a premium is shown for the coverage.			
Coverages	Premium		
	Vehicle 1	Vehicle 2	Vehicle 3
Liability	\$	\$	\$
Medical Payments	\$	\$	\$
Uninsured Motorists	\$	\$	\$
Collision	\$	\$	\$
Other Than Collision	\$	\$	\$
Underinsured Motorists	\$	\$	\$
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.			

The provisions of the Policy apply unless modified by this endorsement.

I. Part A – Liability Coverage

Exclusion **A.5.** is replaced by the following:

We do not provide Liability Coverage for any "insured":

- 5. For that "insured's" liability arising out of the ownership or operation of a vehicle while it is being used as a public or livery conveyance. This includes but is not limited to any period of time a vehicle is being used by any "insured" who is logged into a "transportation network platform" as a driver, whether or not a passenger is "occupying" the vehicle.

This exclusion (**A.5.**) does not apply to:

- a. A share-the-expense car pool;

- b. The ownership or operation of a vehicle while it is being used for volunteer or charitable purposes; or
- c. The ownership or operation of a vehicle during any period of time such vehicle is being used by an "insured" who is logged into a "transportation network platform" described in the Schedule or in the Declarations as a driver, a passenger is not "occupying" the vehicle and that driver has not accepted a request through the "transportation network platform" to transport a passenger if:
 - (1) Such vehicle is described in the Schedule or in the Declarations; and

- (2) A specific premium charge indicates that coverage under this Part is provided for such vehicle.

II. Part B – Medical Payments Coverage

Exclusion 2. is replaced by the following:

We do not provide Medical Payments Coverage for any "insured" for "bodily injury":

2. Sustained while "occupying" "your covered auto" when it is being used as a public or livery conveyance. This includes but is not limited to any period of time "your covered auto" is being used by any "insured" who is logged into a "transportation network platform" as a driver, whether or not a passenger is "occupying" the vehicle.

This exclusion (2.) does not apply:

- a. To a share-the-expense car pool;
- b. While "your covered auto" is being used for volunteer or charitable purposes; or
- c. While "occupying" "your covered auto" during any period of time such vehicle is being used by an "insured" who is logged into a "transportation network platform" described in the Schedule or in the Declarations as a driver, a passenger is not "occupying" the vehicle and that driver has not accepted a request through the "transportation network platform" to transport a passenger if:
 - (1) Such vehicle is described in the Schedule or in the Declarations; and
 - (2) A specific premium charge indicates that coverage under this Part is provided for such vehicle.

III. Part C – Uninsured Motorists Coverage

The Uninsured Motorists Coverage Exclusion for "bodily injury" sustained by any "insured" while "occupying" "your covered auto" when it is being used as a public or livery conveyance is replaced by the following:

We do not provide Uninsured Motorists Coverage for "bodily injury" sustained by any "insured":

While "occupying" "your covered auto" when it is being used as a public or livery conveyance. This includes but is not limited to any period of time "your covered auto" is being used by any "insured" who is logged into a "transportation network platform" as a driver, whether or not a passenger is "occupying" the vehicle.

This exclusion does not apply:

- a. To a share-the-expense car pool;
- b. While "your covered auto" is being used for volunteer or charitable purposes; or
- c. While "occupying" "your covered auto" during any period of time such vehicle is being used by an "insured" who is logged into a "transportation network platform" described in the Schedule or in the Declarations as a driver, a passenger is not "occupying" the vehicle and that driver has not accepted a request through the "transportation network platform" to transport a passenger if:
 - (1) Such vehicle is described in the Schedule or in the Declarations; and
 - (2) A specific premium charge indicates that coverage under this Part is provided for such vehicle.

IV. Part D – Coverage For Damage To Your Auto

Exclusion 1. is replaced by the following:

We will not pay for:

1. Loss to "your covered auto" or any "non-owned auto" which occurs while it is being used as a public or livery conveyance. This includes but is not limited to any period of time "your covered auto" or any "non-owned auto" is being used by any person who is logged into a "transportation network platform" as a driver, whether or not a passenger is "occupying" the vehicle.

This exclusion (1.) does not apply:

- a. To a share-the-expense car pool;
- b. While "your covered auto" or any "non-owned auto" is being used for volunteer or charitable purposes; or
- c. While such vehicle is being used during any period of time a person is logged into a "transportation network platform" described in the Schedule or in the Declarations as a driver, a passenger is not "occupying" the vehicle and that driver has not accepted a request through the "transportation network platform" to transport a passenger if:
 - (1) Such vehicle is described in the Schedule or in the Declarations; and
 - (2) A specific premium charge indicates that coverage under this Part is provided for such vehicle.

V. Underinsured Motorists Coverage Endorsement

If the Underinsured Motorists Coverage endorsement is attached to the Policy, the Underinsured Motorists Coverage Exclusion for "bodily injury" sustained by any "insured" while "occupying" "your covered auto" when it is being used as a public or livery conveyance is replaced by the following:

We do not provide Underinsured Motorists Coverage for "bodily injury" sustained by any "insured":

While "occupying" "your covered auto" when it is being used as a public or livery conveyance. This includes but is not limited to any period of time "your covered auto" is being used by any "insured" who is logged into a "transportation network platform" as a driver, whether or not a passenger is "occupying" the vehicle.

This exclusion does not apply:

- a. To a share-the-expense car pool;

- b. While "your covered auto" is being used for volunteer or charitable purposes; or

- c. While "occupying" "your covered auto" during any period of time such vehicle is being used by an "insured" who is logged into a "transportation network platform" described in the Schedule or in the Declarations as a driver, a passenger is not "occupying" the vehicle and that driver has not accepted a request through the "transportation network platform" to transport such passenger if:

- (1) Such vehicle is described in the Schedule or in the Declarations; and
- (2) A specific premium charge indicates that Underinsured Motorists Coverage is provided for such vehicle.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

FULL SAFETY GLASS COVERAGE

SCHEDULE

Description Of Your Covered Auto	Full Safety Glass Coverage Premium
	\$
	\$
	\$
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

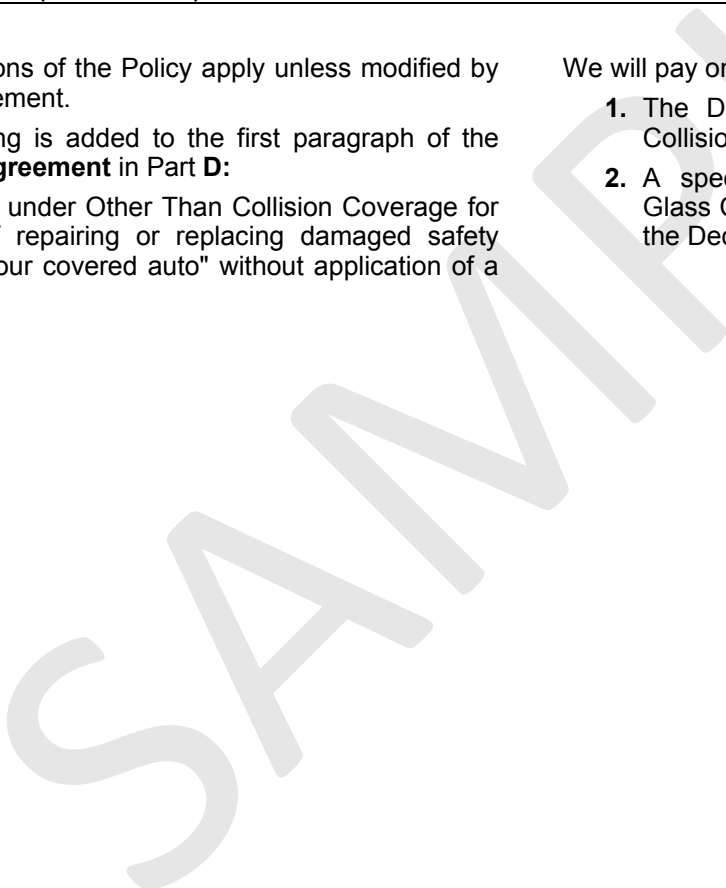
The provisions of the Policy apply unless modified by this endorsement.

The following is added to the first paragraph of the **Insuring Agreement** in Part **D**:

We will pay under Other Than Collision Coverage for the cost of repairing or replacing damaged safety glass on "your covered auto" without application of a deductible.

We will pay only if:

1. The Declarations indicates that Other Than Collision Coverage applies; and
2. A specific premium charge for Full Safety Glass Coverage is shown in the Schedule or in the Declarations for "your covered auto".



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

REPLACEMENT COST COVERAGE

SCHEDULE

Description Of Your Covered Auto(s)	Replacement Cost Coverage Premium
	\$
	\$
	\$
	\$

With respect to the coverage provided by this endorsement, the provisions of the Policy apply unless modified by this endorsement.

I. Definitions

The definition of "your covered auto" is replaced by the following:

"Your covered auto" means:

1. A vehicle described in the Schedule or in the Declarations; and
2. A specific premium charge indicates that Replacement Cost Coverage is provided for such vehicle.

However, "your covered auto" does not include:

- a. A "newly acquired auto";
- b. Any "trailer" you own;
- c. A leased vehicle; or
- d. A "non-owned auto".

II. Part D – Coverage For Damage To Your Auto

A. Insuring Agreement

The following is added to the **Insuring Agreement**:

In the event of a total loss to "your covered auto" shown in the Schedule or in the Declarations for which a specific premium charge indicates that Replacement Cost Coverage applies, we will pay to replace such "your covered auto", minus any applicable deductible shown in the Declarations, if:

1. The Declarations indicates that Other Than Collision or Collision Coverage is provided for that auto;

2. The total loss occurs within 24 months after you become the original owner of that auto; and
3. The mileage shown in the odometer of that auto at the time of the loss is less than 24,000 miles.

B. Limit Of Liability

The **Limit Of Liability** Provision under Part D is replaced by the following:

Limit Of Liability

1. Our limit of liability will be the amount to replace a "your covered auto" shown in the Schedule or in the Declarations with a new vehicle of the same make, model, trim level and equipment, or an equivalent.

If a new vehicle with the same make, model, trim level and equipment, or an equivalent is not available, our limit of liability will be the amount to replace "your covered auto" with a new vehicle that is:

- a. Similar in class, body type, size and equipment; and
- b. Similar in price to the price you paid for "your covered auto" that is being replaced but not to exceed an amount equal to 110% of the Manufacturer's Suggested Retail Price (MSRP) of the "your covered auto" being replaced.

2. No one will be entitled to receive duplicate payments for the same elements of loss under the coverage provided by this endorsement and coverage provided by Part D of this Policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

KEY REPLACEMENT AND RELATED SERVICES COVERAGE

SCHEDULE

1. Description Of Your Covered Auto:	
Key Replacement And Related Services Coverage	
Limit Of Liability	Premium
\$	\$
2. Description Of Your Covered Auto:	
Key Replacement And Related Services Coverage	
Limit Of Liability	Premium
\$	\$
3. Description Of Your Covered Auto:	
Key Replacement And Related Services Coverage	
Limit Of Liability	Premium
\$	\$
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

With respect to the coverage provided by this endorsement, the provisions of the Policy apply unless modified by the endorsement.

INSURING AGREEMENT

With respect to a "your covered auto" shown in the Schedule or in the Declarations for which a specific premium charge indicates that Key Replacement And Related Services Coverage is afforded, we will pay, without application of a deductible, for:

1. Reasonable expenses incurred by you or any "family member" for services rendered to obtain access to "your covered auto" if your key or key fob for "your covered auto" is lost or stolen.
2. The cost to replace and program key(s) or key fob(s) for "your covered auto" if such item(s) is lost or stolen.

LIMIT OF LIABILITY

The Limit Of Liability for Key Replacement And Related Services Coverage shown in the Schedule or in the Declarations for each "your covered auto" is our maximum limit of liability for all expenses or loss incurred during the policy period.

This is the most we will pay regardless of the number of:

1. Claims made; or
2. Vehicles or premiums shown in the Schedule or in the Declarations.

OTHER SOURCES OF RECOVERY

Any insurance we provide with respect to Key Replacement And Related Services Coverage shall be excess over any other collectible source of recovery including but not limited to:

A. Any coverage provided by:

1. Vehicle warranties; or

2. Automobile clubs.

B. Any other source of recovery applicable to the loss.

SAMPLE

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CHILD RESTRAINT SYSTEM COVERAGE

2

SCHEDULE

Child Restraint System Coverage	
Limit Of Liability	Premium
\$	\$
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

With respect to the coverage provided by this endorsement, the provisions of the Policy apply unless modified by the endorsement.

PART D – COVERAGE FOR DAMAGE TO YOUR AUTO

A. Insuring Agreement

The following is added to Paragraph **A.** of the **Insuring Agreement**:

We will pay, without application of a deductible, the cost to replace a child restraint system as a result of direct and accidental loss to a "your covered auto" or any "non-owned auto".

The coverage provided by this endorsement applies only if:

1. The Declarations indicates that Other Than Collision and Collision Coverages are provided to at least one "your covered auto"; and
2. The child restraint system is:
 - a. Inside a "your covered auto" or any "non-owned auto" at the time of loss; and
 - b. Owned by you or any "family member".

B. Limit Of Liability

The **Limit Of Liability** Provision is replaced by the following:

Limit Of Liability

The Limit Of Liability for Child Restraint System Coverage shown in the Schedule or in the Declarations is our maximum limit of liability to replace the property with other property of like kind and quality.

This is the most we will pay regardless of the number of:

1. Child restraint system(s);
2. Claims made; or
3. Vehicles or premiums shown in the Schedule or in the Declarations.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PET INJURY COVERAGE

SCHEDULE

Pet Injury Coverage	
Limit Of Liability	Premium
\$	\$
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

With respect to the coverage provided by this endorsement, the provisions of the Policy apply unless modified by this endorsement.

PART D – COVERAGE FOR DAMAGE TO YOUR AUTO

The following is added:

A. Insuring Agreement

1. We will pay, without application of a deductible, for reasonable:
 - a. Veterinary expenses or services incurred as a result of "bodily injury" of "your pet"; or
 - b. Expenses such as cremation or disposal incurred as a result of death of "your pet".

We will pay only those expenses incurred for services rendered within one year from the date of the loss.

2. The coverage described above applies only if:
 - a. The Declarations indicates that Other Than Collision and Collision Coverages are provided to at least one "your covered auto"; and
 - b. "Your pet" is inside a "your covered auto" or any "non-owned auto" at the time of loss to any such auto caused by other than "collision" or "collision".

3. "Your pet" as used in this Part means any dog or cat owned by:
 - a. You; or
 - b. Any "family member".

B. Limit Of Liability

The **Limit Of Liability** Provision is replaced by the following:

Limit Of Liability

The Limit Of Liability for Pet Injury Coverage shown in the Schedule or in the Declarations is our maximum limit of liability for all expenses or services resulting from any one loss.

This is the most we will pay regardless of the number of:

1. Your pet(s);
2. Claims made; or
3. Vehicles or premiums shown in the Schedule or in the Declarations.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL RESIDENT OF YOUR HOUSEHOLD

SCHEDULE

Name Of Additional Resident:

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

The provisions of the Policy apply unless modified by this endorsement.

2. You agree to notify us in writing within 30 days of a change in the residency of the Additional Resident described in the Schedule or in the Declarations.

I. Definitions

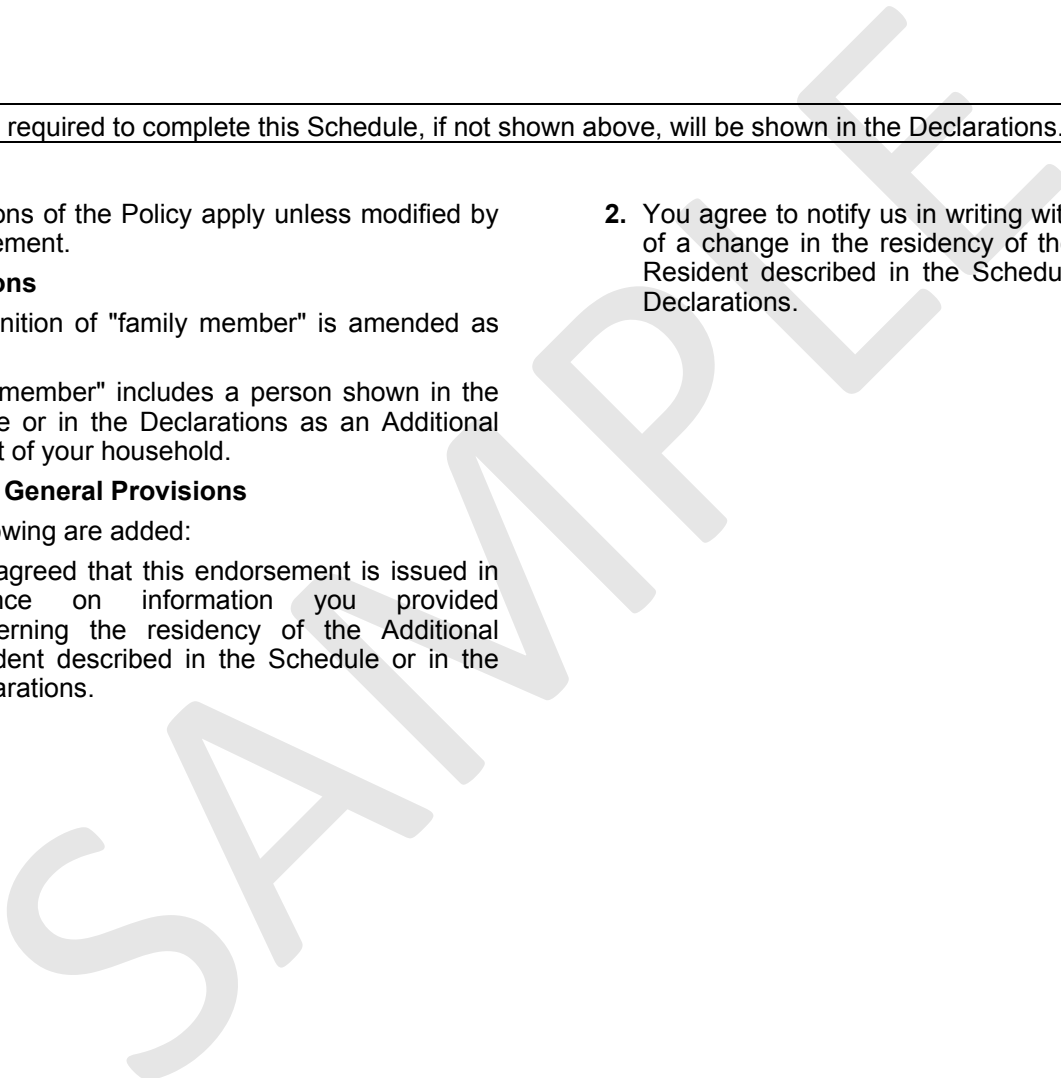
The definition of "family member" is amended as follows:

"Family member" includes a person shown in the Schedule or in the Declarations as an Additional Resident of your household.

II. Part F – General Provisions

The following are added:

1. It is agreed that this endorsement is issued in reliance on information you provided concerning the residency of the Additional Resident described in the Schedule or in the Declarations.



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PERSONAL PROPERTY COVERAGE

SCHEDULE

Aggregate Limit Of Liability:	\$
Deductible	\$
<input type="checkbox"/> If indicated to the left or in the Declarations, covered property losses are settled at replacement cost.	
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

With respect to coverage provided by this endorsement, the provisions of the Policy apply unless modified by the endorsement.

I. Insuring Agreement

We will pay for direct loss to personal property owned by you while it is anywhere in the world, minus any applicable Deductible shown in the Schedule or in the Declarations. Personal Property does not mean buildings or other structures owned by you. If two or more deductibles under this Policy apply to the loss, only the highest applicable deductible will apply.

II. Exclusions

A. We will not pay for loss to personal property 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.

We will not pay for loss due to:

1. Your neglect to use all reasonable means to save and preserve property at and after the time of a loss.
2. Or as a consequence of:
 - a. Discharge of any nuclear weapon (even if accidental);
 - b. War (declared or undeclared);
 - c. Civil war;
 - d. Insurrection;
 - e. Rebellion or revolution; or

f. Nuclear reaction, radiation or radioactive contamination, whether controlled or uncontrolled or however caused. However, we will pay for direct loss caused by fire resulting from such nuclear reaction, radiation or radioactive contamination.

3. Any act you commit or conspire to commit with the intent to cause a loss.
4. The destruction, confiscation or seizure of covered personal property by governmental or civil authorities.

This exclusion **(A.4.)** does not apply to such acts by governmental or civil authorities that are taken at the time of a fire to prevent its spread, if the loss caused by fire would be covered under this endorsement.

5. Wear and tear. This includes, but is not limited to, deterioration, inherent vice or any quality in property that causes it to damage or destroy itself.
6. Misplacement or mysterious unexplainable disappearance.
7. Animals, insects or vermin.
8. Water. This includes, but is not limited to:
 - 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 Paragraphs **A.8.a.** through **A.8.c.** of this exclusion;

Exclusion **A.8.** applies:

- (1) Regardless of whether any of the above, in **A.8.a.** through **A.8.d.**, is caused by an act of nature or is otherwise caused.
- (2) 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, explosion or theft resulting from any of the above, in **A.8.a.** through **A.8.d.**, is covered.

B. We will not pay for loss to:

- 1. Articles separately described and specifically insured, regardless of the limit for which they are insured, in this or other insurance.
- 2. Animals, birds or fish.
- 3. Any motor vehicle including equipment, parts and property that is permanently installed in any motor vehicle.

This exclusion (**B.3.**) does not apply to portable electronic equipment that is designed so that it may be operated from a power source other than a motor vehicle's electrical system.

- 4. Any aircraft, meaning any contrivance used or designed for flight, including any parts whether or not attached to the aircraft.

This exclusion (**B.4.**) does not apply to model or hobby aircraft not used or designed to carry people or cargo.

- 5. Any hovercraft or hovercraft parts. Hovercraft means a self-propelled motorized ground effect vehicle and includes, but is not limited to, flarecraft and air cushion vehicles.

- 6. "Business" data, including such data stored in:

- a. Books of account, drawings or other paper records; or
- b. 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.

- 7. Water or steam.
- 8. Currency, deeds, securities, passports, transportation tickets or other tickets.

III. Limit Of Liability

- A.** Subject to the special limits of liability listed below in Paragraph **E. Special Limits Of Liability**, the Limit Of Liability shown in the Schedule or in the Declarations is the most we will pay for direct loss to covered property during the policy period shown in the Declarations. Even if more than one person has an insurable interest in the property covered, we will not be liable in any one loss:

- 1. To you for more than the amount of your interest at the time of loss; or
- 2. For more than the applicable limit of liability.

- B.** At the time of the loss, covered property losses are settled at actual cash value but not more than the amount required to repair or replace or, if applicable, the special limit of liability in Paragraph **E.** below, whichever is less.

- C.** If shown in the Schedule or in the Declarations that covered property losses are settled at replacement cost, the following applies to covered property:

- 1. We will pay no more than the least of the following amounts:
 - a. Replacement cost at the time of loss without deduction for depreciation;
 - b. The full cost of repair at the time of loss;
 - c. The Limit Of Liability shown in the Schedule or in the Declarations; or
 - d. Any applicable special limits of liability stated in this endorsement.

- 2. If the cost to repair or replace the property described in Paragraph **C.1.** above is more than \$500, we will pay no more than the actual cash value for the loss until the actual repair or replacement is complete.

3. You may make a claim for loss on an actual cash value basis and then make claim for any additional liability in accordance with this endorsement provided you notify us, within 180 days after the date of the loss, of your intent to repair or replace the damaged property.
4. Property listed below is not eligible for replacement cost loss settlement. Any loss will be settled at actual cash value at the time of the loss but not more than the amount required to repair or replace.
 - a. Antiques, fine arts, paintings and similar articles of rarity or antiquity, which cannot be replaced.
 - b. Memorabilia, souvenirs, collectors items and similar articles, whose age or history contribute to their value.
 - c. Articles not maintained in good or workable condition.
 - d. Articles that are outdated or obsolete and are stored or not being used.

D. 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;
2. Pay the difference between actual cash value of the property before and after the loss; or
3. Pay for the value of the part lost or damaged.

E. Special Limits Of Liability

The most we will pay for loss to the following property is 20% of the Limit Of Liability shown in the Schedule or in the Declarations.

1. Jewelry, watches, furs, precious and semiprecious stones;
2. Firearms and related equipment;
3. Property used primarily for "business" purposes;
4. Watercraft of all types, including their trailers, furnishings, equipment and outboard engines or motors; or
5. Antiques, fine arts, paintings and similar articles of rarity or antiquity.

IV. Other Sources Of Recovery

If a loss covered by this Policy is also covered by:

- A. Other insurance, we will pay only our share of the loss. Our share is the proportion that the limit of liability under this endorsement bears to the total of all applicable limits.

- B. A service agreement, any insurance we provide under this endorsement shall be 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.

V. Appraisal

- A. If you and we do not agree on the amount of loss, either may demand an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. The appraisers will state separately the actual cash value and the amount of loss. However, if shown in the Schedule or in the Declarations that covered property losses are settled at replacement cost, then the appraisers will state separately the replacement cost value and the amount of the loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:
 1. Pay its chosen appraiser; and
 2. Bear the expenses of the appraisal and umpire equally.
- B. We do not waive any of our rights under this Policy by agreeing to an appraisal.

VI. Part E – Duties After An Accident Or Loss

The following is added:

A person seeking Personal Property Coverage must also:

1. Promptly notify the police if any of the property is stolen.
2. Protect the property from further loss. 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. 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.
4. 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.
- 5. Send to us, within 90 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 interests and the interests of all others in the property involved and all liens on the property;
 - c. Other insurance which may cover the loss; and
 - d. The inventory of damaged personal property described in Paragraph 3. above.

VII.Part F – General Provisions

- A. The **Policy Period And Territory** Provision is replaced by the following:

Policy Period And Territory

This endorsement applies only to losses which occur:

- 1. During the policy period as shown in the Declarations; and
- 2. Anywhere in the world.

- B. The following provisions are added:

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 30 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.

Recovered Property

If you or we recover any personal property for which we have made payment under this endorsement, 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.



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Section 3

PERSONAL UMBRELLA/EXCESS COVERAGES

Personal/Umbrella Excess Coverage

3

Section Goal

The goal of the Personal Umbrella/Excess Coverage section is to provide participants with the transformative knowledge and skills to enable them to explain to their clients both the importance of and the coverage provided by a Personal Umbrella/Excess Liability policy.

Learning Objectives

1. Participants will explain to their clients the reasons Personal Umbrella/Excess Liability coverage is needed.
2. Using their knowledge of excess coverage, broader coverage and following form, participants will recommend the policy that best fits the need of that client.
3. Applying their knowledge of underlying insurance and self-insured retention, participants will explain to their clients the importance of maintaining the required underlying insurance and the types of losses for which they are responsible for paying the self-insured retention.
4. By understanding the Insuring Agreement; and the defined terms and policy exclusions unique to this policy, participants will use their knowledge to explain to clients the coverage provided by their Personal Umbrella Liability Policy.
5. Participants will apply their knowledge of the Personal Umbrella Liability Policy to identify areas to compare when determining the policy that best fits the unique needs of each client.

Learning Objective 1:

Participants will explain to their clients the reasons Personal Umbrella/Excess Liability coverage is needed.

Umbrella/Excess Coverage is needed by all clients, not just affluent and high net worth clients.

- We live in a litigious society. Not only are clients potentially sued by third parties who allege injury or damages, the third parties are seeking large settlements. Some states are even known for their frequent verdicts in favor of the plaintiff and their large jury awards.
- Even if the client is found innocent of the allegations, the cost to defend the lawsuit can be costly. One source cites the median cost of civil litigation for an automobile loss as just under \$40,000 with a premises liability loss close to \$50,000.
- Clients continue to have more exposures to loss; some due to their personal interests while others are the result of current trends and newly created exposures.
 - Leisure activities including recreational vehicles, watercraft, extreme sports, aviation, and travel
 - High profile because of their wealth, their involvement in community activities and/or their involvement in charitable organizations
 - Frequent entertainment in their homes
 - Personal contracts they sign holding them responsible for resulting injury or damages
 - Social media increases the potential for personal injury allegations
 - Shared economy, both residential and auto, increases their potential for a liability loss
- Clients need to protect their current and future income and assets

- Insurance professionals should talk with every client about their need for this coverage. The #1 reason is because the client needs it, as was previously mentioned. There are other reasons:
 - Account retention improves. The more policies an agency or insurance company has for a client, the more likely it is to retain the client.
 - Revenue from commission income is improved.
 - Errors and omissions exposure is reduced as a client is less likely to have an uncovered loss.

Characteristics of a Personal Umbrella/Excess Policy

Personal Umbrella/Excess policies are designed to be excess policies for most loss situations. It pays on an excess basis or on top of another policy.

Sara had an at-fault accident that seriously injured the driver of the other car. The driver is seeking \$900,000 for his injuries. Sara has \$300,000 auto liability coverage. A personal umbrella/excess policy could pay the remaining \$600,000.

A Personal Umbrella/Excess policy may provide broader coverage than the coverage provided by a homeowners, auto, watercraft or recreational vehicle policy.

While driving a rental car in Jamaica, Dennis had an at-fault accident involving fatalities. His auto insurance denied coverage since the accident occurred outside of the policy territory. His Personal Umbrella/Excess policy provided coverage for the loss since the policy's territory was worldwide.

These policies require clients to have underlying insurance for their known exposures. This typically includes Auto Liability and Personal Liability (provided by a homeowners policy). If clients own watercraft or recreational vehicles that are not provided liability coverage by their homeowners policy, a separate watercraft or recreational vehicle may be required by the insurance company for at least the minimum underlying requirements.

- An example of underlying insurance requirements is shown. The required underlying insurance and minimum limits may differ among insurance companies.

Automobile Liability	\$250,000/500,000/100,000 or \$300,000 Combined Single Limit (CSL)
Personal Liability	\$300,000
Recreational Vehicle	\$100,000/300,000/50,000 or \$100,000 CSL
Watercraft Liability	\$300,000

- Some insurance companies will not write an umbrella or excess policy unless they also write the underlying insurance.
- Client can buy limits higher than the required underlying limits.
 - It may be an inexpensive way to obtain additional coverage.
 - It may reduce the premium on the umbrella or excess policy.
 - Gives the client the opportunity to purchase higher limits of uninsured/underinsured motorists coverage when higher limits of liability are also purchased on the personal auto policy.
- If the client's current underlying coverage does not provide at least the minimum limits required, the limit(s) will need to be increased before the client is eligible for an umbrella/excess policy.
- When recommending an umbrella or excess policy, consider the additional premium resulting from making any required changes to the underlying policies when presenting the cost of the umbrella or excess coverage.



The minimum limit for which these policies can be written is \$1,000,000. Higher limits in \$1,000,000 increments are typically available up to \$10,000,000 or more.

There is not a standard Personal Umbrella/Excess policy used by most insurance companies. Instead, most insurance companies have developed their own policy. This means, of course, that coverage differs company to company.

The policy used as the basis for this course is called a Personal Umbrella Liability Policy (PULP). Many insurance companies have removed the word umbrella from their policy's name, using Personal Excess Liability instead. Let's look at the coverage differences between an umbrella and an excess liability policy.

Learning Objective 2:

Using their knowledge of excess coverage, broader coverage and following form, participants will recommend the policy that best fits the need of that client.

Types of Policies

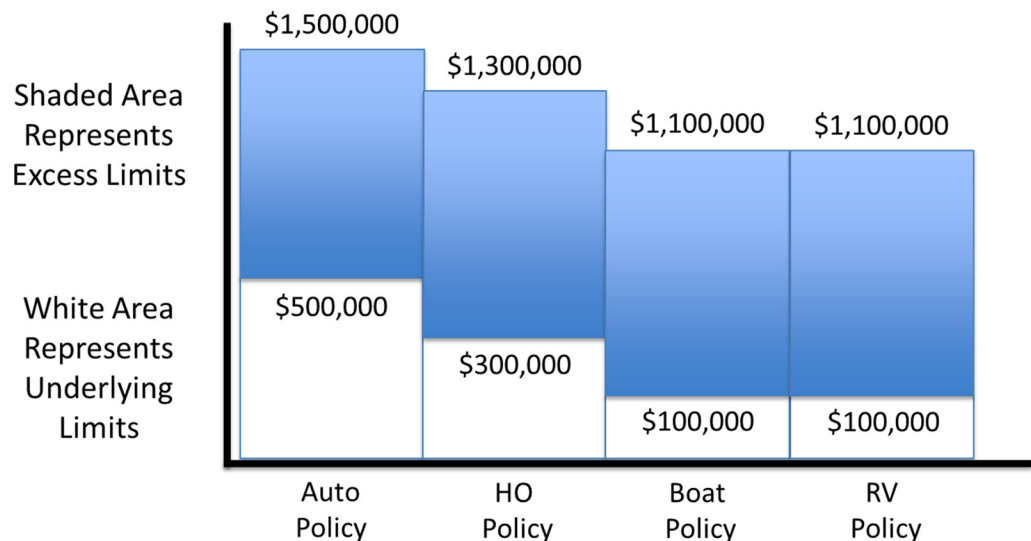
A **Personal Umbrella Liability Policy** (PULP) serves two purposes.

1. To provide excess liability coverage for those losses that are covered by the client's Homeowners, Personal Auto, Watercraft or Recreational Vehicle Policy. In fact, the majority of PULP losses are for excess liability coverage.

This graph illustrates excess coverage.

For example:

The Recreational Vehicle Policy is responsible for the first \$100,000 of a covered liability loss. As long as the loss is not excluded by the PULP, it will pay up to an additional \$1,000,000 for a total of \$1,100,000 available for a covered recreational vehicle loss.



- 2. To provide broader coverage for losses that are not covered by the client's Homeowners, Personal Auto, Watercraft or Recreational Vehicle Policy **AND** are not excluded by the PULP.

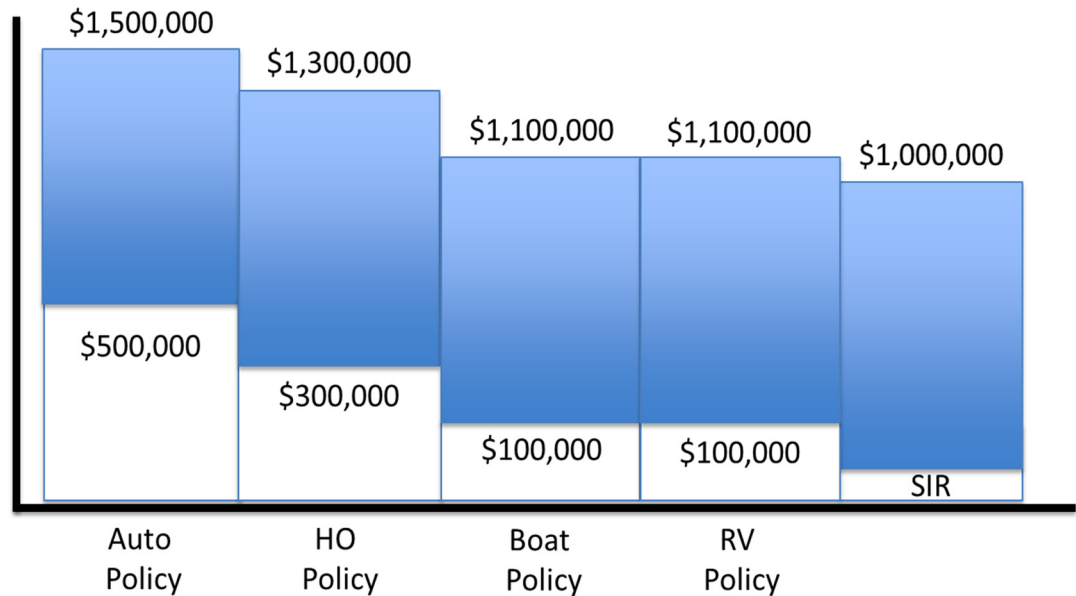
This graph illustrates broader coverage by the addition of the last column.

For example:

The client has a loss that was not required to be covered by an Auto, Homeowners, Watercraft or Recreational Vehicle Policy. As long as the loss is not excluded by the PULP, the loss is covered up to the \$1,000,000 limit used in this illustration.

Note:

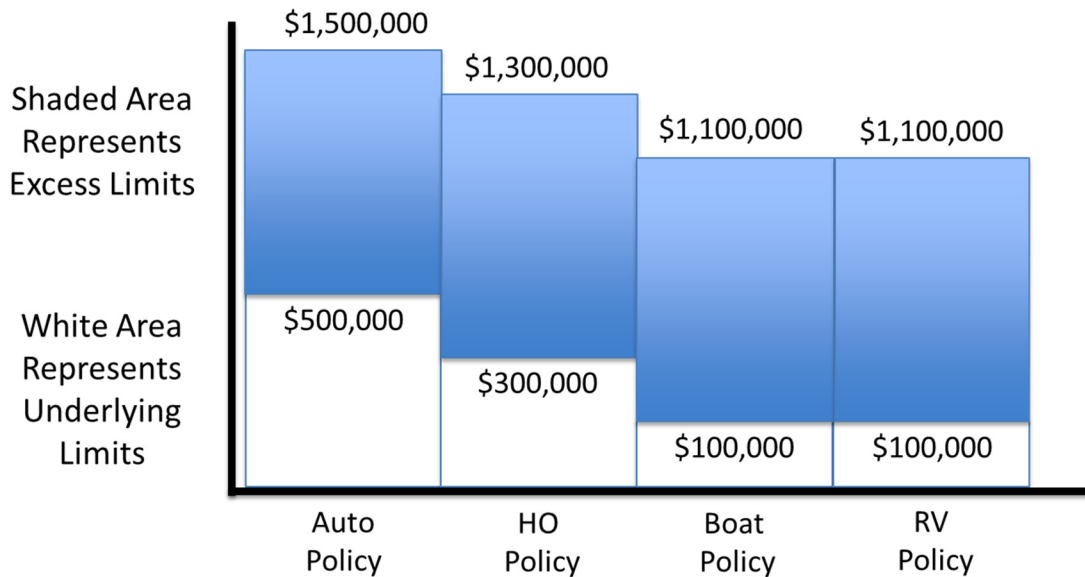
Most Personal Umbrella Liability Policies have a Self-insured Retention (commonly referred to as an SIR) that applies when broader coverage is provided. The SIR is similar to a deductible and is the amount of the loss the client must pay. In the illustration below, the SIR is represented by the small white section at the bottom of the Broader Coverage column. SIRs will be discussed later in this section.



An **Excess Liability Policy (Following Form)** serves one purpose: to provide excess liability coverage for those losses that are covered by the client's underlying Homeowners, Personal Auto, Watercraft or Recreational Vehicle Policies. As long as the loss is covered by the underlying policy and is not excluded by the Excess Liability Policy, the Excess Liability Policy will pay above, or on top of, the underlying limits.

Unlike the PULP, it is not designed to provide broader coverage. If the loss is not covered by an underlying policy, it is not covered by the Excess Liability Policy.

This graph illustrates the excess coverage provided by this policy. It works the same as the excess coverage provided by the PULP.



Not all Excess Liability Policies are alike as to the coverage they provide. Because of these differences, there is no absolute as to the coverage provided or not provided by an Excess Liability Policy. Each policy must be analyzed to determine the coverage it provides.

- It may provide excess liability for those losses that are covered by the client's Homeowners Policy, Personal Auto Policy, Watercraft Policy or Recreational Vehicle Policy.
- It may also have broader coverage by providing primary coverage for losses that are not covered by the client's Homeowners Policy, Personal Auto Policy, Watercraft Policy or Recreational Vehicle Policy and not excluded by the Excess Liability Policy.
- It may provide broader coverage for some exposures and be narrower than the underlying policies for others.

For example:

Provide better coverage for property in the care, custody or control of an insured, but exclude pollution.

- It may be narrower in the excess coverage provided than the coverage provided by underlying policies.

For example:

Not provide coverage for the business pursuits of a minor or not provide coverage for a permissive user of a covered auto.

- It may be an Umbrella Policy with a Following Form endorsement or endorsements.

Following Form endorsements limit the coverage provided by the Umbrella Policy by stating coverage follows the coverage provided by the underlying policy. A loss not covered by the underlying policy is not covered by the Umbrella Policy.

Typical Following Form endorsements include Auto and Watercraft. (A following form endorsement can be found in the Forms Section.)

Self-Insured Retention (SIR)

A Self-Insured Retention is the amount of a covered loss the client is responsible for paying when the Personal Umbrella Excess Policy drops down to provide primary coverage. In other words, it only applies when the policy is providing broader coverage.

It is a specific dollar amount shown in the Declarations and is typically \$250 to \$1,000. Some policies may not have an SIR.

Some policies refer to it as a deductible. While the term is different, its application may not be. In the ISO Personal Umbrella Liability Policy, the deductible is applied the same way as the SIR.

The SIR is not applied when a loss is either covered by an underlying policy or it should have been covered by a required underlying policy, but the underlying policy was not in force at the time of the loss.

The SIR stops the umbrella policy from paying the first dollar of any claim.

Declarations Page

As with all policies, the information on declarations page should be reviewed to make sure the policy was issued correctly.

- Named Insured:** The named insured has the best coverage as a **you**. Just as with the Personal Auto Policy and the Homeowners Policy, it is important to name both spouses, domestic partners, or civil union partners as named insureds.
- Policy Period:** Effective and expiration date during which time coverage is provided
- Limits of Liability:** The limits apply per occurrence. The policy may also have an Aggregate Limit, which limits the maximum the policy will pay during the policy period, subject to the Each Occurrence limit.
- Forms:** Policy form number as well as the form numbers (and sometimes names) of any endorsements made a part of the policy.
- Self-Insured Retention:** The amount of a loss paid by the insured when the umbrella is providing broader coverage. May also be referred to as a deductible or retention.
- Underlying Policies:** It may list the required minimum underlying limits, or it may list the insured's actual underlying policies that includes the name of the insurance company, policy number, policy period, and limit of liability for each underlying policy.

There may be a statement that the insured agrees to maintain the minimum limits of coverage as shown in the Declarations.

For example:

"The insured agrees that insurance policies providing the coverages will remain in force throughout this policy period and agrees to insure all motor vehicles owned, leased, or used by the insured."

Required Basic Policies

It is agreed by **you** and your **Relatives** that **you** will carry an **Automobile** liability policy and a personal liability policy covering both **you** and **your Relatives** for at least the minimum limits listed below. If **your Relatives** are not covered under **your** policies for at least the minimum limits listed below, they must be covered under another automobile liability policy and another personal liability policy for at least the minimum limits below. If **you** or **your Relatives** own **Recreational Vehicles** or **Watercraft**, **you** or **your Relatives**, as the case may be, agree to carry the appropriate policy (or endorsement) listed below covering both **you** and **your Relatives** for at least the minimum limits listed below.

POLICY NUMBER:

PERSONAL LIABILITY
DL DS 01 02 15

PERSONAL UMBRELLA LIABILITY POLICY DECLARATIONS

3

Company Name:
Producer Name:
Named Insured:
Mailing Address:
The Residence Premises Is Located At The Above Address Unless Otherwise Stated:
Policy Period
From:
To: At 12:01 AM Standard Time at your mailing address shown above.

IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF THIS POLICY, WE AGREE WITH YOU TO PROVIDE THE INSURANCE AS STATED IN THIS POLICY.

Personal Umbrella Limit Of Liability And Retained Policy Limits
Personal Umbrella Limit Of Liability
Limit Of Liability: \$
<input type="checkbox"/> If indicated to the left, personal injury is subject to an aggregate limit of liability. The following aggregate limit of liability applies to Personal Injury: Personal Injury Coverage Aggregate Limit Of Liability: \$
Retained Policy Limits – Personal Liability, Personal Injury, Auto Liability, Motorcycle Liability And Other Liability Coverages
1. Deductible: \$

Learning Objective 3:

Applying their knowledge of underlying insurance and self-insured retention, participants will explain to their clients the importance of maintaining the required underlying insurance and the types of losses for which they are responsible for paying the self-insured retention.

As mentioned previously, underlying insurance refers to the underlying policies and the limits required by the insurance company before it will issue an umbrella/excess policy.

Underlying insurance is typically a defined term in the policy. The ISO PULP defines it as follows:

I. DEFINITIONS

- P. "Underlying insurance" means any policy providing the "insured" with primary liability insurance covering one or more of the types of liability listed in the Declarations and at limits no less than the retained policy limits shown for those types of liability listed in the Declarations.

Underlying policies with at least the minimum required limits must be in force throughout the policy period of the umbrella/excess policy.

If at the time of a loss the required underlying insurance is either not in force or the limits were reduced to less than the required underlying limits, the PULP may respond in one of two ways:

1. It may pay as if the underlying was in force. The client becomes responsible for the gap between the required underlying insurance and the coverage actually carried.

At the time of a swimming pool accident at her home, Poppy's homeowners policy only had \$100,000 liability. She becomes responsible for the difference between the limits she should have had and the limits she actually had.

Umbrella	\$1,000,000	Umbrella Responds
Required Underlying \$300,000	\$200,000 GAP	Insured Responsible
	\$100,000 Underlying Carried	Underlying Insurer Pays

- 2. It may not pay anything at all if the required underlying insurance is either not in force or in force but with limits lower than the minimum limits required.

This limitation may apply to all exposures that have underlying insurance required or it may only apply to specific exposures such as watercraft or recreational vehicles.

Examples of policy language:

We do not provide coverage for any "loss" arising out of any "insured's" ownership, maintenance, use, operation, loading, or unloading, entrustment to others or supervision of any watercraft unless Required Underlying Insurance listed on the Declarations provides coverage for the loss at the full limits shown.

We do not provide coverage unless covered by your primary insurance listed in the umbrella schedule and described in the umbrella schedule for losses arising out of recreational vehicles which are owned by, leased to, rented to, or provided for the regular use of a covered person.

Let's see how this applies to Poppy's swimming pool loss. Because she did not have the required underlying limits, she becomes responsible for everything above her homeowners liability coverage.

Umbrella	Umbrella Excludes Coverage	
Required Underlying \$300,000	Insured Responsible for Everything Above \$100,000	
	\$100,000 Underlying Carried	Underlying Insurer Pays



Knowledge Check – Application of Underlying Limits and SIR

1. Monte has a \$1M Personal Umbrella/Excess Policy. The policy has \$500 CSL Auto and \$300 CSL HO underlying requirements. The SIR is \$500. Monte maintained the homeowner limits but had lowered his auto liability limits to \$300 CSL to save money. He is involved in an auto accident for which is found to be totally at fault. The other person is successful in obtaining a \$750,000 judgment. How will this loss be paid?

Auto Insurance	
Monte	
Personal Umbrella Excess	

2. Carol has a \$1M personal umbrella policy that has the same auto and home underlying requirements as Monte's policy. The SIR is \$1,000. In addition, the underlying requirements included \$300,000 Watercraft liability coverage for her 16' ski boat. Just a few days before she had a serious loss, when she ran her boat into a jet skier, her boat policy had canceled for non-payment of the premium. The loss is \$450,000. How will this loss be paid?

Boat Insurance	
Carol	
Personal Umbrella Excess	

3. Sam has a \$50,000 loss that is not covered by his homeowner policy but is covered by his umbrella/excess policy. He carried the required underlying coverage on his homeowner policy. His umbrella has a \$2,000,000 limit and a \$250 SIR. How will this loss be paid?

Homeowners Insurance	
Sam	
Personal Umbrella Excess	

3. What can cause a client to be in non-compliance with the underlying requirements? Let's look at a few factors that can contribute to this problem and the resulting gap in coverage.
- The agency does not write all the required underlying policies.
 - The agency writes all of the underlying coverage for the client, but the umbrella or excess policy is written with an insurance company that does not write the underlying policies.
 - Information in the agency's agency management system does not clearly indicate there is umbrella/excess coverage in force.
 - The agency does not review underlying policies and limits at renewal to verify the required underlying requirements are being met.
 - The agency fails to endorse the policy for new exposures (additional autos, home, recreational vehicles, watercraft, etc.)
 - The umbrella/excess coverage is part of a package and the home or auto is moved elsewhere, but the umbrella/excess coverage is not.

Learning Objective 4:

By understanding the Insuring Agreement; and the defined terms and policy exclusions unique to this policy, participants will use their knowledge to explain to clients the coverage provided by their Personal Umbrella Liability Policy.

As with all policies, it begins with the Agreement stating the insurance company will provide the coverage as long as the premium is paid and the policy requirements are met.

The Definitions section follows. Many of the Definitions are identical to those in the ISO Homeowners and ISO Personal Auto Policies.

While the definition of **You** and **Your** is the same as in the homeowners policy, it is worth being reminded of the importance of showing both the individual and spouse (including civil union or domestic partner) as the named insured in the Declarations.

The following are key terms that are either defined differently than, or not part of the Homeowners or Personal Auto Policy.

“Auto”

A private passenger motor vehicle, motorcycle, moped, motor home or a vehicle designed to be pulled by a private passenger motor vehicle or motor home including a farm wagon or farm implement while towed.

“Family member”

Your resident relative, ward or foster child and anyone under the age of 21 in the named insured’s care or other “insured” who is over the age of 21.

A term used in the Personal Auto Policy but defined like a resident relative is in the Homeowners Policy.

“Fuel system”

This term is defined for use in an exclusion.

One or more containers with total combined storage capacity of 100 or more gallons of liquid fuel that are located on a premises covered by “underlying insurance” and storing fuel to be used solely to heat or cool a building, heat water, cook food, or power motor vehicles, other motorized land conveyances or watercraft owned by an “insured”. The definition also includes pumping apparatus; filler pipes and flues; a boiler, furnace or water heater for which the liquid fuel is stored and the fittings and pipes connecting them to the fuel container; and a structure designed and built to hold liquid fuel that escapes from the fuel container.

For example:

A 200-gallon propane tank used to heat the client’s swimming pool or home is a “fuel system”.

“Insured”

A combination of the homeowners policy and the auto policy definitions of “insured”. These are the recipients of the coverage provided by the policy.

- You
- “Family member”
- Any person using an “auto”, “recreational vehicle” or watercraft owned by **you** and covered by this policy

Note:

Not all personal umbrella/excess policies include a permissive user of an auto as an “insured”.

- Any person or organization made liable by **you** or a “family member” using an “auto” or “recreational vehicle” covered by this policy
- Any person or organization legally responsible for animals owned by **you** or a “family member” unless in the course of “business” or has the animal without the consent of the owner

“Recreational Motor Vehicle”

An all-terrain vehicle, dune buggy, golf cart, snowmobile or any other motorized land vehicle designed for recreational use off public roads.

Insuring Agreement

The Insuring Agreement is the promise from the insurance company. The policy will pay damages for “personal injury”, “bodily injury” and “property damage” in excess of the “retained limit” for which an “insured” is legally responsible because of an “occurrence”. Prejudgment interest is included.

The “retained limit” is the underlying insurance or the deductible (or SIR)

Only those falling within the definition of “insured” will receive coverage from this policy.

Defense coverage is provided if a claim or suit is brought against an insured that is covered by the policy. However, the insurance company is not obligated to provide a defense if the claim is covered by “underlying insurance” or there is not “underlying insurance” in effect and the damages are less than the deductible (SIR)

As with the Homeowners and Personal Auto Policies discussed in earlier sections:

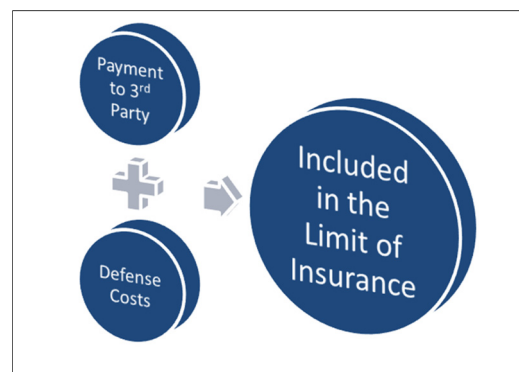
- Defense costs are paid in addition to the limit of liability



- The insurance company has the right to investigate and settle claims as it sees fit
- The insurance company’s duty to defend ends when the limit of liability has been exhausted either by judgment or settlement

Note:

Other personal umbrella/excess policies could cover defense inside the limits. When analyzing the umbrella/excess policies available in your agency or company, be sure to determine whether or not defense costs are inside or outside of the Limit of Insurance.



Additional Coverages include:

- Defense expenses incurred by the insurance company
- Premiums on bonds required in a lawsuit that the insurance company defends
- Lost wages and salary up to \$250 per day for an “insured” who misses work because he or she comes to testify at hearings or trials at the company’s request
- Post judgment interest

The **Limit Of Liability** states that regardless of the number of “insureds”, claims made, persons injured, or vehicles involved in an accident, the company will not pay more than the limit of liability shown in the declarations.

Exclusions

Many of the exclusions are the same as or similar to those in the Homeowners Policy or in the Personal Auto Policy. Those in italics are unique to the Personal Umbrella/Excess Liability policy.

1. Expected or intended “bodily injury” or “property damage” even if it is a different kind, quality or degree than initially expected or intended or is sustained by a different person, entity or property than initially expected or intended. There is an exception for use of reasonable force.
2. “Personal injury” if “insured” knew it would violate the rights of another; libel or slander with the knowledge it was not true or that took place before the policy period; criminal act or offense related to the employment of this person by an “insured”.
3. “Business” with exceptions for occasional renting of the residence premises; civic duties without compensation other than expense reimbursement; part-time “business” pursuits of “insured” if under 18 or under 21 if a full-time student; use of a named insured owned vehicle for specified persons while in the “auto” business; and “business” use of an auto.

Also excludes dwellings, condos, coops, or apartment units other than the “residence premises” unless personal liability coverage is provided by “underlying insurance”

4. Ownership or operation of a vehicle used for public or livery conveyance with an exception use for volunteer or charitable purposes or a share-the-expense car pool
5. Vehicle enrolled in a personal vehicle sharing program and being used by someone other than **you** or any “family member”
6. Professional services
7. “Aircraft liability”
8. “Hovercraft liability”

9. *“Watercraft liability” unless the watercraft is covered by “underlying insurance” at the time of the “occurrence”*

Some umbrella/excess policies exclude losses arising out of personal watercraft (such as Jet Skis) entirely – even if insured on an underlying policy.

10. *“Recreational motor vehicle liability” unless the recreational vehicle is:*

- Owned by you or a “family member and covered by “underlying insurance” at the time of the “occurrence”; or
- Not owned by you or a “family member”

11. War

12. Using an “auto”, watercraft, or “recreational motor vehicle” without reasonable belief (with an exception for a “family member” using an “auto”, watercraft or “recreational motor vehicle” owned by **you**)

13. *Racing, speed contest or driver skill event*

- “Autos” while participating or competing in; or practicing or preparing for any prearranged or organized racing or speed contest; or driver skill training or driver skill event.

Does not apply to a motorcycle rider skill training in connection with a course designed by the Motorcycle Safety Foundation or any similar course presented by a state agency to improve motorcycle rider skills.

- Watercraft being operated in or practicing or preparing for any prearranged or organized race, stunt activity, speed contest or other competition. Does not apply to sailboats or predicted log cruises.

14. *“Bodily injury” to **you** or a “family member”, often referred to as an intra-family exclusion*

15. Communicable disease, molestation, physical/mental abuse and loss by controlled substance
16. Directors and officers with coverage provided by exception for “bodily injury”, “personal injury” and “property damage” if the board is for a non-profit organization and the “insured” is not compensated other than reimbursement of expenses
17. “Property damage” to an “insured’s” property
18. *Damage to property rented to, occupied or used by, or in the care, custody or control of an “insured” to the extent the “insured” is obligated by contract to provide insurance for the property. Does not apply if the “property damage” is caused by fire, smoke or explosion.*
 - This exclusion is not as restrictive as the similar exclusion in the Homeowners Policy.
19. Injury to a person for whom an “insured” is required to provide or voluntarily provided Workers Compensation coverage
20. “Bodily injury” or “property damage” for an “insured” who is also insured under a nuclear energy liability policy
21. *Pollution claims arising from the escape of fuel from a “fuel system”*
22. *“Bodily injury” or “property damage” caused by the absorption or ingestion or inhalation of lead*
23. *“Personal injury” or “property damage” caused by lead contamination*
24. *Loss assessment*

25. *Automobile No-fault or Personal Injury Protection*
26. *Uninsured/Underinsured Motorists Coverage unless the policy has been endorsed to provide this coverage*

Not all insurance companies make UM/UIM coverage available on an umbrella/excess policy. Others make it available, but for a sub-limit which is lower than the policy's limit of coverage. Some states or jurisdictions may require insurance companies to offer this coverage on their umbrella/excess policies.

It is important for the insurance professional to understand how the policies available in their agency or company differ with regard to this coverage. Uninsured and Underinsured Motorists Coverage is important to many clients who may want to have protection not only on their Personal Auto Policy, but also on their umbrella/excess policy.

If a client wants UM/UIM coverage on the umbrella/excess policy and it is not available, recommend increasing the liability limits on the underlying Personal Auto Policy. This would enable the client to purchase higher UM/UIM limits on the underlying Personal Auto Policy.



Knowledge Check – Exclusions

Sarah has an ISO Personal Umbrella Liability Policy. Does her policy provide coverage for the following losses? She has the required Homeowners and Personal Auto underlying insurance. These policies provide the only other insurance she has.

	Yes	No
She has an at-fault auto accident while driving a rental car.		
Her 15-year old daughter has an accident while driving her motorized go cart on the street.		
Sarah was injured when she was hit by an uninsured motorists.		
Sarah has an accident while operating a rented 150 HP Jet Ski in Mexico.		
Sarah's boyfriend Allen who has an accident while driving her car.		

Other Policy Provisions

3

Appeals

This provision is unique to umbrella/excess policies. The umbrella insurance company has the right to appeal a judgment that exceeds the underlying policy's limit of liability if the insured or the underlying insurance company chooses not to appeal.

Bankruptcy Of An Underlying Insurer

This policy does not become primary in the event the underlying insurance company is bankrupt.

Policy Period And Territory

The loss has to occur during the policy period shown in the Declarations. The coverage territory is worldwide.

Learning Objective 5:

Participants will apply their knowledge of the Personal Umbrella Liability Policy to identify areas to compare when determining the policy that best fits the unique needs of each client.

Insurance professionals need to know the differences between the umbrella/excess policies they sell so they can recommend the appropriate policy to meet the specific needs of a client.

Areas to compare include:

- Is it a policy that provides higher limits and broader coverage or excess limits only?
- Underlying limits
 - Does the underlying insurance have to be placed with the insurance company providing the umbrella/excess coverage?
 - Types of policies are required and the required underlying limits
- What is the Self-Insured Retention (or Deductible)?
- Are following forms part of the policy?
- Is there coverage for the permissive user of the client's autos?
- Is Personal Injury covered?
- Is UM/UIM covered or available?
- What coverage is provided for non-owned recreational vehicles and watercraft?
- Is there coverage for personal use of drones?
- Is there an exception for the "business" exclusion, giving back coverage for part-time business pursuits of a minor?

E & O Related to Personal Umbrella/Excess Insurance

3

Errors & Omissions claims can result from any type of coverage provided for clients and that includes personal umbrella/excess insurance. Let's look at the ways E&O claims can result from Personal Umbrella/Excess Insurance, understanding that based on the facts of each case the insurance professional may not be found legally responsible.

- Failure to offer the coverage to your clients
- Failure to verify the client has maintained the required underlying policies and/or required minimum limits
- Failure to endorse policy for additional exposures
- Failure to notify umbrella carrier of a loss
- Failure to offer &/or place coverage on the best terms available. This requires insurance professionals to know the coverage differences among the policies they sell
- Failure to obtain complete information, signed rejection forms when applicable, and/or the insured's signature when completing the application



Review of Learning Objectives

1. Participants will explain to their clients the reasons Personal Umbrella/Excess Liability coverage is needed.
2. Using their knowledge of excess coverage, broader coverage and following form, participants will recommend the policy that best fits the need of that client.
3. Applying their knowledge of underlying insurance and self-insured retention, participants will explain to their clients the importance of maintaining the required underlying insurance and the types of losses for which they are responsible for paying the self-insured retention.
4. By understanding the Insuring Agreement; and the defined terms and policy exclusions unique to this policy, participants will use their knowledge to explain to clients the coverage provided by their Personal Umbrella Liability Policy.
5. Participants will apply their knowledge of the Personal Umbrella Liability Policy to identify areas to compare when determining the policy that best fits the unique needs of each client.



Knowledge Check – Application of Underlying Limits and SIR: ANSWERS

1. Monte has a \$1M Personal Umbrella/Excess Policy. The policy has \$500 CSL Auto and \$300 CSL HO underlying requirements. The SIR is \$500. Monte maintained the homeowner limits but had lowered his auto liability limits to \$300 CSL to save money. He is involved in an auto accident for which is found to be totally at fault. The other person is successful in obtaining a \$750,000 judgment. How will this loss be paid?

Auto Insurance	\$300,000
Monte	\$200,000
Personal Umbrella Excess	\$250,000

2. Carol has a \$1M personal umbrella policy that has the same auto and home underlying requirements as Monte’s policy. The SIR is \$1,000. In addition, the underlying requirements included \$300,000 Watercraft liability coverage for her 16’ ski boat. Just a few days before she had a serious loss, when she ran her boat into a jet skier, her boat policy had canceled for non-payment of the premium. The loss is \$450,000. How will this loss be paid?

Boat Insurance	-0-	OR	-0-
Carol	\$300,000		\$450,000
Personal Umbrella Excess	\$150,000		-0-

3. Sam has a \$50,000 loss that is not covered by his homeowner policy but is covered by his umbrella/excess policy. He carried the required underlying coverage on his homeowner policy. His umbrella has a \$2,000,000 limit and a \$250 SIR. How will this loss be paid?

Homeowners Insurance	-0-
Sam	\$ 250
Personal Umbrella Excess	\$49,750



Knowledge Check – Exclusions: ANSWERS

Sarah has an ISO Personal Umbrella Liability Policy. Does her policy provide coverage for the following losses? She has the required Homeowners and Personal Auto underlying insurance. These policies provide the only other insurance she has.

	Yes	No
She has an at-fault auto accident while driving a rental car.	X	
Her 15-year old daughter has an accident while driving her motorized go cart on the street.		X
Sarah was injured when she was hit by an uninsured motorists.		X
Sarah has an accident while operating a rented 150 HP Jet Ski in Mexico.		X
Sarah's boyfriend Allen who has an accident while driving her car.	X	

FORMS

Form Number	Form Name
DL 98 01 02 15	Personal Umbrella Liability Policy
DL 98 08 03 18	Personal Umbrella Liability Policy Trust Endorsement
DL 98 12 02 15	Personal Umbrella Liability Policy Auto Liability Following Form Endorsement

PERSONAL UMBRELLA LIABILITY POLICY

AGREEMENT

In return for payment of the premium and subject to all the terms of this Policy, we agree with you as follows:

I. Definitions

A. Throughout this Policy, "you" and "your" refer to:

1. The "named insured" shown in the Declarations; and
2. The spouse if a resident of the same household.

B. "We", "us" and "our" refer to the company providing this insurance.

C. For purposes of this Policy, a private passenger type auto, pickup or van shall be deemed to be owned by a person if leased:

1. Under a written agreement to that person; and
2. For a continuous period of at least six months.

Other words and phrases are defined. They are in quotation marks when used.

D. "Aircraft Liability", "Hovercraft Liability", "Recreational Motor Vehicle Liability" and "Watercraft Liability", subject to the provisions in 2. below, mean the following:

1. Liability for "bodily injury" or "property damage" arising out of:
 - a. The ownership of such vehicle or craft by an "insured";
 - b. The maintenance, occupancy, operation, use, loading or unloading of such vehicle or craft by any person;
 - c. The entrustment of such vehicle or craft by an "insured" to any person;
 - d. The failure to supervise or negligent supervision of any person involving such vehicle or craft by an "insured"; or
 - e. Vicarious liability, whether or not imposed by law, for the actions of a child or minor involving such vehicle or craft.
2. For the purpose of this definition:
 - a. Aircraft means any contrivance used or designed for flight, except model or hobby aircraft not used or designed to carry people or cargo;

b. Hovercraft means a self-propelled motorized ground-effect vehicle and includes, but is not limited to, flarecraft and air cushion vehicles;

c. Watercraft means a craft principally designed to be propelled on or in water by wind, engine power or electric motor; and

d. Recreational Motor Vehicle means a "recreational motor vehicle" as defined in Paragraph N.

E. "Auto" means:

1. A private passenger motor vehicle, motorcycle, moped or motor home;
2. A vehicle designed to be pulled by a private passenger motor vehicle or motor home; or
3. A farm wagon or farm implement while towed by a private passenger motor vehicle or motor home.

F. "Bodily injury" means bodily harm, sickness or disease, including required care, loss of services and death that results.

G. "Business" means:

1. A trade, profession or occupation engaged in on a full-time, part-time or occasional basis; or
2. Any other activity engaged in for money or other compensation, except the following:
 - a. One or more activities, not described in b. through d. below, for which no "insured" receives more than \$2,000 in total compensation for the 12 months before the beginning of the policy period;
 - b. Volunteer activities for which no money is received other than payment for expenses incurred to perform the activity;
 - c. Providing home day care services for which no compensation is received, other than the mutual exchange of such services; or
 - d. The rendering of home day care services to a relative of an "insured".

H. "Family member" means a resident of your household who is:

1. Your relative, including a ward or foster child; or

2. Under the age of 21 and in the care of you or an "insured" who is age 21 or over.
- I. "Fuel system" means:
1. One or more containers, tanks or vessels which have a total combined storage capacity of 100 or more U.S. gallons of liquid fuel; and:
 - a. Are, or were, located on any single location covered by "underlying insurance"; and
 - b. Are, or were, used to hold liquid fuel that is intended to be used solely for one or more of the following:
 - (1) To heat or cool a building;
 - (2) To heat water;
 - (3) To cook food; or
 - (4) To power motor vehicles, other motorized land conveyances or watercraft owned by an "insured";
 2. Any pumping apparatus, which includes the motor, gauge, nozzle, hose or pipes that are, or were, connected to one or more containers, tanks or vessels described in Paragraph I.1.;
 3. Filler pipes and flues connected to one or more containers, tanks or vessels described in Paragraph I.1.;
 4. A boiler, furnace or a water heater, the liquid fuel for which is stored in a container, tank or vessel described in Paragraph I.1.;
 5. Fittings and pipes connecting the boiler, furnace or water heater to one or more containers, tanks or vessels described in Paragraph I.1.;
 6. A structure that is specifically designed and built to hold the liquid fuel that escapes from one or more containers, tanks or vessels described in Paragraph I.1.
- J. "Insured" means:
1. You.
 2. A "family member".
 3. Any person using an "auto", "recreational motor vehicle", or watercraft, which is owned by you and covered under this Policy. Any person using a temporary substitute for such "auto" or "recreational motor vehicle" is also an "insured".
4. Any other person or organization but only with respect to the legal responsibility for acts or omissions of you or any "family member" while you or any "family member" is using an "auto" or "recreational motor vehicle" covered under this Policy. However, the owner or lessor of an "auto" or "recreational motor vehicle" loaned to or hired for use by an "insured" or on an "insured's" behalf, is not an "insured".
5. With respect to animals owned by you or any "family member", any person or organization legally responsible for such animals. However, a person or organization using or having custody of such animals in the course of any "business" or without the consent of the owner is not an "insured".
- K. "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions, which results, during the policy period, in:
1. "Bodily injury"; or
 2. "Property damage".
- L. "Personal injury" means injury arising out of one or more of the following offenses, but only if the offense was committed during the policy period:
1. False arrest, detention or imprisonment;
 2. Malicious prosecution;
 3. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;
 4. Oral or written publication, in any manner, of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services; or
 5. Oral or written publication, in any manner, of material that violates a person's right of privacy.
- M. "Property damage" means physical injury to, destruction of, or loss of use of tangible property.
- N. "Recreational motor vehicle" means:
1. All-terrain vehicle;

2. Dune buggy;
3. Golf cart;
4. Snowmobile; or
5. Any other motorized land vehicle which is designed for recreational use off public roads.

O. "Retained limit" means:

1. The total limits of any "underlying insurance" and any other insurance that applies to an "occurrence" or offense which:
 - a. Are available to an "insured"; or
 - b. Would have been available except for the bankruptcy or insolvency of an insurer providing "underlying insurance"; or
2. The deductible, if any, as stated in the Declarations, if the "occurrence" or offense:
 - a. Is covered by this Policy; and
 - b. Is not covered by "underlying insurance" or any other insurance.

P. "Underlying insurance" means any policy providing the "insured" with primary liability insurance covering one or more of the types of liability listed in the Declarations and at limits no less than the retained policy limits shown for those types of liability listed in the Declarations.

II. Coverages

A. Insuring Agreement

We will pay damages, in excess of the "retained limit", for:

1. "Bodily injury" or "property damage" for which an "insured" becomes legally liable due to an "occurrence" to which this insurance applies; and
2. "Personal injury" for which an "insured" becomes legally liable due to one or more offenses listed under the definition of "personal injury" to which this insurance applies.

Damages include prejudgment interest awarded against an "insured".

B. Defense Coverage

1. If a claim is made or a suit is brought against an "insured" for damages because of "bodily injury" or "property damage" caused by an "occurrence" or "personal injury" caused by an offense to which this Policy applies, we:

a. Will provide a defense at our expense by counsel of our choice, even if the suit is groundless, false or fraudulent. However, we are not obligated to defend any suit or settle any claim if:

- (1) The "occurrence" or offense is covered by other "underlying insurance" available to the "insured"; or
- (2) There is no applicable "underlying insurance" in effect at the time of the "occurrence" or offense and the amount of damages claimed or incurred is less than the applicable deductible amount shown in the Declarations;

b. May join, at our expense, with the "insured" or any insurer providing "underlying insurance" in the investigation, defense or settlement of any claim or suit which we believe may require payment under this Policy.

However, we will not contribute to the costs and expenses incurred by any insurer providing "underlying insurance"; and

c. Will pay any expense incurred for the "insured's" defense, with our written consent, in any country where we are prevented from defending an "insured" because of laws or other reasons.

2. We may investigate and settle any claim or suit that we decide is appropriate. Our duty to settle or defend ends when our limit of liability for the "occurrence" or offense has been exhausted by payment of judgments or settlements.

C. Additional Coverages

We will pay:

1. Expenses we incur and costs taxed against an "insured" in any suit we defend;

2. Premiums on bonds required in a suit we defend, but not for bond amounts to the extent they exceed our limit of liability. We need not apply for or furnish any bond;
3. Reasonable expenses incurred by an "insured" at our request, including actual loss of earnings (but not loss of other income) up to \$250 per day, for assisting us in the investigation or defense of a claim or suit; and
4. Interest on our share of the judgment which accrues after entry of the judgment and before we pay or tender, or deposit in court, that part of the judgment which does not exceed the limit of liability that applies.

These payments will not reduce the limit of liability.

D. Limit Of Liability

Our total liability under this Policy for all damages resulting from any one "occurrence" or offense will not be more than the Limit Of Liability as shown in the Declarations of this Policy. This limit is the most we will pay regardless of the number of "insureds", claims made, persons injured, or vehicles involved in an accident.

III. Exclusions

A. The coverages provided by this Policy do not apply to:

1. "Bodily injury" or "property damage" which is expected or intended by an "insured" even if the resulting "bodily injury" or "property damage":
 - a. Is of a different kind, quality or degree than initially expected or intended; or
 - b. Is sustained by a different person, entity or property than initially expected or intended.

However, this exclusion (A.1.) does not apply to:

- (1) "Bodily injury" or "property damage" resulting from the use of reasonable force by an "insured" to protect persons or property; or
- (2) "Bodily injury" or "property damage" resulting from the use of reasonable force by an "insured" to prevent or eliminate danger in the operation of "autos", "recreational motor vehicles" or watercraft;

2. "Personal injury":

- a. Caused by or at the direction of an "insured" with the knowledge that the act would violate the rights of another and would inflict "personal injury";
- b. Arising out of oral or written publication of material, if done by or at the direction of an "insured" with knowledge of its falsity;
- c. Arising out of oral or written publication of material whose first publication took place before the beginning of the policy period;
- d. Arising out of a criminal act committed by or at the direction of an "insured"; or
- e. Sustained by any person as a result of an offense directly or indirectly related to the employment of this person by an "insured";

3. "Bodily injury", "personal injury" or "property damage" arising out of or in connection with a "business":

- a. Engaged in by an "insured"; or
- b. Conducted from:

- (1) Any part of a premises owned by or rented to an "insured"; or
- (2) Vacant land owned by or rented to an "insured".

This exclusion (A.3.) applies but is not limited to an act or omission, regardless of its nature or circumstance, involving a service or duty rendered, promised, owed, or implied to be provided because of the nature of the "business".

However, this exclusion (A.3.) does not apply to:

- (1) The rental or holding for rental of:
 - (a) The residence premises shown in the Declarations:
 - (i) On an occasional basis if used only as a residence;
 - (ii) In part, for use only as a residence, unless a single-family unit is intended for use by the occupying family to lodge more than two roomers or boarders; or
 - (iii) In part, as an office, school, studio or private garage;

- (b) Any part of a one- to four-family dwelling, other than the residence premises, to the extent that personal liability coverage is provided by "underlying insurance";
 - (c) A condominium, cooperative, or apartment unit, other than the residence premises, to the extent that personal liability coverage is provided by "underlying insurance";
- (2) Civic or public activities performed by an "insured" without compensation other than reimbursement of expenses;
- (3) An insured minor involved in self-employed "business" pursuits, which are occasional or part-time and customarily undertaken on that basis by minors. A minor means a person who has not attained his or her:
- (a) 18th birthday; or
 - (b) 21st birthday if a full-time student;
- (4) The use of an "auto" you own, or a temporary substitute for such "auto", by you, a "family member" or a partner, agent or employee of you or a "family member" while employed or otherwise engaged in the "business" of:
- (a) Selling;
 - (b) Repairing;
 - (c) Servicing;
 - (d) Storing; or
 - (e) Parking;
- vehicles designed for use mainly on public highways;
- (5) The use of an "auto" for "business" purposes, other than an auto business, by an "insured";
4. "Bodily injury" or "property damage" arising out of the ownership or operation of an "auto" while it is being used as a public or livery conveyance. This exclusion (A.4.) does not apply to:
- a. A share-the-expense car pool; or
 - b. The ownership or operation of an "auto" while it is being used for volunteer or charitable purposes;
5. "Bodily injury" or "property damage" arising out of the ownership, maintenance or use of an "auto" while:
- a. Enrolled in a personal vehicle sharing program under the terms of a written agreement; and
 - b. Being used in connection with such personal vehicle sharing program by anyone other than you or any "family member";
6. "Bodily injury", "personal injury" or "property damage" arising out of the rendering of or failure to render professional services;
7. "Aircraft Liability";
8. "Hovercraft Liability";
9. "Watercraft Liability".
- However, this exclusion (A.9.) does not apply to the extent that watercraft coverage is provided by "underlying insurance" at the time of the "occurrence";
10. "Recreational Motor Vehicle Liability".
- However, this exclusion (A.10.) does not apply with respect to any "recreational motor vehicle":
- a. Owned by you or a "family member" to the extent that "recreational motor vehicle" coverage is provided by "underlying insurance" at the time of the "occurrence"; or
 - b. That you or a "family member" does not own;
11. "Bodily injury" or "property damage" caused directly or indirectly by war, including 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; or
 - c. Destruction, seizure or use for a military purpose.
- Discharge of a nuclear weapon will be deemed a warlike act even if accidental;
12. A person using an "auto", "recreational motor vehicle" or watercraft without a reasonable belief that that person is entitled to do so. This exclusion (A.12.) does not apply to a "family member" using an "auto", "recreational motor vehicle" or watercraft you own;

13. The ownership, maintenance or use of:
- a. Any "auto" for the purpose of:
 - (1) Participating or competing in; or
 - (2) Practicing or preparing for;
 any prearranged or organized:
 - (a) Racing or speed contest; or
 - (b) Driver skill training or driver skill event; and
 - b. Any watercraft which, at the time of the "occurrence", is:
 - (1) Being operated in; or
 - (2) Practicing or preparing for;
 any prearranged or organized:
 - (a) Race;
 - (b) Stunt activity;
 - (c) Speed contest; or
 - (d) Other competition.
- However, this exclusion (A.13.) does not apply to:
- (1) Motorcycle rider skill training in connection with a course designed by the Motorcycle Safety Foundation, or any similar course administered by any state agency, to improve motorcycle rider skills;
 - (2) A sailing vessel; or
 - (3) Watercraft involved in predicted log cruises;
14. "Bodily injury" or "personal injury" to you or a "family member".
This exclusion also applies to any claim made or suit brought:
- a. To repay; or
 - b. Share damages with;
another person who may be obligated to pay damages because of "bodily injury" or "personal injury" to you or a "family member";
15. "Bodily injury" or "personal injury" arising out of:
- a. The transmission of a communicable disease by an "insured";
 - b. Sexual molestation, corporal punishment or physical or mental abuse; or
- c. The use, sale, manufacture, delivery, transfer or possession by any person of a Controlled Substance(s) as defined by the Federal Food and Drug Law at 21 U.S.C.A. Sections 811 and 812. Controlled Substances include but are not limited to cocaine, LSD, marijuana and all narcotic drugs. However, this exclusion (A.15.) does not apply to the legitimate use of prescription drugs by a person following the lawful orders of a licensed health care professional;
16. "Bodily injury", "personal injury" or "property damage" arising out of an act or omission of an "insured" as an officer or member of a board of directors of a corporation or organization. However, this exclusion (A.16.) does not apply if the corporation or organization is not-for-profit and the "insured" receives no compensation other than reimbursement of expenses;
17. "Property damage" to property owned by an "insured". This includes costs or expenses incurred by an "insured" or others to repair, replace, enhance, restore or maintain such property to prevent injury to a person or damage to property of others, whether on or away from the residence premises shown in the Declarations;
18. "Property damage" to property rented to, occupied or used by, or in the care, custody or control of, an "insured" to the extent that the "insured" is obligated by contract to provide insurance for such property. However, this exclusion (A.18.) does not apply to "property damage" caused by fire, smoke or explosion;
19. "Bodily injury" to any person eligible to receive any benefits:
- a. Voluntarily provided; or
 - b. Required to be provided;
by an "insured" under any:
 - (1) Workers' compensation law;
 - (2) Nonoccupational disability law; or
 - (3) Occupational disease law;
20. "Bodily injury" or "property damage" for which an "insured" under this Policy:
- a. Is also an insured under a nuclear energy liability policy issued by the:
 - (1) Nuclear Energy Liability Insurance Association;
 - (2) Mutual Atomic Energy Liability Underwriters; or

- (3) Nuclear Insurance Association of Canada;
or any of their successors; or
- b. Would be an insured under that policy but for the exhaustion of its limit of liability;
- 21. "Bodily injury", "personal injury" or "property damage" caused by an "occurrence" or offense involving the escape of fuel from a "fuel system";
- 22. "Bodily injury" or "personal injury" caused by an "occurrence" or offense involving the absorption, ingestion or inhalation of lead; or
- 23. "Personal injury" or "property damage" caused by an "occurrence" or offense of lead contamination.
- B. Liability coverage does not apply to any assessment charged against you as a member of an association, corporation or community of property owners.
- C. We do not provide:
 - 1. Automobile no-fault or any similar coverage under this Policy; or
 - 2. Uninsured Motorists Coverage, Underinsured Motorists Coverage, or any similar coverage unless this Policy is endorsed to provide such coverage.

IV. Maintenance Of Underlying Insurance

You must maintain the "underlying insurance" at the full limits stated in the Declarations and with no change to more restrictive conditions during the term of this Policy. If any "underlying insurance" is canceled or not renewed and not replaced, you must notify us at once.

If you fail to maintain "underlying insurance", we will not be liable under this Policy for more than we would have been liable if that "underlying insurance" was in effect.

V. Duties After Loss

In case of an "occurrence" or offense likely to involve the insurance under this Policy, you or another "insured" will perform the following duties that apply. We have no duty to provide coverage under this Policy if your failure to comply with the following duties is prejudicial to us. You will help us by seeing that these duties are performed:

- A. Give written notice to us or our agent as soon as is practical. Such notice shall set forth:
 - 1. The identity of the Policy and named insured shown in the Declarations;

- 2. Reasonably available information about the time, place and circumstances of the "occurrence" or offense; and
- 3. The names and addresses of any claimants and witnesses.
- B. If a claim is made or a suit is brought against an "insured", the "insured" must:
 - 1. Notify us immediately in writing;
 - 2. Cooperate with us in the investigation, settlement or defense of any claim or suit;
 - 3. Promptly forward to us every notice, demand, summons or other process relating to the "occurrence" or offense;
 - 4. At our request, help us:
 - a. To make settlement;
 - b. To enforce any right of contribution or indemnity against any person or organization who may be liable to an "insured";
 - c. With the conduct of suits and attend hearings and trials; and
 - d. To secure and give evidence and obtain the attendance of witnesses.
- C. The "insured" will not, except at the "insured's" own cost, voluntarily make payment, assume obligation or incur expense to others.

VI. General Provisions

A. Appeals

If an "insured" or any insurer providing "underlying insurance" elects not to appeal a judgment which exceeds the "retained limit", we may do so at our own expense. We will pay all costs, taxes, expenses and interest related to our appeal. These payments will not reduce the limit of liability.

B. Bankruptcy Of An Insured

Bankruptcy or insolvency of an "insured" will neither:

- 1. Relieve us of our obligations under this Policy; nor
- 2. Operate to cause this Policy to become primary in the event the "insured" is unable to satisfy the "retained limit" either because of insufficient "underlying insurance" or insufficient personal assets.

C. Bankruptcy Of An Underlying Insurer

In the event of bankruptcy or insolvency of any underlying insurer, the insurance afforded by this Policy shall not replace such "underlying insurance", but shall apply as if the "underlying insurance" was valid and collectible.

D. Fraud

We do not provide coverage for any "insured" who has made fraudulent statements or engaged in fraudulent conduct in connection with any "occurrence" or offense for which coverage is sought under this Policy.

E. 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.

F. Other Insurance

The coverage afforded by this Policy is excess over any other insurance available to an "insured", except insurance written specifically to be excess over this Policy.

G. Our Right To Recover Payment

If we make a payment under this Policy and the person to or for whom payment was made has a right to recover damages from another, we shall be subrogated to that right. That person shall do:

1. Whatever is necessary to enable us to exercise our rights; and
2. Nothing after loss to prejudice them.

H. Policy Period And Territory

The policy period is stated in the Declarations. This Policy applies to an "occurrence" or offense which takes place anywhere in the world.

I. Severability Of Insurance

This insurance applies separately to each "insured". However, this provision will not increase our limit of liability for any one "occurrence" or offense.

J. Suit Against Us

1. No legal action can be brought against us:
 - a. Unless there has been full compliance with all of the terms of this Policy; and

- b. Until the obligation of the "insured" has been determined by final judgment or by agreement signed by us.

2. No person or organization has any right under this Policy to join us as a party to any legal action against an "insured".

K. Termination**1. Cancellation By You**

You may cancel this Policy by:

- a. Returning it to us; or
- b. Giving us advance written notice of the date cancellation is to take effect.

2. Cancellation By Us

We may cancel this Policy as 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 by letting you know at least 30 days before the date cancellation takes effect.

3. 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.

4. Other Termination Provisions

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

L. Transfer Of Your Interest In This Policy

1. Your rights and duties under this Policy may not be assigned without our written consent. However, if you die, coverage will be provided for:
 - a. The surviving spouse if resident in the same household at the time of death. Coverage applies to the spouse as if a named insured shown in the Declarations;
 - b. Any member of your household who is an "insured" at the time of your death, but only while a resident of the residence premises; or

- c. The legal representative of the deceased person as if a named insured shown in the Declarations. This applies only with respect to the representative's legal responsibility to maintain or use your "autos" or the residence premises shown in the Declarations.

2. Coverage will only be provided until the end of the policy period.

M. Waiver Or Change Of Policy Provisions

This Policy contains all the agreements between you and us. Its terms may not be changed or waived except by endorsement issued by us. If a change requires a premium adjustment, we will adjust the premium as of the effective date of the change.

SAMPLE

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PERSONAL UMBRELLA LIABILITY POLICY TRUST ENDORSEMENT

SCHEDULE

With respect to the coverage provided by this endorsement, the provisions of the Policy apply unless modified by the endorsement.

1. Trust Name		Trust Address	
Insured(s)			
2. Trustee Name(s)	Trustee Address(es)		3. Trust Name
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.			

The following provisions apply with respect to the Trust or Trustee named in Items 1. and 2. in the Schedule of this endorsement:

Section I – Definitions

A. Paragraph J.4. is replaced by the following:

"Insured" means:

4. The Trust shown in the Schedule or in the Declarations if recognized under applicable state law as a legal entity with the capacity to sue or be sued in a court having jurisdiction and if named in Item 3. in the Schedule or in the Declarations but only with respect to the legal responsibility for acts or omissions of you or any "family member" while you or any "family member" is using an "auto", "recreational motor vehicle" or watercraft covered under this Policy.

However, with respect to the legal responsibility for any act or omission, the Trust is an "insured" only if coverage is provided to that Trust by "underlying insurance" with respect to the legal responsibility for such act or omission.

5. The Trustee(s) named in Item 2. in the Schedule or in the Declarations but only with respect to the legal responsibility for acts or omissions of you or any "family member" while you or any "family member" is using an "auto", "recreational motor vehicle" or watercraft covered under this Policy.

However, with respect to the legal responsibility for any act or omission, the Trustee is an "insured" only:

- a. If coverage is provided to that Trustee by "underlying insurance" for such act or omission; and
- b. With respect to his or her duties as a Trustee.

B. The following is added to Paragraph J.:

"Insured" means:

6. The Trust shown in the Schedule or in the Declarations if recognized under applicable state law as a legal entity with the capacity to sue or be sued in a court having jurisdiction and if named in Item 3. in the Schedule or in the Declarations but only with respect to:

- a. The legal responsibility for acts or omissions of you or any "family member" for "personal injury" to which this insurance applies; or

- b. "Bodily injury" or "property damage" arising from the ownership, maintenance or use of:

- (1) The residence premises shown in the Declarations but only if legal title to such residence premises is held in trust with respect to the Trust named in Item 1. in the Schedule or in the Declarations; or
- (2) Any part of any other premises owned by or rented to the Trust or any other "insured" to the extent that personal liability coverage with respect to such premises is provided by "underlying insurance" at the time of the "occurrence".

However, for any "occurrence" or offense, the Trust is an "insured" only if coverage is provided to that Trust by "underlying insurance" for such "occurrence" or offense.

7. The Trustee(s) named in Item 2. in the Schedule or in the Declarations but only with respect to:

- a. The legal responsibility for acts or omissions of you or any "family member" for "personal injury" to which this insurance applies; or
- b. "Bodily injury" or "property damage" arising from the ownership, maintenance or use of:

- (1) The residence premises shown in the Declarations but only if legal title to such residence premises is held in trust with respect to the Trust named in Item 1. in the Schedule or in the Declarations; or
- (2) Any part of any other premises owned by or rented to the Trustee or any other "insured" to the extent that personal liability coverage with respect to such premises is provided by "underlying insurance" at the time of the "occurrence".

However, for any "occurrence" or offense, the Trustee is an "insured" only:

- a. If coverage is provided to that Trustee by "underlying insurance" for such "occurrence" or offense; and
- b. With respect to his or her duties as a Trustee.

C. The definition of "business" is replaced by the following:

G. "Business" means:

1. A trade, profession or occupation engaged in on a full-time, part-time or occasional basis;

- 2. "Home-sharing host activities"; or
- 3. Any other activity engaged in for money or other compensation, except the following:
 - a. One or more activities, not described in b. through e. below, for which no "insured" receives more than \$2,000 in total compensation for the 12 months before the beginning of the policy period;
 - b. Volunteer activities for which no money is received, other than payment for expenses incurred to perform the activity;
 - c. Providing home day care services for which no compensation is received, other than the mutual exchange of such services;
 - d. The rendering of home day care services to a relative of an "insured"; or
 - e. Activities performed as a Trustee in connection with administering the Trust named in Item 1. in the Schedule of this endorsement.

Section II – Coverages

The following is added to Paragraph **A. Insuring Agreement**:

No coverage under this endorsement applies to any resident of the household of the Trustee shown in Item 2. of the Schedule or in the Declarations.

Section III – Exclusions

Exclusion **A.14.** is replaced by the following:

- 14. The coverage provided by this endorsement does not apply to "bodily injury" or "personal injury" to:
 - a. You;
 - b. Any "family member"; or
 - c. The Trustee shown in Item 2. in the Schedule or in the Declarations.

This exclusion also applies to any claim made or suit brought:

- (1) To repay; or

- (2) Share damages with;

another person who may be obligated to pay damages because of "bodily injury" or "personal injury" to you, any "family member" or the Trustee shown in Item 2. in the Schedule or in the Declarations.

Section VII – General Provisions

A. The following is added to the **Cancellation By Us** Provision:

If this Policy is canceled, notice will also be mailed to the Trustee(s) shown in Item 2. of the Schedule or in the Declarations.

B. The following is added to the **Nonrenewal** Provision:

If we elect to nonrenew this Policy, notice will also be mailed to the Trustee(s) shown in Item 2. of the Schedule or in the Declarations.

The following provisions are added:

Trust Documents

We must be provided, as often as we reasonably request, with copies of the Trust documents for the Trust named in Item 1. in the Schedule or in the Declarations.

Changes And Notification Requirements

We must be notified promptly of any of the following changes related to the Trust named in Item 1. in the Schedule or in the Declarations that occur during the policy period:

- 1. Changes in:
 - a. The name and address of the Trust;
 - b. The Trustee(s) of the Trust, including the addition or removal of a Trustee; or
 - c. The mailing address of any Trustee of the Trust.
- 2. Termination of the Trust.
- 3. Death or disability of a Trustee.
- 4. The grantor (or settlor) of the Trust discontinues residing at the residence premises shown in the Declarations.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PERSONAL UMBRELLA LIABILITY POLICY AUTO LIABILITY FOLLOWING FORM ENDORSEMENT

With respect to the coverage provided by this endorsement, the provisions of the Policy apply unless modified by the endorsement.

I. Definitions

With respect to "bodily injury" or "property damage" arising out of the ownership, maintenance, occupancy, operation, use, loading or unloading of any "auto", the definition of "retained limit" is replaced by the following:

"Retained limit" means:

1. The retained policy limits for auto liability coverage shown in the Declarations; and
2. The total limits of any other coverage provided by "underlying insurance" and any other insurance that applies to an "occurrence" which:
 - a. Are available to an "insured"; or
 - b. Would have been available except for the bankruptcy or insolvency of an insurer providing "underlying insurance".

II. Exclusions

The following exclusion is added:

The coverages provided by this Policy do not apply to "bodily injury" or "property damage" arising out of:

- A. The ownership of any "auto" by an "insured";

- B. The maintenance, occupancy, operation, use, loading or unloading of any "auto" by any person;
- C. The entrustment of any "auto" by an "insured" to any person;
- D. The failure to supervise or negligent supervision of any person involving any "auto" by an "insured"; or
- E. Vicarious liability, whether or not imposed by law, for the actions of a child or minor involving any "auto".

However, this exclusion does not apply to the extent that auto liability coverage is provided by "underlying insurance" at the time of the "occurrence".

