



CERTIFIED INSURANCE SERVICE REPRESENTATIVES

Personal Lines - Miscellaneous

The National Alliance
2021 Webinar

CERTIFIED INSURANCE SERVICE REPRESENTATIVES

Personal Lines - Miscellaneous

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A Letter from William J. Hold, CEO

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



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Section 1

Business Activities of Personal Lines Clients

Business Activities of the Personal Lines Client

Learning Objectives

1. Determine if a described activity is a “business” as defined in the ISO Homeowners Policy.
2. Determine if there is an exclusion or limitation in the ISO Homeowners Policy for the dwelling or an other structure used for “business”.
3. Determine if there is an appropriate endorsement to the ISO Homeowners Policy to provide coverage for an other structure that is excluded because of a “business” exposure and explain the coverage it provides.
4. Determine if there is an exclusion or limitation in the ISO Homeowners Policy for personal property used for “business”.
5. Determine if there is an appropriate endorsement to the ISO Homeowners Policy to provide coverage for personal property that is otherwise excluded because of a specific “business” activity and explain the coverage it provides.
6. Determine if a “business” activity is excluded in Section II – Liability Coverages of the ISO Homeowners Policy.
7. Determine if there is an appropriate endorsement to the ISO Homeowners Policy to provide liability coverage for a specific “business” activity and explain the coverage it provides.
8. Determine whether or not a given person or organization is an “insured” for Liability Coverage in the ISO Personal Auto Policy.
9. Determine whether or not “business” use of an auto is covered by the ISO Personal Auto Policy.

I. The Business Activities Exposure

- A. There are many activities that could be considered a business as defined by the Homeowners Policy.
- B. Clients may have no idea that their activities may be considered a business activity.
- C. Business activities can occur whether a person is an employee of others or is self-employed.
- D. Revenue-generating hobbies may also be considered a business activity.
- E. Business activities include services provided by children such as babysitting, lawn care, newspaper delivery, etc.
- F. Many personal lines clients are actively engaged in a home-based business activity.
 - 1. Over 12 percent of all U.S. households operate a full or part-time home-based business
 - 2. In addition, between 34 and 36 million households have an active home office
- G. Statistics do not include individuals who are unaware their activities are a business or individuals who work remotely for their employer.
- H. The challenge to insurance professionals is that it is not always easy to determine if a client's activity will be considered a business activity by the Homeowners Policy.

I. Clients have exposures to loss created solely by their business activities.

Owned Property (On & Away From Premises)	Property of Others in Their Care, Custody or Control	Time Element Insurance (Business Income & Extra Expense)	Liability (Premises, Operations, Products and Completed Operations)
Personal & Advertising Injury	Professional Liability	Crime & Employee Dishonesty	Workers Compensation
Employment-Related Exposures	Life Insurance	Medical Insurance	Disability Insurance

J. According to a recent study, the majority of people involved in a home-based business do not understand the need for commercial insurance because they believe their personal insurance (homeowners, auto, etc.) provides all the insurance protection needed.

II. Business Activities – The Process

- A. To determine the coverage provided to a client for their business activity, four sections of the Homeowners 3 – Special Form policy must be analyzed:
 - 1. The policy’s definition of “business”
 - 2. Coverage A – Dwelling limitations and exclusions for a “business” activity
 - 3. Coverage B – Other Structures limitations and exclusions for a “business” activity
 - 4. Coverage C – Personal Property limitations and exclusions for “business” property
 - 5. Section II – Liability limitations and exclusions for a “business” activity

- B. When clients have limited or no coverage for their business exposure, it must be determined if the appropriate coverage can be provided by an endorsement to their personal lines policies or if commercial insurance should be recommended.

- C. An endorsement may provide:
 - 1. Property and liability coverage for only one specific situation
 - 2. One coverage for one specific situation
 - 3. Options for multiple coverages for eligible situations
 - a) The coverage provided by the endorsement for a specific limitation or exclusion will be discussed at the time the coverage gap is identified.
 - b) For this reason, an endorsement may be mentioned and analyzed more than once.

Learning Objective 1: Determine if a described activity is a “business” as defined in the ISO Homeowners Policy.

III. Business Defined

- A. The definition of business in the 2011 ISO HO-3 Special Form Homeowners Policy
- “Insured”, a defined term, is used in the definition of “business”

DEFINITIONS

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:
(Text omitted)

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".

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B. "Business" defined

1. If an activity is a "business", "business" limitations and exclusions apply
2. "Business" is a 2-part definition
3. Part 1 of the definition states a "business" includes a trade, profession or occupation engaged in on a full-time, part-time or occasional basis
 - a. Trade, profession or occupation
 - 1) Trade: Skilled manual or mechanical work. Examples include painter, carpenter, electrician, etc.
 - 2) Profession: A vocation requiring advanced education and training (Black's Law Dictionary) such as physician, dentist, attorney, veterinarian, etc.
 - 3) Occupation: An activity or pursuit in which a person is engaged; esp., a person's usual or principal work or business. (Black's Law Dictionary)
 - b. Remember – a person can have more than one trade, profession or occupation
 - c. If the activity falls within Part 1 of the definition, it is a "business". If Part 1 does not apply to the activity, Part 2 needs to be considered.

DEFINITIONS

3. "Business" means:

- a. A trade, profession or occupation engaged in on a full-time, part-time or occasional basis; or

4. Part 2 of the “business” definition clearly states that any other activity, engaged in for money or other compensation is a “business” unless it is one of the four cited activities.
 - a. One or more activities for which no “insured” received more than \$2,000 in the 12 months prior to the beginning of the policy period is NOT a “business”.
 - 1) Diane loves to bake and decorate birthday cakes. Occasionally she is paid by friends to make birthday cakes.
 - 2) Samantha loves to make handcrafted items for friends and family. She also sells them at an annual holiday bazaar for extra spending money.
 - a) In the 12 months prior to her current homeowners policy period, Samantha sold items for a total of \$1,600 at the bazaar. This is not a “business” during her current policy period.
 - b) During her current policy period, she sold \$2,100 at the annual bazaar. While still not a “business” during her current policy period, it will be a “business” during her next policy period (when her policy renews) since the activity exceeded the \$2,000 threshold.
 - 3) Rick’s photography hobby earned him \$2,500 the year before his current policy period as he was hired by a friend to shoot photos and videos at the friend’s special event.
 - a) During his current policy period, his photography is a “business” since his activity had exceeded the \$2,000 threshold during the 12 months before his current policy period.
 - b) If Rick earns only \$500 during his current policy period, it is still a business based on the money he was paid in the last policy period.

- b. Volunteer activities where no compensation is received other than reimbursement of expenses is NOT a “business”.
 - Paula serves on the board of the local zoo. Her travel expenses to/from board meetings or events are reimbursed.

- c. Home day care provided without compensation even if there is a mutual exchange of day care services is NOT a “business”.
 - Christy and her friend Michelle watch each other’s children two days a week without compensation.

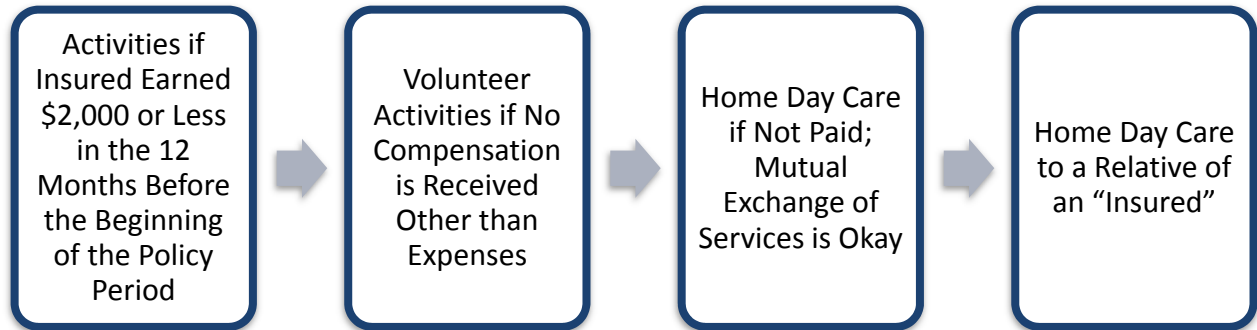
- d. Home day care to a relative of an “insured” even if receiving compensation for the services is NOT a “business”.
 - Alyssa babysits her niece and nephew three days a week. Her sister pays her \$100 per week.

DEFINITIONS

3. "Business" means:

- 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".

Part 2 – Exceptions



5. Many activities fall within the definition of “business” that clients may not consider a “business”.
 - a. It is important to help clients understand the types of activities that could be considered a business.
 - b. This can be accomplished by asking the right questions.
 - 1) “Do you or anyone who lives with you do anything from your home that generates revenue, including a hobby?”
 - 2) “Do you ever work from your home?”
 - 3) “Did you engage in any activity or activities during the past year for which you were paid more than \$2,000?”
 - c. The business activities of all individuals who are an “insured” by definition, which includes resident relatives, need to be considered when determining policy limitations and exclusions.

Learning Objective 2: Determine if there is an exclusion or limitation in the ISO Homeowners Policy for the dwelling or an other structure used for “business”.

IV. Homeowners Coverage, Limitations And Exclusions For A Business

A. Coverage A – Dwelling

1. Coverage for a loss to the dwelling is not affected by “business” use, as there is not a limitation or an exclusion for a dwelling with a “business” exposure.
2. Example: Chantel operates a beauty shop in her home. A curling iron is left plugged in and causes a fire. This is a covered loss as there is not a limitation or exclusion for damage to the dwelling caused by a “business” exposure.

B. Coverage B – Other Structures

1. The Homeowners 3 – Special Form policy automatically includes Coverage B – Other Structures coverage up to 10 percent of the Coverage A – Dwelling limit.
2. There are three “business” exclusions that apply to an other structure.
3. These exclusions apply even when the cause of loss is unrelated to the “business” exposure.

4. Exclusion for an other structure that is rented or held for rental to anyone not a tenant of the dwelling unless for use solely as a private garage.
 - a. Mitch rents his detached garage to his neighbor to store his classic car. This exclusion does not apply.
 - b. Mary has an apartment above her 2-car detached garage that she rents to a college student. This exclusion applies.

5. Exclusion for an other structure with a “business” conducted in it
 - a. Elsa converted a small building in her backyard to a studio for her photography business. This exclusion applies.
 - b. Harry is a contractor and has his office in his detached garage. This exclusion applies.
 - c. Mary has a kiln in her detached garage that she uses in her pottery business. Only 25 percent of the garage square footage is used for the kiln. This exclusion applies.

6. Exclusion for an other structure used to store “business” property unless the property is both:
 - a. Owned solely by an “insured” or tenant of the dwelling

AND
 - b. The “business” property is not gaseous or liquid fuel unless it is in a permanently installed fuel tank of a vehicle or craft parked or stored in the structure.

c. Examples

- 1) Darelle operates his lawn maintenance business as a sole proprietor and stores his lawn mower, tools and equipment in his detached garage. This exclusion does not apply since the "business" property is solely owned by him.

- 2) Chuck, also a sole proprietor, has a landscaping business. He stores his riding lawn mower and other fuel-powered equipment in his detached garage. He also stores several 5-gallon gas cans that he takes on job sites. This exclusion applies since the gas is not in the fuel tank of the equipment.

- 3) Beverly stores business records from her accounting firm in her detached garage. The accounting firm operates as an LLC. This exclusion applies since the "business" property is owned by the LLC and is not owned solely by her.

B. Coverage B – Other Structures

2. We do not cover:
 - a. (Text omitted as related to land.)
 - 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.

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Learning Objective 3: Determine if there is an appropriate endorsement to the ISO Homeowners Policy to provide coverage for an other structure that is excluded because of a “business” exposure and explain the coverage it provides.

7. Endorsements providing property coverage for an other structure with a “business” exposure
 - a. In addition to providing Coverage B – Other Structure coverage, these endorsements may also provide coverage for personal property used in “business” and/or liability coverage for the “business” exposure. These coverages will be discussed when the solutions for Coverage C – Personal Property and Section II – Liability “business” limitations and exclusions are introduced.
 - b. **Structures Rented To Others – Residence Premises HO 04 40**
 - 1) Used to obtain coverage for an other structure that is rented to others for use as a *private residence*.
 - a) Garage apartment
 - b) Mother-in-law cottage
 - 2) The other structure(s) is described in the Schedule with a Limit of Liability.

POLICY NUMBER:

HOMEOWNERS
HO 04 40 10 00

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

STRUCTURES RENTED TO OTHERS RESIDENCE PREMISES

SCHEDULE*

Description Of Structures And Limit Of Liability

*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.

c. **Permitted Incidental Occupancies – Residence Premises HO 04 42**

- 1) This endorsement has multiple coverage options.
- 2) Must be the business of a **you** and that is described in the Schedule.
- 3) For an other structure with an eligible incidental “business” exposure.
 - Typical permitted occupancies are Offices, Schools or Studios, meaning offices for business or professional purposes and private schools or studios for music, dance, photography and other instructional purposes.
- 4) The Limit of Liability and the Description of the Other Structure must be shown in the Schedule.

The Homeowners Policy is very limiting when it comes to a “business” in an other structure. This should reinforce the importance of identifying clients with a “business” exposure so that proper coverage can be obtained either by endorsement to the Homeowners Policy or by a separate commercial policy

POLICY NUMBER:

HOMEOWNERS
HO 04 42 10 00

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.

Learning Objective 4: Determine if there is an exclusion or limitation in the ISO Homeowners Policy for personal property used for “business”.

Learning Objective 5: Determine if there is an appropriate endorsement to the ISO Homeowners Policy to provide coverage for personal property that is otherwise excluded because of a specific “business” activity and explain the coverage it provides.

C. Coverage C – Personal Property

1. There are two Coverage C – Personal Property Special Limits of Liability that apply to property used primarily for “business”
 - a. \$2,500 for personal property used primarily for “business” while on the “residence premises”
 - b. \$1,500 for personal property used primarily for “business” while away from the “residence premises”
 - c. These limitations do not apply to property used occasionally for “business”
2. Endorsements providing coverage for personal property used primarily for “business”
 - a. **Increased Limits On Business Property HO 04 12**
 - 1) The Special Limit of Liability for “business” property on the “residence premises” can be increased from \$2,500 to a maximum of \$10,000.
 - 2) The Special Limit of Liability for “business” property away from the “residence premises” is automatically increased to 60 percent of the limit selected for property on the “residence premises”
 - If \$10,000 on the “residence premises” is selected, \$6,000 would be provided for away from the “residence premises”

- 3) Does not provide coverage for “business” property that pertains to a “business” actually conducted on the “residence premises”.
- a) Emmy operates her dance studio in her home. This endorsement would not provide coverage since the “business” is conducted on the “residence premises”.
 - b) Priscilla works for her employer from her home three days a week. She owns the office furniture and computer equipment in her home office. This endorsement would provide coverage.
- 4) Does not cover “business” property in storage or held as a sample or for sale or delivery after a sale.
- Heather sells clothing over social media. She has over \$10,000 in samples and items sold but not mailed yet. This endorsement would not provide coverage for this property.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

INCREASED LIMITS ON BUSINESS PROPERTY

SCHEDULE

Increase In Limit Of Liability	Total Limit Of Liability
\$	\$
\$	\$
\$	\$

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

SECTION I – PROPERTY COVERAGES

Coverage C – Personal Property

3. Special Limits Of Liability

a. The Special Limit Of Liability in Category **3.h.** that applies to "business" property on the "residence premises" is increased by the Increase In Limit Of Liability shown in the Schedule above.

This Increase In Limit Of Liability does not apply to "business" property:

- (1)** In storage or held:
 - (a)** As a sample; or
 - (b)** For sale or delivery after sale; or

(2) That pertains to a "business" actually conducted on the "residence premises".

b. The Special Limit Of Liability in Category **3.i.** that applies to "business" property away from the "residence premises" is increased to an amount that is 60 percent of the Total Limit Of Liability shown in the Schedule.

This endorsement does not increase the limit of liability for Coverage **C.**

All other provisions of this policy apply.

b. **Permitted Incidental Occupancies – Residence Premises HO 04 42**

- 1) Applies to personal property used in the “business” described in the Schedule
- 2) Removes the \$2,500 “business” limit for property on the “residence premises” for furnishings, supplies and equipment of the “business” described in the Schedule.
 - a) Property other than furnishings, supplies and equipment is still limited to \$2,500
 - b) Property still limited include samples, Inventory, and items sold but not delivered.

3. Coverage C – Personal Property exclusions for “business” property
 - a. There are three exclusions that pertain to “business” property
 - 1) Property in an apartment regularly rented or held for rental to others by an “insured” is excluded.
 - a) \$2,500 is provided in Section I Additional Coverage E.10. Landlord’s Furnishings, excluding loss by theft.
 - b) The **Landlord’s Furnishings HO 05 46** endorsement can be used to increase the limit up to \$10,000.
 - i. The Total Limit of Liability shown in the Schedule is subject to the policy’s Coverage C – Personal Property limit.
 - ii. Theft is still excluded.

C. Coverage C – Personal Property

4. Property Not Covered

We do not cover:

- 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;

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E. Additional Coverages

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.

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- b. "Business" data
- 1) Books of account, drawings, paper records.
 - 2) Includes data stored in computers and related equipment.
 - 3) There is coverage for prerecorded computer software that is available from a retailer.

C. Coverage C – Personal Property

4. Property Not Covered

We do not cover:

- 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;

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- c. Additional Coverage for credit card, electronic device, forgery or counterfeit money excludes loss arising out of "business" use.

C. Coverage C – Personal Property

4. Property Not Covered

We do not cover:

- 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

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E. Additional Coverages

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

b. We do not cover:

- (2) Loss arising out of "business" use or dishonesty of an "insured."

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“Business” Property Limitations, Exclusions and Endorsements Recap

Coverage B Exclusions	Rented to Others Unless Used Solely as a Private Garage	<p>Structures Rented To Others – Residence Premises HO 04 40 Provides coverage for an other structure that is rented to others for use as a <i>private residence</i>.</p> <p>The other structure(s) is described in the Schedule with a Limit of Liability.</p>
	From Which Any “Business” is Conducted	<p>Permitted Incidental Occupancies – Residence Premises HO 04 42 Provides coverage for an other structure with an eligible incidental “business” exposure.</p>
	Used to Store “Business” Property (With Exceptions)	<p>The Limit of Liability and the Description of the Other Structure must be shown in the Schedule.</p>
Coverage C Limitations	\$2,500 for personal property on the “residence premises” used primarily for “business”	<p>Permitted Incidental Occupancies – Residence Premises HO 04 42 Removes the \$2,500 limit for furnishings, supplies and equipment of the “business” described in the Schedule.</p> <p>Increased Limits On Business Property HO 04 12 Increases the on "residence premises" limit up to \$10,000</p> <p>Increases the off "residence premises" to 60% of the on "residence premises" limit.</p> <p>Does not apply to property of any “business” conducted on the premises.</p> <p>Does not cover “business” property in storage or held as a sample or for sale or delivery after a sale.</p>
	\$1,500 for personal property away from the “residence premises” used primarily for “business”	<p>See Increased Limits On Business Property HO 04 12</p>

Learning Objective 6: Determine if a “business” activity is excluded in Section II – Liability Coverages of the ISO Homeowners Policy.

V. Business Activities And Homeowners Liability Coverage

- A. Coverage E – Personal Liability Insuring Agreement states the insurance company will provide coverage for a claim against an “insured” for damages because of “bodily injury” or “property damage” caused by an “occurrence” covered by the policy.
- B. Coverage F – Medical Payments To Others Insuring Agreement states the insurance company will pay necessary medical expenses incurred within three years from the date of the accident causing “bodily injury.”
- C. Section II – Exclusions consist of four groups, each of which excludes one or more “business” activities.
 1. “Motor Vehicle Liability” and “Watercraft Liability” exclusions
 - a. “Motor Vehicle Liability” excludes the “business” use of any “motor vehicle”.
 - An exception to the exclusion gives back coverage for the “business” use of an eligible motorized golf cart while on a golfing facility.
 - b. “Watercraft Liability” excludes watercraft used for any “business” purpose.

2. Section II Coverage E – Personal Liability and Coverage F – Medical Payments To Others exclusions
- a. No “bodily injury” or “property damage” coverage for a “business” on an “insured location”. (The definition of “insured location” will be discussed in Section 2.)
- Stella works from her home. She has no liability coverage for this “business” exposure.
- b. No “bodily injury” or “property damage” coverage for a “business” engaged in by an “insured” whether or not the “business” is owned or operated by an “insured”.
- 1) Alex works at a restaurant. He has no liability coverage while working at the restaurant.
 - 2) Kathryn is a home party consultant for a candle company. She has no liability coverage while selling her products at a customer’s home party.
 - 3) Sharon has a revenue-generating hobby making and selling quilts. A customer was injured by a sewing pin she had accidentally left in the quilt. She has no liability coverage.

- c. No “bodily injury” or “property damage” coverage for a “business” that employs an “insured”.
- Jake owns a pet grooming shop that is operated in a detached building on his property. The business is an LLC. The LLC has no liability coverage under Jake’s homeowners policy. (Neither does Jake.)

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

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. 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;

- d. There are several exceptions to the “business” exclusion that give back both personal liability and medical payments to others coverage for some “business” activities.
- 1) The rental or holding for rental of an “insured location” if on an occasional basis if used only as a residence.
 - a) Jeremy and Heather rent their home for \$5,000 to a couple for a week during the PGA golf tournament in their town. As this is occasional and used as a residence, liability coverage is not excluded.
 - b) Lisa and Jessie rent their home through an online home sharing program 8-10 times a year. As not occasional, liability coverage is excluded.
 - 2) The rental or holding for rental of an “insured location” in part for use as a residence unless the tenant intends to have more than 2 roomers or boarders.
 - a) Wilma’s tenant rents rooms to two college students. Wilma’s liability coverage is not excluded.
 - b) Fred’s tenant rents rooms to three college students. Liability coverage is excluded.
 - 3) The rental or holding for rental of an “insured location” in part as an office, school, studio or private garage.
 - While liability coverage is provided, property coverage is still excluded if the office, school or studio is in an other structure.
 - 4) An “insured” under the age of 21 in a part-time or occasional self-employed “business” with no employees.

- e. No “bodily injury” or “property damage” arising out of the rendering of or failure to render professional services.
- CPAs, insurance professionals, doctors, dentists, attorneys, engineers, beauticians, etc. do not have professional liability coverage

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

Coverages E and F do not apply to the following:

3. Professional Services

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

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3. Coverage E – Personal Liability exclusions and Coverage F – Medical Payments To Others exclusions
- a. Workers Compensation
- 1) Insureds who own a “business” and have employees should understand the workers compensation exclusion in both Personal Liability and a Medical Payments To Others.
 - 2) “Employee” is a defined term.

DEFINITIONS

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".

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- 3) If the insured either voluntarily provides workers compensation or is required by law to provide workers compensation benefits to an employee, Personal Liability and Medical Payments To Others coverages are excluded.

F. Coverage E – Personal Liability

Coverage E does not apply to:

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;

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G. Coverage F – Medical Payments To Others

Coverage F does not apply to "bodily injury":

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;

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Learning Objective 7: Determine if there is an appropriate endorsement to the ISO Homeowners Policy to provide liability coverage for a specific “business” activity and explain the coverage it provides.

4. Endorsements providing Section II – Liability coverage for a “business” activity
 - a. **Structures Rented To Others – Residence Premises HO 04 40**
 - 1) Provides both property and liability coverage for an other structure that is rented to others for use as a ***private residence***.
 - 2) Provides liability coverage by making the scheduled structure an “insured location” and stating the “business” exclusion does not apply to the structure(s) shown in the Schedule.
 - b. **Permitted Incidental Occupancies – Residence Premises HO 04 42**
 - 1) Provides premises liability coverage by stating the Section II – Liability – E.2. “Business” exclusion does not apply to the necessary or incidental use of the “residence premises” to conduct the “business” shown in the Schedule.
 - 2) “Bodily injury” to an “employee” arising out of the “business” described in the Schedule is excluded.

- 3) A limitation of this endorsement in that it only provides liability coverage on the “residence premises”.
 - a) Many times we learn about a “business” activity that is conducted on the “residence premises”, but may fail to take into consideration that clients may also go off the “residence premises” while involved in a “business” activity.
 - b) For example, a client with a booth at a local fair or celebration, picking up supplies, dropping off packages for shipment, holding a music recital at a community center or school, etc.
 - Jeanette gives piano lessons in her home. She rents the local school auditorium for her students’ yearly recital. This endorsement would not provide liability coverage as it is away from the “residence premises”.
 - c) If there is an off premises exposure, a commercial policy may be the better way to provide the client with the appropriate protection.

c. **Business Pursuits HO 24 71**

- 1) Section II – Liability coverage is provided for the “business” pursuits of the “insured” shown in the Schedule.
- 2) Provides coverage both on and away from the “residence premises”.

- 3) Excludes coverage for a “business” owned or financially controlled by the “insured” or by a partnership if the “insured” is a partner or member.
 - a) Alice has a revenue-generating hobby where she repurposes wood furniture for resale. This endorsement would not provide liability coverage for her “business”.
 - b) Bob works from home for his employer. This endorsement would provide liability coverage for his business exposure.
- 4) Excludes professional services other than teaching.
- 5) Excludes “bodily injury” to a fellow employee injured during the course of employment.
- 6) Excludes coverage for an “insured” who is a member of the faculty or teaching staff of a school or college for (1) liability involving draft/saddle animals, aircraft, hovercraft, “motor vehicles” or watercraft for purpose of instruction in their use and (2) corporal punishment.
- 7) Corporal punishment is available for teachers if the applicable box is checked in the Schedule.

POLICY NUMBER:

**HOMEOWNERS
HO 24 71 10 00**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

BUSINESS PURSUITS

SCHEDULE*

Name And Business Of Insured

Corporal Punishment

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.

HO 24 71 10 00

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“Business” Liability Exclusions and Endorsements Recap

<p>No Coverage for Liability Arising Out of a “Business” Engaged in by an “Insured”.</p>	<p>Permitted Incidental Occupancies – Residence Premises HO 04 42</p> <p>Provides premises liability coverage by stating the Section II – Liability – E.2. “business” exclusion does not apply to the necessary or incidental use of the “residence premises” to conduct the “business” shown in the Schedule.</p> <p>No coverage away from the “residence premises”</p> <p>Business Pursuits HO 24 71</p> <p>Section II – Liability coverage is provided for the “business” pursuits of the “insured” shown in the Schedule</p> <p>Provides coverage both on and away from the “residence premises”</p> <p>Excludes coverage for a “business” owned or financially controlled by the “insured” or by a partnership if the “insured” is a partner or member.</p>
<p>No Liability Coverage for Renting or Holding for Rental of an “Insured Location” (With Exceptions for Occasionally as a Residence or In Part as a Residence or an Office)</p>	<p>Structures Rented To Others – Residence Premises HO 04 40</p> <p>Provides liability coverage by making the scheduled structure rented to others for use as a <i>private residence</i> an “insured location” and stating the “business” exclusion does not apply to the structure(s) shown in the Schedule.</p>

Business Pursuits (HO 24 71)

At a Glance

Provides Section II – Liability Coverage Only

1. Name of Insured and the Business of Insured must be named in the Schedule
2. Does not provide Section I – Property Coverage
3. Provides Coverage E – Personal Liability and Coverage F – Medical Payments to Others coverages for the “business” pursuits of the “insured” named in the Schedule.
 - Provides coverage on and away from the “residence premises”
4. Excludes coverage for:
 - a. A “business” owned or controlled by the “insured” or by a partnership of which the “insured” is a partner or member
 - b. Professional liability other than teaching
 - c. “Bodily injury” to a fellow employee of the “insured”
 - d. An “insured” who is a faculty member or teacher of any school or college involving draft or saddle animals, aircraft, hovercraft, “motor vehicles” or watercraft
 - e. Corporal punishment (for a member of the faculty or teaching staff of any school or college unless the box in the Schedule is checked)

Permitted Incidental Occupancies – Residence Premises (HO 04 42)

At A Glance

Can Provide Both Section I – Property (Other Structures and Personal Property) and Section II – Liability Coverage

Agreement

1. “Business” described in the Schedule must be the “business” of a person falling within the definition of a “you” or “your”
2. “Business” must be conducted at or from the “residence premises”

Section I – Property Coverages

Coverage B

1. Use to provide coverage for an Other Structure that is excluded due to its “business” use.
2. Provides coverage for the “business” use of the Other Structure described in the Schedule and up to the limit shown in the Schedule.
3. Coverage B is not a mandatory coverage. (Insured may not have “business” use of an Other Structure as the “business” may be in the Dwelling.)

Coverage C

1. Use to provide coverage for Personal Property used primarily for “business” purposes on the “residence premises” that is otherwise subject to the \$2,500 Special Limit of Liability.
2. Removes the \$2,500 Special Limit of Liability for furnishings, supplies and equipment of the “business” described in the Schedule.

Section II – Exclusions

1. Removes the “business” exclusion for the necessary or incidental use of the “residence premises” to conduct the “business” described in the Schedule.
2. Does not provide Coverage E – Personal Liability and Coverage F – Medical Payments To Others coverage for “bodily injury” to an “employee” arising out of the “business” described in the Schedule.

Learning Objective 8: Determine whether or not a given person or organization is an “insured” for Liability Coverage in the ISO Personal Auto Policy.

VI. Business Activities And The Personal Auto Policy

- A. The definition of “business” in the Personal Auto Policy differs from the definition in the Homeowners Policy.
 - 1. It is defined as a trade, profession or occupation.
 - 2. There are no exceptions to the definition such as the ones included in the Homeowners Policy.

- B. The **Part A – Liability Coverage** described in the Insuring Agreement and Supplementary Payments is only provided for those who fall within any one of the four-parts to the definition of “insured”. We will focus on the last two.
 - 1. Both of these definitions are providing what is often referred to as vicarious liability.
 - 2. The difference between the two is whether the auto is a “your covered auto” or a non-owned auto.

PART A – LIABILITY COVERAGE

INSURING AGREEMENT

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”.

3. **B.3.** makes an employer or business entity an “insured” if it is legally responsible for the acts or omissions of a person who is also covered by Part A – Liability. This only applies if the auto is a “your covered auto”.
 - Audrey has a sewing and alteration business, Altered 4 You, Inc. While driving her personal car to a client’s house to drop off a completed job, she had an at-fault accident. Since Audrey is an “insured” for this loss and covered, Altered 4 You, Inc. is also an “insured” for this loss since it is legally responsible for the acts of Audrey.

4. **B.4.** makes an employer or business entity an “insured” if it is legally responsible for the acts of a you or a “family member” who is also covered by Part A – Liability. This applies if the auto is not a “your covered auto” and cannot be an auto owned or hired by the employer or business entity.
 - Rick has a small travel agency. While on a business trip, he rents a car in the name of his travel agency. He has an at-fault accident. The injured person is seeking damages from both Rick and the travel agency. The travel agency would not be an “insured” since it hired the auto.

5. Regardless of the number of “insureds”, there is only one Limit of Liability for any one accident.

6. When clients drive their personal vehicle on behalf of their “business”, it is important for them to have high limits of liability since both will share the limits.

- C. Loading and unloading exposure
1. Chelsey is taking boxes of her products out of her vehicle and into the home of her client. While walking into her client's home, she accidentally drops a box. It hits a shelf, breaking several fragile items.
 - a. If an injury occurs during the loading or unloading of an auto, it may not be considered an auto accident resulting from the ownership, maintenance or use of the auto.
 - 1) The distance between the vehicle and the occurrence may be taken into consideration by the insurance company when determining coverage.
 - 2) Some personal auto policies specifically provide coverage for loading and unloading.
 - b. The homeowners policy will exclude liability coverage for this as it is a "business" activity.
 2. The Business Auto Policy provides coverage for the loading and unloading exposure.
 - In the above example, the Business Auto Policy would have provided liability coverage since she was unloading her vehicle.

Learning Objective 9: Determine whether or not “business” use of an auto is covered by the ISO Personal Auto Policy.

- D. Exclusions for a client with a “business” exposure
1. “Bodily injury” to an employee of that “insured”
 - Expectation that individual is entitled to workers compensation
 2. A vehicle used as a public or livery conveyance
 3. Anyone in the auto “business” with an exception for the use of a “your covered auto” by you or a “family member” (or partner, agent or employee of you or a “family member”)
 - Pete is an auto mechanic employed by a local auto dealership. He occasionally works on the cars of friends or family “on the side” to earn extra money. While driving a friend’s car to see if his repair fixed the problem, he causes an accident. His personal auto policy will not provide coverage since Pete is in the auto “business”.

**PART A – LIABILITY COVERAGE
EXCLUSIONS**

- A. We do not provide Liability Coverage for any “insured”:
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:
 - a. You;
 - b. Any “family member”; or
 - c. Any partner, agent or employee of you or any “family member”.

4. Maintaining or using a vehicle for “business” unless it is a private passenger auto, pickup, van or trailer for use with a private passenger auto, pickup or van.
 - a. Bob and Brenda rent a large box truck to transport their booth and products for sale to a community fair. They do not have coverage under their personal auto policy since the truck is not a private passenger, pickup or van.
 - b. Cody is a self-employed farrier. He is hired by a rancher in Montana to shoe several horses. Cody flies into Sheridan, Wyoming and rents a pickup. Cody has coverage under his personal auto policy for the “business” use of the rented pickup.
 - c. Note: Some personal auto policies may not have an exception that gives back coverage for “business” use of a non-owned pickup or van.

**PART A – LIABILITY COVERAGE
EXCLUSIONS**

A. We do not provide Liability Coverage for any “insured”:

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.

- E. The Personal Auto Policy is generous in the coverage it provides for a client's "business". As long as the "business" is an "insured" by definition, and none of the four business-related exclusions apply, the "business" is provided a defense by the Personal Auto Policy. (Subject to the Policy Period and the Coverage Territory.)

- F. As all "insureds" share the same limit of liability, it is important that adequate limits are maintained.

- G. If a client has an umbrella/excess policy, that policy should also be analyzed to determine whether or not a client's "business" exposure is covered, limited or excluded.

Business Activities of the Personal Lines Client

Review Of Learning Objectives

1. Determine if a described activity is a “business” as defined in the ISO Homeowners Policy.
2. Determine if there is an exclusion or limitation in the ISO Homeowners Policy for the dwelling or an other structure used for “business”.
3. Determine if there is an appropriate endorsement to the ISO Homeowners Policy to provide coverage for an other structure that is excluded because of a “business” exposure and explain the coverage it provides.
4. Determine if there is an exclusion or limitation in the ISO Homeowners Policy for personal property used for “business”.
5. Determine if there is an appropriate endorsement to the ISO Homeowners Policy to provide coverage for personal property that is otherwise excluded because of a specific “business” activity and explain the coverage it provides.
6. Determine if a “business” activity is excluded in Section II – Liability Coverages of the ISO Homeowners Policy.
7. Determine if there is an appropriate endorsement to the ISO Homeowners Policy to provide liability coverage for a specific “business” activity and explain the coverage it provides.
8. Determine whether or not a given person or organization is an “insured” for Liability Coverage in the ISO Personal Auto Policy.
9. Determine whether or not “business” use of an auto is covered by the ISO Personal Auto Policy.



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Section 2

Recreational Vehicles

Recreational Vehicles

Learning Objectives

1. Determine the Section I – Property coverage provided by the Homeowners 3 – Special Form for damage to owned recreational vehicles.
2. Describe the coverage provided by the **Owned Motorized Golf Cart Physical Loss Coverage HO 05 28** endorsement to the Homeowners Policy.
3. Explain whether or not damage to borrowed or rented recreational vehicles is a covered Section II “property damage” loss in the Homeowners 3 – Special Form.
4. Define “Motor Vehicle Liability” in the Homeowners 3 – Special Form.
5. Determine the liability coverage provided by the unendorsed Homeowners 3 – Special Form for losses arising out of owned, rented or borrowed recreational vehicles.
6. Determine the liability coverage provided by the unendorsed Homeowners 3 – Special Form for children’s motorized riding toys and motorized golf carts.
7. Apply the coverages available under the **Owned Snowmobile HO 24 64** endorsement and the **Incidental Low Power Recreational Motor Vehicle Liability Coverage Endorsement HO 24 13** to specific situations.
8. Apply the coverages available under the **Snowmobile Endorsement PP 03 20** and the **Miscellaneous Type Vehicle Endorsement PP 03 23** when added to the Personal Auto Policy.

Learning Objective 1: Determine the Section I – Property coverage provided by the Homeowners 3 – Special Form for damage to owned recreational vehicles.

I. Section I – Property Coverage For Recreational Vehicles

- A. As recreational vehicles are personal property, any property coverage would be provided by Coverage C – Personal Property.

- B. Coverage C – Personal Property states the policy covers personal property owned or used by an “insured” anywhere in the world. However, for coverage to apply, two requirements must be met:
 - 1. The loss must be caused by one of the 16 named perils; and

 - 2. The property must not be limited or excluded.

- C. Since 2000, the Homeowners Policy has defined the term “motor vehicle”.
 - 1. “Motor vehicle” is a very broad definition, which results in recreational vehicles being considered “motor vehicles” by the Homeowners Policy since they are self-propelled land or amphibious vehicles.

DEFINITIONS

- 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.

COVERAGE C PERILS INSURED AGAINST

Fire or Lightning

Windstorm or Hail

Explosion

Riot or Civil Commotion

Aircraft

Vehicles

Smoke

Vandalism or Malicious Mischief

Theft

Falling Objects

Weight of Ice, Snow or Sleet

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

Sudden & Accidental Tearing Apart, Cracking, Burning, Bulging, etc., of Heating System, Air Conditioning, or Hot Water Heater

Freezing

Sudden and Accidental Damage from Artificially Generated Electrical Current

Volcanic Eruption

2. Each one of the following recreational vehicles is a self-propelled land vehicle, making each one a “motor vehicle” by definition.

- Snowmobile
- All-terrain Vehicle (ATV)
- Motorized Scooter
- Riding Lawnmower
- Golf Cart
- Go-Cart
- Motorized Child’s Riding Toy
- Tractor

3. As a “motor vehicle”, a recreational vehicle is subject to all of the limitations and exclusions in the Homeowners Policy for a “motor vehicle”.

D. “Motor vehicle” exclusion

1. In **Property Not Covered**, there is an exclusion for “motor vehicles” including their equipment and parts.

2. There are two exceptions to the “motor vehicle” exclusion, only one of which applies to recreational vehicles.

3. For a recreational vehicle that is not required to be registered (some states use licensed instead of registered), coverage is only provided for loss by a covered peril if the recreational vehicle is used **solely to service a residence**.

a. Chris has an All Terrain Vehicle (ATV) that he uses only to maintain his property. He has a small trailer behind it to put lawn clippings and branches in when he is cleaning up his property. It is not used for any other purpose. The property exclusion does not apply since it is used solely to service a residence.

b. Barry has a riding lawn mower. Every two weeks he puts the mower in the bed of his pickup and drives to his mother’s house to mow her lawn. The property exclusion does not apply since it is used solely to service a residence.

- c. Becky borrowed her friend’s riding snow blower to clear snow on her property to see she would want one of her own. Except for letting Becky borrow it, her friend only uses it at his house. The property exclusion does not apply since it is used solely to service a residence.
 - d. Tray has a tractor that he uses to maintain his property. He will also take it to the local park and ball field to help on community cleanup day. The property exclusion DOES apply since the tractor is not used solely to service a residence.
 - e. Jim has a motorized golf cart that he only uses to check his fences and clean up branches on the ground. The only exception is when he decorates it and rides it in his community’s 4th of July parade. The property exclusion DOES apply since his golf cart is not used solely to service a residence.
 - f. Mandy lives in a golfing community and drives her motorized golf cart to and from the clubhouse. She also drives it to visit friends in the neighborhood. The property exclusion DOES apply since her golf cart is not used solely to service a residence.
4. Clients tend to use recreational vehicles for fun activities away from home and not typically to service a residence. This results in damage to most recreational vehicles being excluded.

C. Coverage C – Personal Property

4. Property Not Covered

We do not cover:

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;

- E. If the recreational vehicle is not subject to the “motor vehicle” exclusion, the exclusion for property separately described and specifically insured must be considered.
1. This exclusion applies when the recreational vehicle is specifically insured such as by a recreational vehicle policy.
 - Chris insures his All Terrain Vehicle (ATV), which he uses solely to service his residence, on a recreational vehicle policy. There is a total loss to the ATV and the recreational vehicle policy pays him the policy limit. He does not feel that he was fully compensated, so he turns in a claim under his Homeowners Policy. Since his ATV was specifically insured on another policy, the property loss is excluded by his Homeowners Policy.
 2. This exclusion also applies when a non-owned recreational vehicle is specifically insured by its owner.
 - The riding snow blower Becky borrowed was stolen from her driveway. Becky feels responsible and wants her Homeowners Policy to pay for the loss. Since her friend had the riding snow blower insured on another policy, the property loss is excluded by Becky’s Homeowners Policy.

C. Coverage C – Personal Property

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;

Learning Objective 2: Describe the coverage provided by the **Owned Motorized Golf Cart Physical Loss Coverage HO 05 28** endorsement to the Homeowners Policy.

F. Golf carts are the only recreational vehicle that may be eligible for property coverage by an endorsement.

1. **Owned Motorized Golf Cart Physical Loss Coverage HO 05 28**

a. There are two coverage options:

- 1) Direct physical loss including collision
- 2) Direct physical loss excluding collision

b. "Golf cart" is defined in the endorsement and means it is:

- 1) Designed to carry up to 4 people on a golf course;
- 2) For the purpose of playing golf; and
- 3) Not built or modified to go faster than 25 miles per hour on level ground.

c. Covered property includes the golf cart and permanently installed accessories, equipment or parts.

- Sound system, storage trunk, ball washers, windshield, GPS, air conditioner, etc.

- d. Coverage for non-permanently installed accessories, equipment and parts that are designed or made solely for the use of the golf cart is provided up to 10 percent of the highest Limit of Liability shown in the Schedule.
 - Cart cover

- e. Coverage is on a direct physical loss basis.
 - 1) A loss is covered unless it is excluded.

 - 2) This is broader coverage than the named peril coverage provided for Coverage C – Personal Property.

- f. Collision coverage is not provided unless the Schedule indicates the Collision Peril applies.

- g. There is no coverage for a golf cart if at the time of the loss it was:
 - 1) Racing

 - 2) Rented to others

 - 3) Carrying persons or cargo for a charge or

 - 4) Used for any “business” purpose except while on a golfing facility.

- h. There is no coverage for loss due to road damage to tires, power surges and faulty workmanship from a loss other than fire or explosion.

- i. Vandalism or malicious mischief is excluded when the golf cart is kept or stored at a location which is any of the following:
 - 1) Unoccupied
 - 2) Closed for the season
 - 3) Not in operation for more than 60 consecutive days immediately before the loss
 - j. Damage caused by animals, birds, vermin, insects or rodents is excluded.
 - k. Loss settlement will be the smallest of the actual cash value, the amount needed to repair or replace or the limit shown on the schedule.
 - l. \$500 deductible
2. For recreational vehicles, other than a motorized golf cart, there is not an endorsement to the Homeowners Policy to provide property coverage.

Learning Objective 3: Explain whether or not damage to borrowed or rented recreational vehicles is a covered Section II "property damage" loss in the Homeowners 3 – Special Form.

II. Section II – Liability Coverage For Damage To Rented Or Borrowed Recreational Vehicles

- A. Section I – Property may not provide the coverage needed by clients when there is damage to recreational vehicles they rent or borrow due to the following:
1. Only those not subject to vehicle registration or licensing that are used solely to service a residence are covered.
 2. Named perils coverage only
 3. Deductible
- B. Section II – Liability is also limited as to when damage to borrowed or rented recreational vehicles would be a covered property damage loss.
- C. There are two considerations when determining whether or not the damage to a borrowed or rented recreational vehicle is a covered property damage loss. Both must be met for a loss to be covered.
1. An insured has to be legally responsible for the loss.

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.

- D. If a loss is excluded in Coverage E – Personal Liability, up to \$1,000 coverage may be provided by the Section II – Additional Coverage – Damage To Property Of Others.
1. An “insured” does not have to be legally responsible for this coverage to apply. It is goodwill or courtesy coverage; the same concept as Medical Payments To Others coverage.
 2. Covers damage to a rented or borrowed recreational vehicle as long as it:
 - a. Was designed for recreational use off public roads;
 - b. Was not used for “business” purposes; and
 - c. Was not subject to vehicle registration at the time of the occurrence.
 3. There is no coverage for “property damage” caused intentionally by an “insured” who is 13 years of age or older.
 4. Beth has an accident while driving her friend’s ATV. The \$3,000 damage to the ATV is NOT a covered “property damage” loss since it is in her care, custody or control and is not a loss by fire, smoke or explosion. This coverage would provide up to \$1,000 for the damage.

SECTION II – ADDITIONAL COVERAGES

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

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.

III. The Homeowners Policy And Recreational Vehicle Liability Coverage

- A. An uncovered property loss for damage to a recreational vehicle is typically less expensive for a client to retain than an uncovered bodily injury or property damage loss.

- B. When determining whether or not liability coverage is provided for a loss involving a recreational vehicle, the following factors must be considered and understood:
 - 1. Did the loss occur on one of the specified “insured locations” as defined in the Homeowners Policy?

 - 2. The definition of “motor vehicle liability”

 - 3. The type of recreational vehicle

 - 4. Does the “motor vehicle liability” exclusion, including its exceptions, apply to the loss?

- C. Definition of “insured location”
 - 1. “Insured location” is a defined term and determines where premises liability coverage is provided.

 - 2. It is used in the “Motor Vehicle Liability” exclusion.

 - 3. Coverage for an owned recreational vehicle may depend on whether or not the “occurrence” takes place on one of the specified “insured locations” – these are the locations where “motor vehicle liability” coverage is provided.

4. Specified “insured locations” are those that are not struck through in the policy language below.

DEFINITIONS


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.

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Specified Insured Locations



Residence Premises

-  Other Residence Shown In The Declarations Or Acquired During The Policy Period
-  Non-owned Premises Where Insured Is Temporarily Residing
-  Vacant Land Owned By Or Rented To An Insured (Other Than Farm Land)
-  Any Part Of A Premises Occasionally Rented To An Insured For Other Than Business Use

D. “Motor Vehicle Liability”

1. This is a defined term. When it is used in a liability exclusion, it is understood to include the identified activities and legal concepts.
2. As mentioned previously, “motor vehicle” is a defined term and means a self-propelled or amphibious vehicle, including a trailer being carried on, towed by or hitched for towing to such vehicle.
3. The definition of “Motor Vehicle Liability” must be understood before the coverage provided or not provided in Section II Liability can be determined.
4. The definition contains both activities and legal concepts.
 - a. *Activities* included in the definition:
 - 1) Ownership of a “motor vehicle”
 - 2) Maintenance, occupancy, operation, use, loading or unloading of a vehicle by any person
 - b. *Legal concepts* included in the definition:
 - 1) Entrustment of a vehicle to any person
 - Kevin has never driven a snowmobile. Jim let Kevin drive his 350 horsepower snowmobile. Jim entrusted his snowmobile to Kevin.

2) Failure to supervise or negligent supervision

- While camping at the beach, Joni lets her daughter's friends take turns driving her all terrain vehicle (ATV) on the shore. Joni is preoccupied when one of the friends drives the ATV at a high rate of speed and crashes. Joni failed to supervise or was negligent in her supervision.

3) Vicarious liability for the actions of a child or minor involving a vehicle.

- Stephanie's 4-year-old son is driving his motorized riding toy vehicle when he hits his friend. The friend falls on the cement and cracks his two front teeth. Stephanie is vicariously responsible for the actions of her son.

DEFINITIONS

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.

Learning Objective 5: Determine the liability coverage provided by the unendorsed Homeowners 3 – Special Form for losses arising out of owned, rented or borrowed recreational vehicles.

E. “Motor Vehicle Liability” Exclusion

1. The “Motor Vehicle Liability” exclusion is a two-part exclusion.
2. As mentioned previously, a recreational vehicle is a “motor vehicle”. For this reason, the term recreational vehicle will be used as this exclusion is analyzed.
3. Part 1 of the exclusion takes away coverage for any recreational vehicle that at the time and place of the “occurrence” is:
 - a. Registered (some states use licensed) for use on public roads or property.
 - Dana and Doris have ATVs that are required by the state they live in to be registered. They do NOT have liability coverage for their ATVs.
 - b. Not registered for use on public roads or property, but registration (or licensing) was required for the recreational vehicle to have been used at the place of the “occurrence”.
 - Martha is on an Alaskan cruise. One of the excursions she chooses is to go snowmobiling. While operating the snowmobile on U.S. Forest Service property, she has an accident. The U.S. Forest Service requires registration of vehicles operating on its property. Martha does NOT have liability coverage for this snowmobile accident.

- c. Being operated in or practicing for a prearranged or organized race, speed contest or other competition.
- Dirk and several of his buddies all own ATVs. They get together every Memorial Day weekend at Dirk's home and property for their annual Memorial Day race. The winner gets bragging rights and custody of the rotating trophy. Dirk does NOT have liability coverage should he have an accident while practicing for his race or during the race.
- d. Being rented to others
- Sarah and Ethan occasionally rent their home through VRBO or Airbnb. Included in the rental is the use of their ATV and motorized go-cart. Sarah and Ethan do NOT have liability coverage for an ATV or motorized go-cart loss during the rental.
- e. Being used to carry cargo or persons for a charge
- A strong winter storm drops over a foot of snow. Craig, an enterprising young man, charges his neighbors to take them on his snowmobile to the nearest grocery store. Craig does NOT have liability coverage should a loss occur while transporting a passenger to the store.

- f. Being used for any "business" purpose except for a golf cart on a golfing facility
- 1) Ben and Clara invite a number of people to their house for an afternoon barbecue and team-building activities to introduce them to a multi-level marketing business opportunity. Some of the team-building activities include their guests driving Ben and Clara's recreational vehicles around the property. Ben and Clara do NOT have liability coverage should a loss occur with the recreational vehicles.
 - 2) Bill takes a client golfing and has an accident while driving his small 2-passenger motorized golf cart from the 8th to the 9th hole. Bill does have liability coverage should a loss occur.
 - 3) Wanda decorates her golf cart for her residential community's annual 4th of July parade. Wanda owns a hair salon and decides to put salon advertising all over her golf cart and attach her business card to the candy she throws to people from her cart. Wanda does NOT have liability coverage should a loss occur during the parade.
- g. If any of the situations in Part 1 exist, the exclusion applies and there is NO coverage.
- h. If none of the situations in Part 1 apply, Part 2 of the exclusion must be analyzed to determine whether or not coverage is provided.

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.

4. Part 2 of this exclusion states that if none of the situations in Part 1 apply, there is still no coverage unless the recreational vehicle is one of the listed exceptions.
 - a. All recreational vehicles do not have the same coverage; they are not treated equally.
 - 1) Coverage for a vehicle used solely to service a residence is different than a vehicle used for additional activities.
 - 2) Coverage for owned recreational vehicles is different than the coverage for non-owned recreational vehicles.
 - 3) Coverage for an owned motorized golf cart or an owned child's motorized toy is different from the coverage provided for other types of owned recreational vehicles.
 - b. The coverage provided by a listed exception will be analyzed for the following types of recreational vehicles:
 - 1) Vehicles used to service a residence
 - 2) Non-owned recreational vehicles
 - 3) Owned recreational vehicles other than a child's toy riding vehicle or motorized golf carts
 - 4) Owned child's motorized toy riding vehicle
 - 5) Owned motorized golf carts

SECTION II – EXCLUSIONS

A. "Motor Vehicle Liability"

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.

- c. Vehicles used to service a residence
 - 1) Examples include riding lawn mowers, tractors, riding snow blowers and similar.
 - 2) The requirements for liability coverage are identical to the previously discussed requirements for property coverage.
 - a) If the vehicle is used for anything other than servicing a residence, there is no liability coverage.
 - b) John takes his riding lawn mower to mow the community park in his neighborhood. John does NOT have liability coverage since it is no longer used solely for servicing a residence.

- d. Non-owned recreational vehicles
 - 1) Examples include all terrain vehicle, snowmobile, motorized scooter, go-cart, dune buggy, child's motorized toy riding vehicle, golf cart, etc.
 - 2) Liability coverage is provided for an "insured's" use of a non-owned (rented or borrowed) recreational vehicle that is designed for use off public roads.
 - 3) Brian and Kim rent all terrain vehicles while on vacation at the ocean. They have liability coverage as long as the all-terrain vehicles were not registered or required to be registered for use on public roads or property.

5. Owned recreational vehicles

- a. Does not include child’s motorized toy riding vehicles or motorized golf carts as there are exceptions to the exclusion specific to these types of recreational vehicles.
- b. Liability coverage is provided for an owned recreational vehicle if the “occurrence” takes place on one of the specified “insured locations” and is not subject to the Part 1 exclusions.
 - 1) Specified “insured locations” are those that are not lined through in the definition below.
 - 2) If the recreational vehicle is not on one of the specified “insured locations”, there is no liability coverage.
- c. There is coverage while at the insured’s premises (the “residence premises” or the property with the covered dwelling)
 - 1) Amanda and Cory’s home is on 2 acres. They use their ATVs on their own property. Liability coverage is provided.
 - 2) Don and Melody take their snow machines to the snow park for the day. Liability coverage is NOT provided as the snow park is not one of the specified “insured locations” where coverage is provided.

DEFINITIONS

- 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.

Learning Objective 6: Determine the liability coverage provided by the unendorsed Homeowners 3 – Special Form for children’s motorized riding toys and motorized golf carts.

6. Owned child’s motorized toy riding vehicle
 - a. There is liability coverage on one of the specified “insured locations”.
 - b. An exception to the exclusion specifically provides liability coverage for a child’s motorized toy riding vehicle that is not on one of the specified “insured locations”, but only if the vehicle meets the following four requirements:
 - 1) Designed as a toy;
 - 2) For children under 7 years of age;
 - 3) Powered by one or more batteries; and
 - 4) Not built or modified to exceed 5 miles per hour on level ground
 - c. Russ and Ciara’s 4-year-old son is driving his motorized toy riding pickup on the sidewalk when he accidentally drives into a neighbor’s parked car. Liability coverage is provided if the pickup was designed as a toy for children under the age of 7, is battery powered and does not go more than 5 miles an hour on level ground.
 - d. Earl and Emma’s 9-year-old son is driving his electric powered motorized scooter on the street and accidentally runs into his friend. Liability coverage is NOT provided as it does not meet the four requirements for coverage when not on one of the specified “insured locations”.

7. Owned golf carts

- a. There are three requirements that must be met before liability coverage is provided for an owned golf cart that is not subject to the Part 1 exclusions.
- 1) Capacity – It must be designed to carry four or fewer persons.
 - 2) Speed – It must not be built or modified to travel more than 25 miles per hour on level ground.
 - 3) Location – The “occurrence” must take place at one of the two specified locations:
 - a) Within the legal boundaries of a golfing facility and is parked or stored there, or being used by an “insured” to:
 - i. Play golf or other activity allowed by the facility
 - ii. Travel to or from an area where “motor vehicles” or golf carts are parked or stored
 - iii. Cross public roads at designated points to access other parts of the golfing facility
 - b) Within a private residential community, including on a public road on which a golf cart can legally travel if:
 - i. The community is subject to the authority of the property owners association; AND
 - ii. An “insured’s” residence is located within the community

- b. Terry and Alyssa live in a golfing community. They have an accident while driving their motorized golf cart on the golf course. As long as their golf cart is not designed to carry more than four people or go more than 25 miles per hour on level ground, liability coverage is provided.

- c. Kip often drives his parents' motorized golf cart up and down the street with his friends. Their home is not in a residential community with an association. Liability coverage is NOT provided as the street is not one of the specified locations where coverage is provided.

SECTION II – EXCLUSIONS

A. "Motor Vehicle Liability"

- 2. If Exclusion **A.1.** does not apply, there is still no coverage for "motor vehicle liability", unless the "motor vehicle" is:
 - 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.

HOMEOWNERS COVERAGE FOR RECREATIONAL VEHICLES RECAP		
Property – Owned, Borrowed or Rented		
Damage to a recreational vehicle used solely to service a residence and not required to be registered is covered.	Loss must be caused by one of the 16 named perils. Subject to the deductible.	Owned Motorized Golf Cart Physical Loss Coverage HO 05 28 endorsement can be used to provide coverage for a motorized golf cart.
“Property Damage” Liability to Borrowed or Rented		
Damage caused by fire, smoke or explosion is covered.	Insured must be legally responsible.	
Damage by other than fire, smoke or explosion is excluded.	\$1,000 Damage to Property of Others is available if the recreational vehicle is not being used for “business” purposes and is not subject to vehicle registration.	
Liability – Owned, Borrowed or Rented		
<u>Excludes</u> recreational vehicles:		
<ul style="list-style-type: none"> • Registered for use on public roads or property or should have been registered at the place of the “occurrence” • In a prearranged or organized race, speed contest of other competition. • Rented to others (owned) • Carrying cargo or persons for a charge • Being used for business other than a golf cart on a golfing facility 		
<u>Covers</u> recreational vehicles not subject to the above exclusions that are:		
<ul style="list-style-type: none"> • Used solely to service a residence • Non-owned • Owned while on one of the specified “insured locations” • Owned child’s motorized toy riding vehicle that is designed as a toy for a child under the age of 7, battery powered and not built or modified to go more than 5 miles per hour on level ground that is away from the specified “insured locations” • Owned golf cart designed to carry 4 or fewer passengers and not built or modified to go more than 25 miles an hour on level ground while not on one of the specified “insured locations” but is on one of the two specified locations (golf course and residential community) meeting the usage requirements specified. 		

Learning Objective 7: Apply the coverages available under the **Owned Snowmobile HO 24 64** endorsement and the **Incidental Low Power Recreational Motor Vehicle Liability Coverage Endorsement HO 24 13** to specific situations.

IV. Homeowners Liability Endorsements For The Recreational Vehicle Exposure

- A. There are two endorsements to the Homeowners Policy that may provide coverage for an otherwise excluded recreational vehicle.

- B. **Owned Snowmobile HO 24 64** endorsement
 - 1. This endorsement provides liability coverage for an owned snowmobile while it is away from one of the specified “insured locations”.
 - 2. Coverage E – Personal Liability and Coverage F – Medical Payments To Others is extended to the snowmobile described in the Schedule.
 - 3. Part I of the “Motor Vehicle Liability” exclusion still applies to the snowmobile described in the Schedule. (Snowmobile that is registered or should have been registered at the place of the occurrence, racing, rented to others, carrying people or cargo for a charge, or being used for “business”)
 - 4. The endorsement changes the definition of “insured” to include any person or organization legally responsible for the snowmobile if they have permission of the owner.
 - 5. Limitations of this endorsement:
 - a. It does not provide coverage for physical damage to the snowmobile.
 - b. It does not provide coverage for injury to an “insured” or a regular resident of the household.
 - c. It does not provide Uninsured/Underinsured Motorists coverage.

POLICY NUMBER:

HOMEOWNERS
HO 24 64 10 00

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

OWNED SNOWMOBILE

SCHEDULE*

Make Or Model	Serial Or Motor Number

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

DEFINITIONS

With respect to a snowmobile described in the Schedule above, Definition **5.** which defines "Insured" is extended to include any person or organization legally responsible for that snowmobile. However, Definition **5.** does not include a person or organization that:

1. Uses; or
2. Has custody or possession of; that snowmobile without the permission of the owner.

SECTION II – LIABILITY COVERAGES

Coverage **E** – Personal Liability and Coverage **F** – Medical Payments To Others apply to "motor vehicle liability" involving a snowmobile:

1. Owned by an "insured"; and
2. Described in the Schedule.

SECTION II – EXCLUSIONS

The following Paragraph is added to Exclusion **A.** "Motor Vehicle Liability" and applies to a snowmobile described in the Schedule:

3. If Exclusions **A.1.** and **2.** do not apply, there is still no coverage for "motor vehicle liability" unless the:
 - a. Snowmobile is owned by an "insured"; and
 - b. "Occurrence" takes place off an "insured location" as defined in **B.6.a., b., d., e.** or **h.**

All other provisions of this policy apply.

C. Incidental Low Power Recreational Motor Vehicle Liability Coverage Endorsement HO 24 13

1. This endorsement provides liability coverage for some recreational vehicles that are otherwise excluded when away from one of the specified “insured locations”.
2. Coverage E – Personal Liability and Coverage F – Medical Payments To Others is extended to “motor vehicles” away from one of the specified “insured locations” that meet both of the following requirements:
 - a. Not built or modified to exceed a speed of 15 miles per hour on level ground

AND
 - b. Not a motorized bicycle, motorized scooter, moped or motorized golf cart regardless of its speed capability
3. Part I of the “Motor Vehicle Liability” exclusion still applies. (Recreational vehicles registered or should have been registered at the time of the occurrence, racing, rented to others, carrying people or cargo for a charge, or being used for “business”)
4. This is a blanket endorsement, meaning a vehicle does not have to be scheduled to be covered.
5. The endorsement changes the definition of “insured” to include any person or organization legally responsible for the covered recreational vehicle if they have permission to use the vehicle.
6. Darby’s 6-year old daughter has a motorized toy riding vehicle that is designed to travel 10 miles per hour. This endorsement can be used to provide liability coverage.
7. Neil’s 12-year old son has an electric motorized scooter that travel 15 miles an hour. This endorsement can NOT be used to provide liability coverage as it does not cover motorized scooters.

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.

V. The Personal Auto Policy And Recreational Vehicles

- A. The Personal Auto Policy is not designed to provide coverage for the recreational vehicle exposure.
- B. While Part A – Liability provides coverage for a you or any “family member” for the ownership, maintenance or use of any auto or “trailer”, exclusions apply to recreational vehicles.
 - 1. There is no liability coverage for a vehicle with fewer than four wheels or a vehicle designed mainly for use off public roads.
 - 2. There are two exceptions to the exclusion that provide coverage:
 - a. If these vehicles are being used in a medical emergency
 - OR
 - b. For a non-owned golf cart for other than “business” use

PART A – LIABILITY COVERAGE EXCLUSIONS

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:

- a. While such vehicle is being used by an “insured” in a medical emergency;
- b. To any “trailer”; or
- c. To any non-owned golf cart.

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EXCLUSIONS

A. We do not provide Liability Coverage for any “insured”:

- 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.

PP 00 01 09 18

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C. Part D – Coverage For Damage To Your Auto

1. Coverage is only provided for an auto shown in the Declarations with physical damage coverage, a “newly acquired auto” if physical damage is provided for any auto on the policy, or if it falls within the definition of a “non-owned auto”.
2. A recreational vehicle is not eligible to be shown in the Declarations on an unendorsed Personal Auto Policy.
3. A recreational vehicle does not meet the definition of a “newly acquired auto”.
4. A borrowed or rented recreational vehicle is unlikely to be considered a “non-owned auto” since one is not typically used as a temporary substitute vehicle.

Learning Objective 8: Apply the coverages available under the **Snowmobile Endorsement PP 03 20** and the **Miscellaneous Type Vehicle Endorsement PP 03 23** to the Personal Auto Policy.

VI. Personal Auto Endorsements For The Recreational Vehicle Exposure

A. There are two endorsements to the Personal Auto Policy that may provide coverage for an otherwise excluded recreational vehicle.

B. Snowmobile Endorsement PP 03 20

1. Can provide liability, medical payments, uninsured &/or underinsured motorists, other than collision and collision coverages.
2. The snowmobile (or snowmobiles) must be described in the Schedule and is covered only for those coverages for which a limit of liability and premium is shown in the Schedule.
3. This endorsement contains an optional Passenger Hazard Exclusion.
 - a. If a passenger on the snowmobile is injured, that person may be able to seek recovery against the owner and/or the operator of the snowmobile.
 - b. If the box is X'd, there is no liability coverage for any "insured" for a "bodily injury" claim made by any person occupying or while being towed by the described snowmobile.
 - Jason has his snowmobile insured on the Snowmobile Endorsement. To save premium, he opts for the Passenger Hazard to be excluded. Several months later, a passenger is injured when Jason accidentally drives his snowmobile into a tree. The friend sues Jason. There is NO coverage since the Passenger Hazard Excluded box was X'd.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SNOWMOBILE ENDORSEMENT

SCHEDULE

<p>1. Description Of Snowmobile:</p> <p><input type="checkbox"/> If indicated to the left or in the Declarations, the Passenger Hazard Exclusion described below applies to the Snowmobile described above in this Item 1.</p>
<p>2. Description Of Snowmobile:</p> <p><input type="checkbox"/> If indicated to the left or in the Declarations, the Passenger Hazard Exclusion described below applies to the Snowmobile described above in this Item 2.</p>
<p>3. Description Of Snowmobile:</p> <p><input type="checkbox"/> If indicated to the left or in the Declarations, the Passenger Hazard Exclusion described below applies to the Snowmobile described above in this Item 3.</p>

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	\$

4. The four-page endorsement relies on the policy language in the Personal Auto Policy so revisions are necessary to provide coverage for the snowmobile.
 - a. Definitions:
 - 1) Defines “snowmobile”
 - 2) Replaces “your covered auto” with “your covered snowmobile”, providing coverage for a newly acquired snowmobile and coverage (other than Part D – Coverage For Damage To Your Auto) for one used as a temporary substitute
 - b. Changes to the Personal Auto Policy (See the chart on next page.)
5. The **Snowmobile Endorsement PP 03 20** provides broader coverage than the **Owned Snowmobile HO 24 64** endorsement to the Homeowners Policy.

Snowmobile Endorsement PP 03 20 Revisions to the Personal Auto Policy PP 00 01	Part A – Liability Coverage	Part B – Medical Payments Coverage	Part C – Uninsured Underinsured Motorists Coverage	Part D – Coverage For Damage To Your Auto
Replaces the definition of “insured” to apply to the snowmobile exposure	X	X		
Amends the “business” exclusion so it applies to a snowmobile being used in “business”	X	X		
Revises/Removes the exclusion for vehicles designed mainly for use off public roads	X	X		
Tightens the racing exclusion so that it applies to a snowmobile for any racing or speed contest even if it is not prearranged or organized	X	X	X	X
Adds an exclusion if the snowmobile is rented or leased to any “insured” or organization except the named insured	X	X	X	X
References the Passenger Hazard Exclusion	X			
Revises Other Insurance provision to state this coverage is excess over any other collectible insurance	X	X	X	
Replaces the definition of “uninsured motor vehicle” so that a snowmobile can be an “uninsured motor vehicle” even though it operates on rails or crawler treads			X	
Revises Limit of Liability so that a loss cannot exceed the amount shown in the Schedule or Declarations				X

C. Miscellaneous Type Vehicle Endorsement PP 03 23

1. Can provide liability, medical payments, uninsured/underinsured motorists coverage, other than collision and collision coverages for an owned recreational vehicle including all-terrain vehicles, golf carts, motor scooters and go carts.
2. The coverage provided by the endorsement is only for the vehicle(s) described in the Schedule and only for those coverages for which a limit of liability and premium are shown in the Schedule.
3. This endorsement contains an optional Passenger Hazard Exclusion.
4. The three-page endorsement relies on the policy language in the Personal Auto Policy so revisions are necessary to provide coverage for the miscellaneous type vehicle.
 - a. Definitions:
 - 1) Adds “miscellaneous type vehicle”
 - 2) Revises the definition of “your covered auto” to include a “miscellaneous type vehicle” shown in the Schedule or Declarations
 - 3) Revises the definition of “newly acquired auto” to include a newly acquired “miscellaneous type vehicle” of the same type as shown in the Schedule or in the Declarations.
 - b. Changes to the Personal Auto Policy (See the chart on next page.)

<p align="center">Miscellaneous Type Vehicle Endorsement PP 03 23 Revisions to the Personal Auto Policy PP 00 01</p>	<p align="center">Part A – Liability Coverage</p>	<p align="center">Part B – Medical Payments Coverage</p>	<p align="center">Part C – Uninsured Underinsured Motorists Coverage</p>	<p align="center">Part D – Coverage For Damage To Your Auto</p>
<p>Revised definition of “insured” for “miscellaneous type vehicles”, limiting insured status to only to “you” or a “family member” for the ownership, maintenance or use of “your covered auto”.</p> <ul style="list-style-type: none"> • This takes away “insured” status for the use of a non-owned “miscellaneous type vehicle” that is not a “your covered auto”. 	X			
<p>Revises/Removes the exclusion for vehicles with fewer than four wheels or designed mainly for use off public roads for any “miscellaneous type vehicle” shown in the Schedule or Declarations</p>	X	X		
<p>References the Passenger Hazard Exclusion</p>	X			
<p>Exclusions related to motor homes</p>				X
<p>Revises Limit of Liability so that a loss cannot exceed the amount shown in the Schedule or Declarations</p>				X

VII. Need For Recreational Vehicle Policy

- A. Neither a Personal Auto Policy nor a Homeowners Policy automatically provides sufficient coverage for a client with a recreational vehicle exposure.
- B. The endorsements available may not provide the coverage needed by the client.
- C. A better option for many clients is a separate Recreational Vehicle Policy.

Recreational Vehicles

Review Of Learning Objectives

1. Determine the Section I – Property coverage provided by the Homeowners 3 – Special Form for damage to owned recreational vehicles.
2. Describe the coverage provided by the **Owned Motorized Golf Cart Physical Loss Coverage HO 05 28** endorsement to the Homeowners Policy.
3. Explain whether or not damage to borrowed or rented recreational vehicles is a covered Section II “property damage” loss in the Homeowners 3 – Special Form.
4. Define “Motor Vehicle Liability” in the Homeowners 3 – Special Form.
5. Determine the liability coverage provided by the unendorsed Homeowners 3 – Special Form for losses arising out of owned, rented or borrowed recreational vehicles.
6. Determine the liability coverage provided by the unendorsed Homeowners 3 – Special Form for children’s motorized riding toys and motorized golf carts.
7. Apply the coverages available under the **Owned Snowmobile HO 24 64** endorsement and the **Incidental Low Power Recreational Motor Vehicle Liability Coverage Endorsement HO 24 13** to specific situations.
8. Apply the coverages available under the **Snowmobile Endorsement PP 03 20** and the **Miscellaneous Type Vehicle Endorsement PP 03 23** to the Personal Auto Policy.



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Section 3

Watercraft

Watercraft

Learning Objectives

1. Determine the Section I – Property coverage provided by the Homeowners 3 – Special Form for damage to owned, rented or borrowed watercraft.
2. Explain whether or not damage to borrowed or rented watercraft is a covered Section II “property damage” loss in the Homeowners 3 – Special Form.
3. Explain the definition of “Watercraft Liability” in the Homeowners 3 – Special Form.
4. Determine the liability coverage provided by the unendorsed Homeowners 3 – Special Form for losses arising out of owned, rented or borrowed watercraft.
5. Describe the coverage provided by the **Watercraft HO 24 75** endorsement.
6. Apply the coverage provided by the ISO Personal Auto Policy for a trailer used with watercraft.

Learning Objective 1: Determine the Section I – Property coverage provided by the Homeowners 3 – Special Form for damage to owned, rented or borrowed watercraft.

I. Section I – Property Coverage For Watercraft

A. Coverage C – Personal Property

1. Covers personal property owned or used by an “insured” anywhere in the world

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.

a. Owned watercraft is personal property

b. Borrowed and/or rented watercraft used by an “insured” is personal property

2. Special Limits of Liability

a. Watercraft, including its trailer, furnishings, equipment and outboard engine(s) or motor(s) is limited to \$1,500 per loss

C. Coverage C – Personal Property

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.

c. \$1,500 on watercraft of all types, including their trailers, furnishings, equipment and outboard engines or motors.

- b. All types of watercraft are subject to this Special Limit.
 - 1) Watercraft is not defined in the policy for use in Section I – Property.
 - 2) Rowboats, canoes, kayaks, paddle boats, sailboats, motor boats, personal watercraft, etc. are all subject to this Special Limit.

- c. If the watercraft and/or its trailer, furnishings, equipment or outboard engines/motors) are insured on a separate boat or watercraft policy, the \$1,500 Special Limit of Liability will not be paid because of the exclusion for articles specifically described and insured.
 - 1) John has his boat insured on a boat policy. He has a loss for which he receives payment from the insurance company insuring his boat. He does not feel he has been fully compensated for his loss, so he turns in a claim under his Homeowners Policy for the \$1,500 available for watercraft. Since his boat was specifically insured on his boat policy, the loss is excluded by his Homeowners Policy and nothing is paid.
 - 2) This exclusion also applies if a rented or borrowed watercraft is specifically insured by its owner.

C. Coverage C – Personal Property

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;

- d. If the owner of the watercraft that is borrowed or rented by your client has not specifically insured the watercraft and has only the \$1,500 Special Limit of Liability provided by his or her own Homeowners Policy, each policy will pay its share of the loss according to the Section I Condition – Other Insurance and Service Agreement.

3. Perils Insured Against

- a. Coverage C – Personal Property is covered on a named peril basis by the Homeowners 3 – Special Form
- b. For a loss to be covered, the “insured” must prove the loss to the watercraft was caused by one of the 16 perils listed in the policy
- c. Two perils have limitations that apply to watercraft and their trailers, furnishings, equipment and outboard engine(s) or motor(s)
 - 1) Loss caused by Windstorm or Hail is only covered while the watercraft, trailers, furnishings, equipment and outboard engine(s) or motor(s) are inside a fully enclosed building
 - a) Lloyd keeps his small fishing boat behind his garage. The boat is damaged when a windstorm blows it over. There is no coverage.
 - b) Ethan’s personal watercraft is docked at the campground. An unexpected hailstorm causes damage to his watercraft. There is no coverage.

SECTION I – PERILS INSURED AGAINST

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.

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.

COVERAGE C – PERILS INSURED AGAINST

Fire or Lightning

Windstorm or Hail

(No Coverage for Watercraft Unless Inside a Fully Enclosed Building)

Explosion

Riot or Civil Commotion

Aircraft

Vehicles

Smoke

Vandalism or Malicious Mischief

Theft

(No Coverage for Watercraft Away from the “Residence Premises”)

Falling Objects

Weight of Ice, Snow or Sleet

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

Sudden & Accidental Tearing Apart, Cracking, Burning, Bulging, etc., of Heating System, Air Conditioning, or Hot Water Heater

Freezing

Sudden and Accidental Damage from Artificially Generated Electrical Current

Volcanic Eruption

- 2) There is no theft coverage while the watercraft and its trailer, furnishings, equipment and outboard engine(s) or motor(s) are off the "residence premises".
 - a) Sam's boat is stolen from the campgrounds where he and his family are staying for the week. There is no coverage.
 - b) Ethan's personal watercraft is on a trailer that is parked on the street in front of his house. The trailer and watercraft are stolen during the night. There is no coverage.
 - c) Merilee's boat is stolen from her driveway. Covered.

SECTION I – PERILS INSURED AGAINST

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.

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:
 - (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

DEFINITIONS

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.

- d. Coverage C perils do not include causes of loss that are most likely to occur to watercraft such as capsizing, collision, flooding and sinking.
 - e. If the client has a Homeowners 5 – Comprehensive Form policy, open perils coverage is provided for personal property.
 - 1) Covers theft of watercraft that occurs away from the "residence premises".
 - 2) Covers wind/hail while the watercraft is not in a fully enclosed building.
 - 3) Excludes losses due to collision, other than collision with a land vehicle, sinking, swamping or stranding of watercraft, including their trailers, furnishings, equipment and outboard engines or motors.
4. Policy deductible applies to a watercraft property loss.

Learning Objective 2: Explain whether or not damage to borrowed or rented watercraft is a covered Section II "property damage" loss in the Homeowners 3 – Special Form.

II. Section II – Liability Coverage For Damage To Rented Or Borrowed Watercraft

- A. Section I – Property may not provide the coverage needed by clients when there is damage to watercraft they rented or borrowed due to the following:
 - 1. \$1,500 Special Limit
 - 2. Named perils with wind, hail and theft limitations
 - 3. Deductible
- B. Section II – Liability is also limited as to when damage to borrowed or rented watercraft would be a covered property damage loss.
- C. There are two considerations when determining whether or not the damage to borrowed or rented watercraft is a covered property damage loss. Both must be met for a loss to be covered.
 - 1. An insured has to be legally responsible for the loss.

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.

2. The property damage has to be caused by fire, smoke or explosion.
 - a) The Coverage E – Personal Liability exclusion section of the policy contains an exclusion for “property damage” to property in the care, custody or control of an “insured”. This would include a borrowed or rented watercraft.
 - b) The exception to the exclusion gives back coverage only if the “property damage” is caused by fire, smoke or explosion.

SECTION II – EXCLUSIONS

F. Coverage E – Personal Liability

Coverage E does not apply to:

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;

3. When damage to the rented or borrowed watercraft is caused by fire, smoke or explosion AND the client is legally responsible, the loss is covered up to the Coverage E – Personal Liability Limit of Liability.
 - a) Tom is operating a friend’s boat when he accidentally runs it into shallow water. The bottom of the boat and the propeller are both damaged. There is NO coverage for the damage since it was not caused by fire, smoke or explosion.
 - b) Lorna is operating a rented boat while on vacation when it overheats. Not wanting to end her fun early, she continues her afternoon of boating rather than returning the boat to where she rented it. The boat catches on fire. She gets off the boat with no injuries, but the boat is a total loss. There is coverage for damage to the rented boat since she is legally responsible for the fire loss.
 4. If the client is not legally responsible for the damage to the borrowed or rented watercraft, there is no coverage under Section II – Liability of the Homeowners Policy, even if the loss is caused by fire, smoke or explosion.
- D. The \$1,000 provided by the Section II Additional Coverage – Damage To Property Of Others is not available as it excludes damage to watercraft.

Learning Objective 3: Explain the definition of “Watercraft Liability” in the Homeowners 3 – Special Form.

III. The Homeowners Policy And Watercraft Liability Coverage

- A. To determine the liability coverage provided for injuries to others and damage to property of others caused by an owned, rented or borrowed watercraft, insurance professionals must first understand the policy definition of “Watercraft Liability” since it serves as the basis for the Section II “Watercraft Liability” exclusion.

- B. Definition of “Watercraft Liability”
 - 1. The definition of “Watercraft Liability” is identical to the “Motor Vehicle Liability” definition with one difference: it only applies to specific types of watercraft.

 - 2. Watercraft is defined within the “Watercraft Liability” definition for use only in this definition.
 - a. Watercraft means sailing and engine/motor powered watercraft.

 - b. Watercraft does not mean rowboats, kayaks, canoes, paddleboats, and others that are not sail or engine/motor powered.
 - 1) Since they are not included in the definition of “Watercraft Liability”, they are not subject to the “Watercraft Liability” exclusion.

 - 2) *NOTE: These types of watercraft are still subject to the \$1,500 Watercraft Special Limit in Section I – Property.*

3. "Watercraft Liability" is liability arising out of the:
 - a. Ownership of a watercraft
 - b. Maintenance, occupancy, operation, use, loading or unloading of a watercraft by any person
 - c. Entrustment of a watercraft to any person
 - d. Failure to supervise or negligent supervision
 - e. Vicarious liability for the actions of a child or minor involving the watercraft

DEFINITIONS

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:
 - (3) Watercraft means a craft principally designed to be propelled on or in water by wind, engine power or electric motor;

Learning Objective 4: Determine the liability coverage provided by the unendorsed Homeowners 3 – Special Form for losses arising out of owned, rented or borrowed watercraft.

- C. “Watercraft Liability” Exclusion
1. The “Watercraft Liability” exclusion is a two-part exclusion.
 2. Part 1 excludes coverage for watercraft that at the time of the “occurrence” is:
 - a. Rented to others
 - b. Used to carry cargo or persons for a charge
 - c. Used for any “business” purpose
 - d. Operated in or practicing for any prearranged or organized race, speed contest or other competition
 - Does not apply to a sailing vessel or a watercraft engaged in a predicted log cruise

SECTION II – EXCLUSIONS

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.

3. Part 2 of the exclusion states there is still no “watercraft liability” coverage unless one of the listed exceptions applies.
 - a. Stored watercraft
 - 1) This exclusion does not apply to a boat parked on a trailer in the “insured’s” driveway or in a dry dock or storage yard at a marina.
 - 2) For example, a neighbor’s child is hurt when he falls out of the “insured’s” boat that is trailered in the “insured’s” backyard. This loss is not excluded.
 - b. Non-stored watercraft
 - 1) Coverage is determined based on four characteristics:
 - a) Type (outboard, inboard, inboard-outdrive, water jet pump, sailboat)
 - b) Whether owned, rented or borrowed
 - c) Length (applies to sailboats only)
 - d) Horsepower
 - c. Sailboats
 - 1) Covered if owned and under 26 feet
 - 2) Covered if rented and under 26 feet
 - 3) Covered if borrowed – regardless of length

SECTION II – EXCLUSIONS

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. 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.

- 4) Inboards, Inboard-Outdrives, Water Jet Pumps
 - a) Covered if rented and 50 horsepower or less
 - b) Covered if borrowed – no horsepower limitation
 - c) NOT covered if owned
 - d) NOT covered if rented and over 50 horsepower

- 5) Outboards
 - a) Covered if owned and has 25 total horsepower or less
 - b) Covered if owned and more than 25 total horsepower if the outboard motor or engine was either:
 - i. Acquired by an “insured” during the policy period; or
 - ii. Acquired by an “insured” before the policy period if reported to the insurance company within 45 days after it was acquired
 - c) Covered if rented or borrowed regardless of total horsepower

Type	Owned	Rented	Borrowed
Sailboat	Covered if less than 26 feet	Covered if less than 26 feet	Covered regardless of length
Inboard Inboard/Outdrive Water Jet Pump	Excluded	Covered if 50 horsepower or less	Covered regardless of horsepower
Outboard	Covered if total horsepower is 25 or less (+ newly acquired coverage)	Covered regardless of total horsepower	Covered regardless of total horsepower

Learning Objective 5: Describe the coverage provided by the **Watercraft HO 24 75** endorsement.

D. **Watercraft HO 24 75** Endorsement

1. For a watercraft that is excluded because of its type, length and/or horsepower, Section II – Liability coverage may be provided by this endorsement to the Homeowners Policy.
2. Coverage E – Personal Liability and Coverage F – Medical Payments To Others is extended to the watercraft described in the Schedule.
3. Part 1 of the “Watercraft Liability” exclusion still applies (racing, renting to others, carrying people or cargo for a charge or “business”).
4. The endorsement adds an exclusion for “bodily injury” to an “employee” of an “insured” if the principal duties are related to the watercraft.
5. Limitations of this endorsement include:
 - a. It does not provide coverage for physical damage to the watercraft.
 - b. It does not provide coverage for injury to an “insured” or a regular resident of the household.
 - c. It does not provide Uninsured/Underinsured Boaters coverage.

POLICY NUMBER:

HOMEOWNERS
HO 24 75 10 00

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.

Learning Objective 6: Apply the coverage provided by the ISO Personal Auto Policy for a trailer used with watercraft.

IV. The Personal Auto Policy And Watercraft

- A. The Personal Auto Policy does not provide either Part A – Liability coverage or Part D – Coverage For Damage To Your Auto coverage for a watercraft.

- B. The Personal Auto Policy may provide coverage for an accident involving a trailer used to transport watercraft.
 1. The Part A – Liability definition of “insured” includes a you and a “family member” for the ownership, maintenance or use of any auto or “trailer”.

 2. A “trailer” is defined as a vehicle designed to be pulled by a private passenger auto or a pickup or van. Most boat trailers fit into this definition.

 3. If an “insured” has an auto accident with the trailer, liability coverage would be provided.
 - For example, your client is towing his boat to the lake. When he turns a corner, the trailer hits a car. The “property damage” to the other car is covered by the Personal Auto Policy.

- C. A boat trailer is eligible to be insured for physical damage.
 1. If the trailer is shown in the Declarations with Other Than Collision and Collision coverages, the trailer would be covered for an Other Than Collision or Collision Loss.

 2. Insuring the trailer on the Personal Auto Policy would result in the trailer being excluded from the Homeowners Policy, taking away the \$1,500 Special Limit of Liability for watercraft because of the exclusion for personal property separately described and specifically insured.

Watercraft

Review Of Learning Objectives

1. Determine the Section I – Property coverage provided by the Homeowners 3 – Special Form for damage to owned, rented or borrowed watercraft.
2. Explain whether or not damage to borrowed or rented watercraft is a covered Section II “property damage” loss in the Homeowners 3 – Special Form.
3. Explain the definition of “Watercraft Liability” in the Homeowners 3 – Special Form.
4. Determine the liability coverage provided by the unendorsed Homeowners 3 – Special Form for losses arising out of owned, rented or borrowed watercraft.
5. Describe the coverage provided by the **Watercraft HO 24 75** endorsement.
6. Apply the coverage provided by the ISO Personal Auto Policy for a trailer used with watercraft.



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Section 4

Personal Umbrella/Excess Liability

Personal Umbrella/Excess Liability

Learning Objectives

1. Explain the reasons Personal Umbrella/Excess Liability coverage should be recommended to clients.
2. Explain how a Personal Umbrella, an Excess Liability, and a Hybrid Umbrella/Excess policy differ from one another.
3. Explain how an ISO Personal Umbrella Liability Policy provides protection in conjunction with the client's other Personal Lines Policies.
4. Explain how coverage under the ISO Personal Umbrella Liability Policy is affected if the required underlying insurance is not in force at the time of a loss.
5. Explain the application of the Self-insured Retention (or Deductible) and apply it to specific losses.
6. Understand the defense coverage included in the Personal Umbrella Liability Policy and explain when and how it is provided.
7. Determine whether or not a given claim is covered by the ISO Personal Umbrella Liability Policy.
8. Explain the provisions unique or especially important to Umbrella/Excess Liability Policies.
9. List the areas to compare when determining differences between coverage forms.

I. Introduction To Personal Umbrella/Excess Liability Coverage

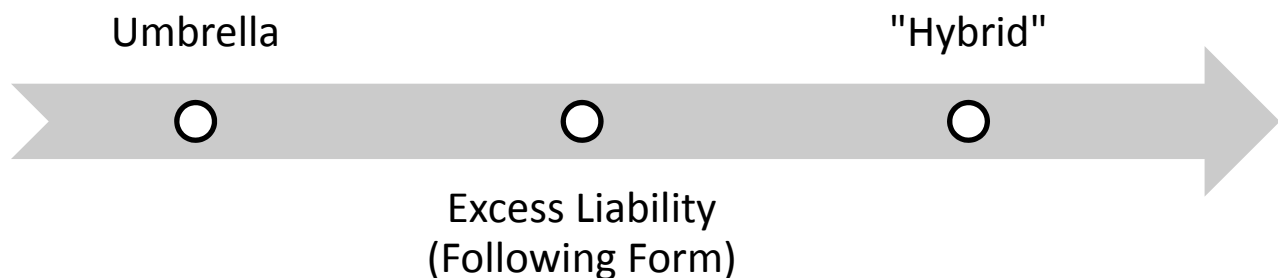
A. Characteristics of Typical Umbrella/Excess Liability Policies

1. They are catastrophe policies. They are designed and priced with the intent to provide coverage for large losses.
2. They are designed to be excess policies for most loss situations. These policies pay on an excess basis over another policy or policies.
 - a. Child drowned in insured's swimming pool. Higher limits over the Homeowners Policy Personal Liability limits were needed.
 - b. Client had an at-fault accident in which the occupants in the other vehicle were seriously injured. The Personal Auto Policy Part A – Liability limits were not enough to pay for the bodily injury claims.
3. They may provide broader coverage than the liability coverage provided by a Homeowners Policy or a Personal Auto Policy.
 - a. Insured was sued for saying the other party had embezzled money that turned out not to be true. The Homeowners Policy did not cover Personal Injury and his Personal Umbrella policy did.
 - b. Insured rented a car in Jamaica and had an at-fault accident involving fatalities. Her Personal Umbrella policy dropped down to provide primary coverage since the loss was excluded by the Personal Auto Policy as it occurred outside of the Policy Territory.
4. They are liability policies and do not cover loss to an "insured's" property.

5. They require underlying insurance.
 - a. This includes auto liability and personal liability (typically provided by a homeowners policy).
 - b. Separate watercraft and recreational vehicle liability may also be required when clients own watercraft or recreational vehicles that are excluded by their personal liability coverage (homeowners policy).

6. They are written for a minimum of \$1,000,000 Limit of Liability. Higher limits, in \$1,000,000 increments, are typically available up to \$5,000,000 or more.

- B. These types of policies are not standardized
1. They differ not only in the name of the policy, but also in the coverage provided.
 2. Umbrella/excess policies will be categorized as one of the following in this course:
 - a. Umbrella
 - b. Excess Liability (Following Form)
 - c. "Hybrid"
 3. This course uses the ISO Personal Umbrella Liability Policy as the point of reference.
 4. As many insurance companies develop and use their own Personal Umbrella/Excess policy, the policies sold in your agency or company may differ from the policy studied in this course.

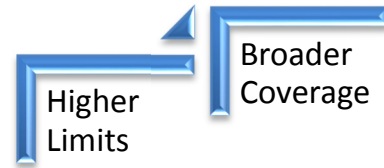


Learning Objective 1: Explain the reasons Personal Umbrella/Excess Liability coverage should be recommended to clients.

- C. Reasons Personal Umbrella/Excess Coverage should be recommended
1. We live in a litigious society resulting in an increasing number of lawsuits and higher damages being awarded by judges and juries.
 2. Clients need to be protected in the event of a loss.
 3. Clients' current and future assets and incomes need to be protected.
 4. Account retention is improved as the more policies an agency or company has for a client, the more likely it is to retain the client.
 5. Revenue is increased due to both commission income and improved retention.
 6. Errors and omissions are reduced as a client is less likely to have an uncovered loss.

Learning Objective 2: Explain how a Personal Umbrella, an Excess Liability, and a Hybrid Umbrella/Excess policy differ from one another.

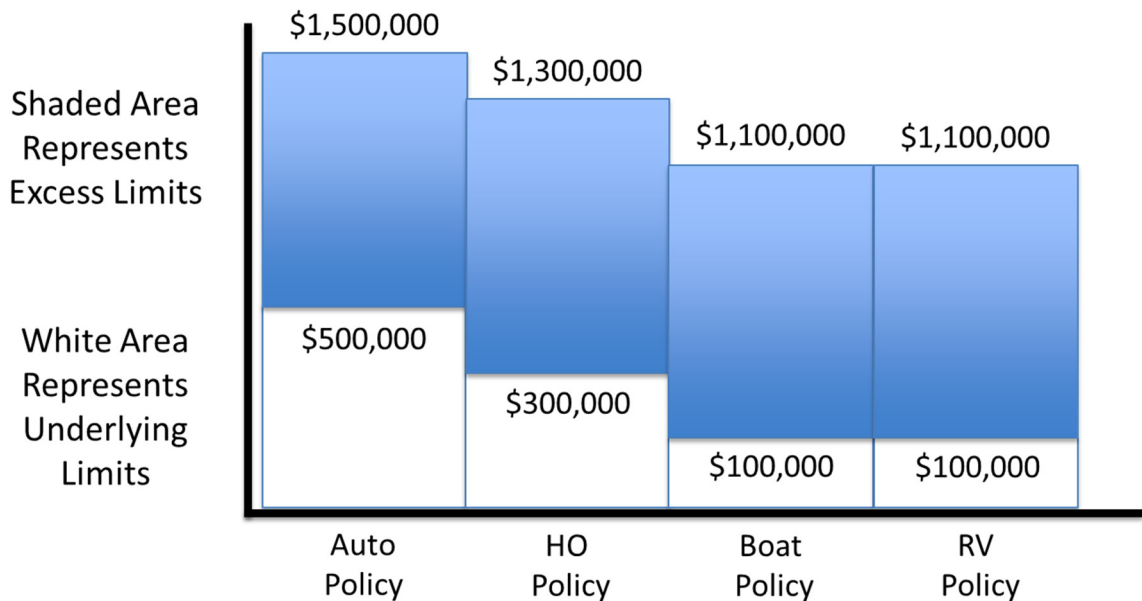
II. Types Of Policies



A. Personal Umbrella Policy

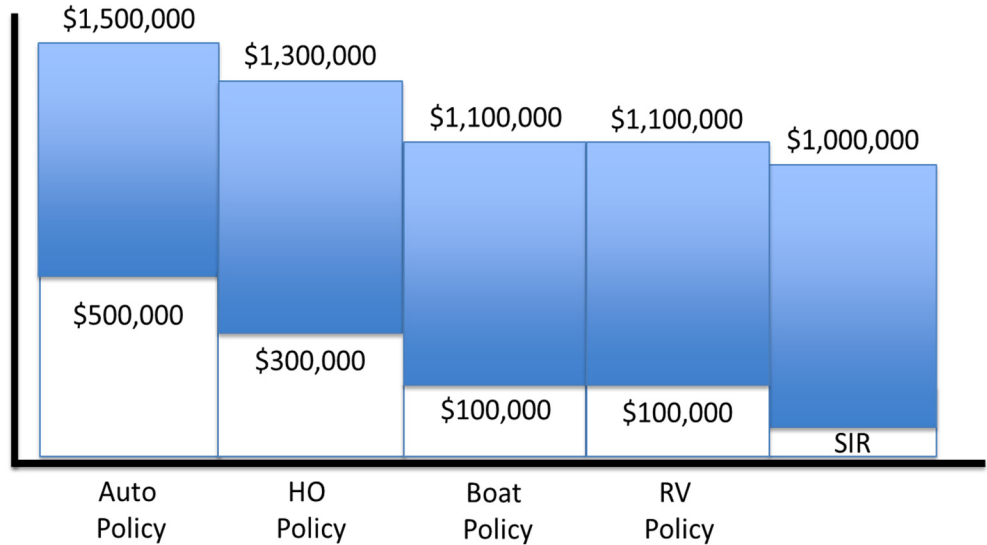
1. Excess liability for those losses that are covered by the client’s Homeowners Policy, Personal Auto Policy, Watercraft Policy, or Recreational Vehicle Policy.

a. This graph illustrates excess coverage.



b. For example, the Watercraft Policy is responsible for the first \$100,000 of a liability loss. As long as the Umbrella policy does not exclude the loss, it will provide an additional \$1,000,000 for a total of \$1,100,000 available for a covered watercraft liability loss.

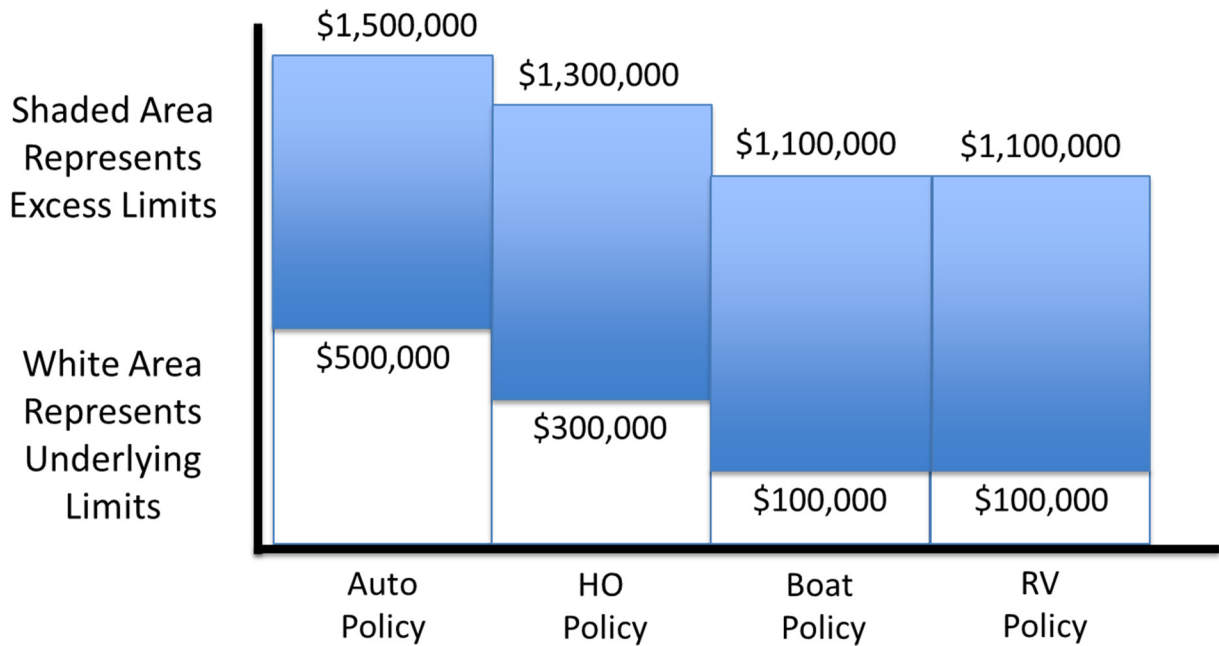
- 2. Broader coverage by providing primary coverage for losses that are not covered by the client's Homeowners Policy, Personal Auto Policy, Watercraft Policy or Recreational Vehicle Policy.
 - a. This graph illustrates broader coverage by the addition of the last column.
 - b. A loss that is not required to be covered by an Auto, Homeowners, Watercraft or RV Policy AND is not excluded by the Personal Umbrella Policy is covered up to the \$1,000,000 limit used in this illustration.
 - c. Most Personal Umbrella Policies have a Self-insured Retention that applies when broader coverage is provided. The Self-insured Retention is similar to a deductible and is the amount of the loss the client must pay. Self-insured Retentions will be covered later in this section.



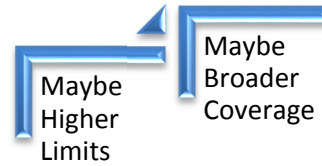


B. Excess Liability (Following Form) Policy

1. Excess liability for those losses that are covered by the client's Homeowners Policy, Personal Auto Policy, Watercraft Policy or Recreational Vehicle Policy.
2. It is **not** designed to provide broader coverage. If the loss is not covered by the Auto, Homeowners, Watercraft or Recreational Vehicle policy, it will NOT be covered by this policy.
3. This graph illustrates the excess coverage provided by this policy.



C. Hybrid Umbrella/Excess Policy



1. The term “hybrid” is used to describe a policy that is neither a true Umbrella Policy nor a true Excess Liability (Following Form).
2. Because of the variances in these types of policies, there is no absolute as to the coverage provided or not provided.
3. 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.
4. It may provide 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.
5. It may provide broader coverage for some exposures, but be narrower than the underlying policies for others.
6. It may be narrower in the excess coverage provided than the coverage provided by underlying policies.
7. It may be an Umbrella Policy with a following form endorsement or endorsements.
 - a. Following form endorsements limit the coverage provided by the Umbrella Policy by stating coverage follows the coverage provided by the underlying policy.
 - b. A loss not covered by the underlying policy is also not covered by the Umbrella Policy.
 - c. Typical following form endorsements include auto and watercraft.

Learning Objective 3: Explain how an ISO Personal Umbrella Liability Policy provides protection in conjunction with the client's other Personal Lines Policies.

III. Underlying Insurance

A. Underlying requirements

1. Underlying policies are required by the insurance company before it will issue an Umbrella Policy.
2. Underlying requirements address both the type of underlying insurance required and the minimum limits that are acceptable.
 - a. Auto liability and personal liability are two underlying coverages typically required.
 - b. If the client has a watercraft or recreational vehicle exposure, underlying coverage may also be required for these exposures.
 - c. If the underlying coverage does not provide at least the minimum limits required, the limits will need to be increased before the client is eligible for Personal Umbrella Liability Coverage.
 - d. Example:

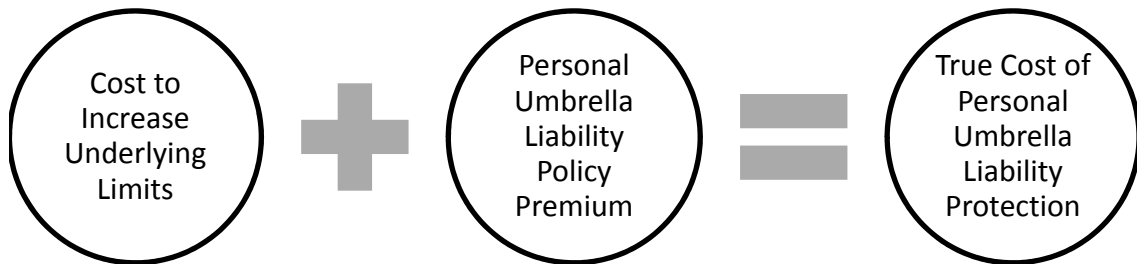
Automobile Liability	\$250,000/500,000/100,000 or \$300,000 Combined Single Limit (CSL)
Personal Liability	\$300,000
Recreational Vehicle	\$100,000/300,000/50,000 or \$100,000 CSL
Watercraft Liability	\$300,000

- e. Underlying requirements differ from insurance company to insurance company.
- f. Some insurance companies will only write an umbrella or excess policy if they also write the underlying insurance.
- g. The underlying requirements may be listed on the Declarations. Some insurance companies may list the “insured’s” actual underlying coverages.
- h. Underlying insurance is a defined term in the ISO policy.

I. DEFINITIONS

O. "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.

Note: The underlying requirements, both the type of policies and the minimum limits of liability, differ from insurance company to insurance company. When recommending a Personal Umbrella Liability Policy, the insurance professional needs to make sure any required changes to the underlying policies are taken into consideration.



Learning Objective 4: Explain how coverage under the ISO Personal Umbrella Liability Policy is affected if the required underlying insurance is not in force at the time of a loss.

B. Maintenance of underlying requirements

1. Underlying policies and minimum required limits must be in force throughout the policy period of the Personal Umbrella Liability Policy.

IV. Maintenance Of Underlying Insurance

You must maintain the "underlying insurance" at the full limits stated in the Declarations with no change to more restrictive conditions during the term of this policy. If any "underlying insurance" is cancelled 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.

2. If the required underlying insurance is not in force, the Personal Umbrella Liability Policy pays as if the underlying was in force.
3. If the underlying policy is not in force or if a client's limits are reduced to less than the required underlying limits and a loss occurs, there is going to be a problem with the coverage and/or the amount of coverage available from the client's Personal Umbrella Liability Policy.
 - a. For some losses, the client becomes responsible for the gap between the required underlying insurance and the coverage actually carried.
 - b. For watercraft and recreational vehicles losses, the ISO Personal Umbrella Liability Policy excludes coverage if the required underlying insurance is not in force at the time of a loss.

Failure To Maintain Required Underlying Insurance

Jerry and Susan have a \$1,000,000 Personal Umbrella Liability Policy. Their underlying policies have the minimum underlying limits required.

Personal Auto Policy	\$250,000/500,000/100,000
Homeowners Policy Section II Limits	\$300,000

4

Example #1

Their Homeowners Policy expired on June 1. On June 2 a friend visiting them for the weekend is injured when their deck collapsed. The friend has a bodily injury claim in the amount of \$400,000.

Paid by Homeowners Policy	
Paid by Jerry and Susan	
Paid by Personal Umbrella Liability Policy	
Total Claim	\$400,000

Example #2

Jerry and Susan renew their Personal Auto Policy; however, they reduce their bodily injury limits to \$100,000/\$300,000. Susan has an at-fault accident. The resulting bodily injury claim from the other driver is \$550,000.

Paid by Personal Auto Policy	
Paid by Jerry and Susan	
Paid by Personal Umbrella Liability Policy	
Total Claim	\$550,000

4. There are factors that contribute to a client's gap in coverage:
 - a. The agency does not write all of the underlying policies.
 - b. The agency writes all of the underlying coverage, but the umbrella or excess policy is written with a carrier other than the underlying carrier.
 - c. Information in the agency's automated system does not clearly indicate there is umbrella/excess coverage in force.
 - d. The agency does not review underlying policies and limits at renewal to make sure the "underlying insurance" requirements have been met.

Note: The solutions on the previous page for when Jerry and Susan failed to maintain the required underlying insurance were based on the ISO Personal Umbrella Liability Policy. Other policies may respond differently than the solutions presented.

For example, an Umbrella/Excess policy may state that if the required underlying insurance is not in force at the time of a loss or if the limits are lower than the required limits, the Umbrella/Excess policy will not pay anything.

You should know how the policies in your agency or company respond if the required underlying coverage is not in force.

Learning Objective 5: Explain the application of the Self-insured Retention (or Deductible) and apply it to specific losses.

IV. Self-insured Retention

A. Self-insured Retention (SIR) defined

1. It is the amount of a covered loss that the client is responsible for paying when the Personal Umbrella Liability Policy (or a hybrid policy that provides broader coverage than the underlying insurance) drops down to provide primary coverage.
2. It is a specific dollar amount shown in the Declarations and is typically \$250 to \$1,000.

B. When the SIR is applied

1. The SIR is applied when a loss occurs that is not required to be covered by underlying insurance and the loss is covered by the Personal Umbrella Liability Policy.
2. 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 effect at the time of the loss.
3. The SIR stops the Personal Umbrella Liability Policy from paying the first dollar of any claim.
4. The ISO Personal Umbrella Liability Policy does not use the term SIR. It instead uses the term Deductible. While the term is different, its application is not. In this policy, the deductible is applied the same way as an SIR.

Application Of The Self-insured Retention (SIR)

Jerry and Susan have a \$1,000,000 Personal Umbrella Liability Policy with a \$1,000 SIR. Their underlying policies have the minimum underlying limits required.

Personal Auto Policy	\$250,000/500,000/100,000
Homeowners Policy Section II Limits	\$300,000

Example #1

Jerry has a serious disagreement with a teacher at the local school and calls the teacher incompetent in front of other parents at a meeting. The teacher sues Jerry for slander and wins a judgment of \$300,000. There is no Personal Injury endorsement on Jerry and Susan’s Homeowners Policy, so there is no coverage for this claim under the Homeowners. The Personal Umbrella Liability Policy covers personal injury, bodily injury and property damage.

Paid by Homeowners Policy	
Paid by Jerry and Susan	
Paid by Personal Umbrella Liability Policy	
Total Claim	\$300,000

Example #2

Jerry and Susan renew their Personal Auto Policy; however, they reduce their bodily injury limits to \$100,000/\$300,000. Susan has an at-fault accident. The resulting bodily injury claim from the other driver is \$550,000.

Paid by Personal Auto Policy	
Paid by Jerry and Susan	
Paid by Personal Umbrella Liability Policy	
Total Claim	\$550,000

V. ISO Personal Umbrella Liability Policy

- A. Agreement – the insurance company will provide the coverage as long as the premium is paid and the policy requirements are met.

- B. Definitions
 - 1. Many are identical to definitions found in ISO’s 2005 Personal Auto Policy and/or 2011 Homeowners Policy.

 - 2. The following definitions new, defined differently than other policies, or are important when determining the coverage provided by the ISO Personal Umbrella Liability Policy.
 - a. “Recreational Motor Vehicle Liability”
 - 1) Defined the same as “aircraft liability, “hovercraft liability”, “motor vehicle liability” and “watercraft liability” in the homeowner policy

 - 2) “Recreational Motor Vehicle” is also a defined term and means an all-terrain vehicle, dune buggy, golf cart, snowmobile or any other motorized land vehicle designed for recreational use off public roads.

 - b. “Auto”
 - 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.

 - c. “Family member”
 - Defined the same as resident relative used in the homeowners policy and means your resident relative, ward or foster child and anyone under the age of 21 in the named insured’s care or in the care of other “insured” who is over the age of 21.

- d. "Fuel System"
- 1) 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".
 - 2) Defined to clarify the type of fuel system subject to the "fuel system" exclusion.
- e. "Insured" is a five-part definition
- 1) You
 - 2) "Family member"
 - 3) Any person using an "auto", "recreational vehicle" or watercraft owned by you and covered by this policy
 - Other personal umbrella/excess policies may not include a permissive user of an auto as an "insured".
 - 4) Any person or organization made liable by you or a "family member" using an "auto" or "recreational vehicle" covered by this policy
 - 5) 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
- f. "Retained limit" is the amount paid before the policy is obligated to pay for a loss and is either the "underlying insurance" or the deductible (SIR).
- g. "Underlying insurance" as discussed previously

Definitions Identical To ISO 2005 Personal Auto Policy & HO-2011 Homeowners Policy Definitions

- “You” and “Your”
- We, Us and Our
- “Aircraft Liability”, “Hovercraft Liability” and “Watercraft Liability”
- “Bodily Injury”
- “Business” (Same as the HO definition)
- “Occurrence”
- “Personal Injury”
- “Property Damage”

Learning Objective 6: Understand the defense coverage included in the Personal Umbrella Liability Policy and explain when and how it is provided.

C. Insuring Agreement

1. 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”.
2. Prejudgment interest is included.
3. Defense coverage is provided if a claim or suit is brought against an insured that is covered by the policy.
 - a. The insurance company is not obligated to provide a defense if the claim is covered by “underlying insurance”.
 - b. The insurance company is not obligated to provide a defense if there is not “underlying insurance” in effect and the damages are less than the Deductible (SIR).
4. Defense costs are paid in addition to the limit of liability.
5. The insurance company has the right to investigate and settle claims as it sees fit.
6. 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 limit of liability. When analyzing the umbrella/excess policies you have available in your agency or company, be sure to determine whether or not defense costs are inside or outside of the limit of liability.

D. Additional Coverages

1. Defense expenses incurred by the insurance company
2. Premiums on bonds required in a lawsuit that the insurance company defends
3. Reasonable expenses incurred by an “insured” at the request of the insurance company. Includes loss of earnings up to \$250 per day for an “insured” who misses work due to assisting in the investigation or defense of a claim or suit.
4. Post judgment interest

Date Claim Made	Date Judgment Entered in Court	Date Monies Received
August 1, 2012	January 21, 2017	February 1, 2017
Pre-Judgment Interest		Post Judgment Interest
Included in Limit of Liability		Covered in Additional Coverages

- E. 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.

Learning Objective 7: Determine whether or not a given claim is covered by the ISO Personal Umbrella Liability Policy.

- F. Exclusions (BI/PI/PD abbreviations used)
1. Many are identical to exclusions found in ISO's 2005 Personal Auto Policy and/or HO 2011 Homeowners Policy.
 2. The following exclusions are unique to the ISO Personal Umbrella Liability Policy.
 - a. "Watercraft liability" **unless** the watercraft is covered by "underlying insurance" at the time of the "occurrence"
 - b. "Recreational motor vehicle liability" **unless** the recreational vehicle is either owned and covered by "underlying insurance" at the time of the "occurrence" OR not owned
 - c. Any "auto" for the purpose of prearranged or organized racing or speed contest, driver skill training or driver skill event; any watercraft while being operated in or practicing or preparing for any prearranged or organized race, stunt activity, speed contest or other competition. Exceptions to exclusion for (1) motorcycle rider skill training in a course designed by the specified organizations; (2) sailboat; or (3) watercraft involved in predicted log cruises
 - d. PD to property in an "insured's" care, custody or control with an exception for the "property damage" to the extent the "insured" is obligated by contract to provide insurance for the property. Exclusion does not apply to "property damage" caused by fire, smoke or explosion.
 - e. BI/PI/PD for pollution claims arising from the escape of fuel from a "fuel system"
 - f. BI/PI caused by the absorption or ingestion or inhalation of lead

- g. PI/PD caused by lead contamination
- h. Loss assessment
- i. Automobile No-fault or Personal Injury Protection
- j. UM/UIM unless the policy has been endorsed to provide this coverage

Note: 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 you to understand how the policies available in your 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 underlying limits on the Personal Auto Policy. This would enable the client to purchase higher UM/UIM limits on the underlying policy.

Exclusions Similar To ISO 2005 Personal Auto Policy & HO-2011 Homeowners Policy Exclusions

- Expected or intended BI/PD with exception for the use of reasonable force to protect persons or property
- PI 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 any offense related to the employment of this person by an “insured”
- BI/PI/PD arising out of “business” with exceptions
- BI/PD arising out of ownership or operation of a vehicle used for public or livery conveyance with exceptions
- BI/PD arising out of ownership, maintenance or use of any “auto” enrolled in a personal vehicle sharing program while being used by someone other than you or a “family member”
- BI/PI/PD arising out of professional services
- “Aircraft liability”
- “Hovercraft liability”
- BI/PD arising out of war, insurrection, civil war, etc.
- BI/PI to you or a “family member”, often referred to as an intra-family exclusion
- BI/PI arising out of communicable disease, molestation, physical/mental abuse or loss by controlled substance
- BI/PI/PD arising out of directors and officers with coverage provided by exception if the board is for a non-profit organization and the “insured” is not compensated other than reimbursement of expenses
- PD to “insured’s” property
- A person using an “auto”, watercraft, or “recreational motor vehicle” without reasonable belief; does not apply to a “family member” using an “auto”, “recreational motor vehicle” or watercraft owned by you
- BI to a person for whom an “insured” is required to provide or voluntarily provided workers compensation coverage
- BI/PD for which an “insured” is also insured under a nuclear energy liability policy

Learning Objective 8: Explain the provisions unique or especially important to Umbrella/Excess Liability Policies.

- G. Maintenance of underlying insurance
1. The you is required to maintain the underlying insurance
 2. Failure to maintain the underlying (discussed previously)
- H. Duties after loss
1. The “insured” is responsible for reporting losses and cooperating with the insurance company
 2. The insurance company will have no duty to provide coverage if the “insured” fails to comply with this provision
- I. Appeals
1. This provision is unique to umbrella/excess policies
 2. The umbrella insurance company has the right to appeal a judgment that exceeds the underlying policy’s limit of liability if the underlying insurance company chooses not to appeal
- J. Bankruptcy of an Underlying Insurer
- This policy does not become primary in the event of bankruptcy of the underlying insurance company
- K. Policy period and territory
1. The loss has to occur during the policy period shown in the Declarations
 2. Worldwide territory (in this policy)

Learning Objective 9: List the areas to compare when determining differences between coverage forms.

VI. Determining Coverage Differences

- A. It is important to know how the umbrella/excess policies in your agency or company differ from one another.
- B. Suggested areas to compare
 - 1. Is it an umbrella policy providing higher limits and broader coverage or an excess policy that provides higher limits only? Or is it a hybrid?
 - 2. Does the underlying insurance have to be placed with the same insurance company providing the umbrella/excess coverage?
 - 3. What are the required underlying limits?
 - 4. What is the Self-insured Retention (or Deductible)?
 - 5. Is Defense in addition to or included in the Limit of Liability?
 - 6. What is the Territory?
 - 7. Is there coverage for the person driving the “insured’s” auto?
 - 8. Is Loss Assessment covered?
 - 9. Is Personal Injury covered?
 - 10. Is UM/UIM covered or available?
 - 11. Is there coverage for non-owned recreational vehicles and watercraft?
 - 12. Is there an exception for the “business” exclusion, giving back coverage for part-time business pursuits of a minor?

Personal Umbrella/Excess Liability

Review Of Learning Objectives

1. Explain the reasons Personal Umbrella/Excess Liability coverage should be recommended to clients.
2. Explain how a Personal Umbrella, an Excess Liability and a Hybrid Umbrella/Excess policy differ from one another.
3. Explain how an ISO Personal Umbrella Liability Policy provides protection in conjunction with the client's other Personal Lines Policies.
4. Explain how coverage under the ISO Personal Umbrella Liability Policy is affected if the required underlying insurance is not in force at the time of a loss.
5. Explain the application of the Self-insured Retention (or Deductible) and apply it to specific losses.
6. Understand the defense coverage included in the Personal Umbrella Liability Policy and explain when and how it is provided.
7. Determine whether or not a given claim is covered by the ISO Personal Umbrella Liability Policy.
8. Explain the provisions unique or especially important to Umbrella/Excess Liability Policies.
9. List the areas to compare when determining differences between coverage forms.

Failure To Maintain Required Underlying Insurance – Answers

Page 13

Jerry and Susan have a \$1,000,000 Personal Umbrella Liability Policy. Their underlying policies have the minimum underlying limits required.

Personal Auto Policy	\$250,000/500,000/100,000
Homeowners Policy Section II Limits	\$300,000

Example #1

Their Homeowners Policy expired on June 1. On June 2 a friend visiting them for the weekend is injured when their deck collapsed. The friend has a bodily injury claim in the amount of \$400,000.

Paid by Homeowners Policy	-0-
Paid by Jerry and Susan (They are responsible for the underlying limit since they failed to maintain the required underlying insurance.)	\$300,000
Paid by Personal Umbrella Liability Policy	\$100,000
Total Claim	\$400,000

Example #2

Jerry and Susan renew their Personal Auto Policy; however, they reduce their bodily injury limits to \$100,000/\$300,000. Susan has an at-fault accident. The resulting bodily injury claim from the other driver is \$550,000.

Paid by Personal Auto Policy	\$100,000
Paid by Jerry and Susan. (They are responsible for the difference between the required underlying limit and the limit they actually carried.)	\$150,000
Paid by Personal Umbrella Liability Policy	\$300,000
Total Claim	\$550,000

Application Of The Self-insured Retention (SIR) – Answers

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Jerry and Susan have a \$1,000,000 Personal Umbrella Liability Policy with a \$1,000 SIR. Their underlying policies have the minimum underlying limits required.

Personal Auto Policy	\$250,000/500,000/100,000
Homeowners Policy Section II Limits	\$300,000

4

Example #1

Jerry has a serious disagreement with a teacher at the local school and calls the teacher incompetent in front of other parents at a meeting. The teacher sues Jerry for slander and wins a judgment of \$300,000. There is no Personal Injury endorsement on Jerry and Susan's Homeowners Policy, so there is no coverage for this claim under the Homeowners. The Personal Umbrella Liability Policy covers personal injury, bodily injury and property damage.

Paid by Homeowners Policy	-0-
Paid by Jerry and Susan (SIR)	\$1,000
Paid by Personal Umbrella Liability Policy	\$299,000
Total Claim	\$300,000

Example #2

Jerry and Susan renew their Personal Auto Policy; however, they reduce their bodily injury limits to \$100,000/\$300,000. Susan has an at-fault accident. The resulting bodily injury claim from the other driver is \$550,000.

Paid by Personal Auto Policy	\$100,000
Paid by Jerry and Susan (They are responsible for the difference between the required underlying insurance and the limit they actually carried.)	\$150,000
Paid by Personal Umbrella Liability Policy	\$300,000
Total Claim	\$550,000



PERSONAL LINES MISCELLANEOUS FORMS

FORM NUMBER	FORM NAME
HO 00 03 05 11	Homeowners 3 – Special Form
HO 05 28 05 11	Owned Motorized Golf Cart Physical Loss Coverage
PP 00 01 09 18	Personal Auto Policy
PP 03 20 09 18	Snowmobile Endorsement
PP 03 23 09 18	Miscellaneous Type Vehicle Endorsement
DL 98 01 02 15	Personal Umbrella Liability Policy

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:
 - (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
 - (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.

OWNED MOTORIZED GOLF CART PHYSICAL LOSS COVERAGE

SCHEDULE

Limit Of Liability	Check If Collision Peril C.2. Applies.	Make Or Model And Serial Or Motor Number
\$		
\$		
\$		

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

A. Definitions

With respect to the provisions of this endorsement only, the following definition is added:

"Golf cart" means a motorized conveyance, described in the Schedule above, including permanently installed accessories, equipment or parts, that is:

1. Designed to carry up to four people on a golf course for the purpose of playing golf; and
2. Not built or modified after manufacture to exceed a speed of 25 miles per hour on level ground.

B. Section I – Property Coverages

The following coverage is added:

1. Covered Property

We cover the following property for loss by a Peril Insured Against described in **C.** below:

- a. The "golf cart" for which a limit is shown in the Schedule. That limit is the most we will pay for any one loss to that cart; and
- b. Accessories, equipment or parts not permanently installed that are designed or made solely for use with the "golf cart", but only if, at the time of loss, such property is:

- (1) At an "insured's" residence; or

- (2) In or upon a "golf cart" off an "insured's" residence.

The limit of liability for such property shall be an amount equal to 10% of the highest Limit Of Liability shown in the Schedule. That limit is the most we will pay for any one loss.

2. Property Not Covered

We do not cover property described in **B.1.** above if loss by a Peril Insured Against described in **C.** below is also covered by another insurance policy, mechanical breakdown insurance or warranty, or a manufacturer's or extended warranty. However, if the other insurance or warranty pays less than the limit in the schedule, we will pay the difference, up to that limit, subject to the deductible and loss settlement conditions in **E.** below.

C. Section I – Perils Insured Against

1. We insure property described in **B.** above against direct physical loss except Collision and as excluded in **D.** below.
2. If the Schedule shows that Collision Peril **C.2.** applies, we also insure against collision, meaning the physical contact of the "golf cart" with another object or the upset of the "golf cart" without contact with another object.

D. Section I – Exclusions

We do not insure for loss:

1. Excluded under Section I – Exclusions in the policy form;
2. If, at the time of loss, the "golf cart" is being:
 - a. Operated in, or practicing for, any prearranged or organized race, speed contest or other similar competition;
 - b. Rented to others;
 - c. Used to carry persons or cargo for a charge; or
 - d. Used for any "business" purpose except while on a golfing facility;
3. To tires or wheels caused by contact with the road or ground, or tires punctured by an object lying on the ground;
4. To the electrical system or equipment caused by artificial electricity;
5. Caused by or resulting from any work being done on the "golf cart", unless fire or explosion ensues and then only for the loss by such ensuing fire or explosion;
6. Caused by or resulting from:
 - a. Vandalism or Malicious Mischief if the place where the "golf cart" is kept or stored has been unoccupied, closed for the season or is not in operation for any reason for more than 60 consecutive days immediately before the loss;
 - b. Electrical, mechanical or structural breakdown or failure;
 - c. Overheating, freezing, dampness of the atmosphere or extremes of temperature;

- d. Wear, tear, deterioration, mold, fungus, rust, or corrosion;
- e. Inherent vice, latent defect or any quality in property that causes it to damage or destroy itself; or
- f. Animals, birds, vermin, insects or rodents. If, however, Collision Peril **C.2.** applies, this Exclusion **6.f.** does not apply to collision with an animal or bird.

E. Section I – Conditions

B. Deductible

The following replaces any other deductible provision in this policy with respect to any one loss covered under this endorsement:

We will pay only that part of the total of all loss payable that exceeds \$500.

Paragraph **D. Loss Settlement** is replaced by the following:

D. Loss Settlement

With respect to a covered "golf cart" and property described in **B.1.b.**, we will pay no more than the least of the following:

1. The actual cash value;
2. The amount required to repair or replace; or
3. The limit of liability that applies to such property.

We will use the manufacturer's specifications or accepted repair practices to repair the "golf cart's" molded body or parts made of fiberglass, plastic or composite materials.

All other provisions of this policy apply.

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.

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.

SAMPLE

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SNOWMOBILE ENDORSEMENT

SCHEDULE

<p>1. Description Of Snowmobile:</p> <p><input type="checkbox"/> If indicated to the left or in the Declarations, the Passenger Hazard Exclusion described below applies to the Snowmobile described above in this Item 1.</p>
<p>2. Description Of Snowmobile:</p> <p><input type="checkbox"/> If indicated to the left or in the Declarations, the Passenger Hazard Exclusion described below applies to the Snowmobile described above in this Item 2.</p>
<p>3. Description Of Snowmobile:</p> <p><input type="checkbox"/> If indicated to the left or in the Declarations, the Passenger Hazard Exclusion described below applies to the Snowmobile described above in this Item 3.</p>

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 "snowmobile". PLEASE refer to the Limit Of Liability Provision below.

With respect to the "snowmobiles" and coverages listed in the Schedule or 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, the terms "auto", "motor vehicle" and "vehicle" are replaced by the term "snowmobile" except for Uninsured Motorists Coverage. In Uninsured Motorists Coverage, the term "uninsured motor vehicle" includes a "snowmobile".

B. The reference to "Declarations" in the Limit of Liability provisions of the Policy includes "Schedule".

C. The following definition is added:

"Snowmobile" means:

1. A land motor vehicle which is:
 - a. Designed for use mainly off public roads on snow or ice; and
 - b. Propelled solely by means of the following or similar mechanical devices:
 - (1) Wheels;
 - (2) Crawler-type treads; or

(3) Belts.

2. A "trailer" designed for being towed by, but not for transporting, a vehicle described in 1. above.

However, "snowmobile" does not include any vehicle which is propelled by airplane type propellers or fans.

- D.** The term "your covered auto" is replaced by the term "your covered snowmobile". "Your covered snowmobile" means:

1. Any "snowmobile" shown in the Schedule or in the Declarations.
2. Any "snowmobile" on the date you become the owner. This provision applies only if you:
 - a. Acquire the "snowmobile" during the policy period; and
 - b. Ask us to insure it within 14 days after you become the owner.
3. Any "snowmobile" you do not own while used as a temporary substitute for any other "snowmobile" 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 **(3.)** does not apply to **Coverage For Damage To Your Auto.**

II. Part A – Liability Coverage

Part **A** is amended as follows with respect to a "snowmobile":

- 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 any "snowmobile".
 2. Any person using "your covered snowmobile".
 3. For "your covered snowmobile", 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 "snowmobile", other than "your covered snowmobile", any 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 applies only if the person or organization does not own or hire the "snowmobile".

- B.** The **Exclusions** section is amended as follows:

1. Exclusions **A.6.** and **A.7.** are replaced by the following:

We do not provide Liability Coverage for any "insured" maintaining or using a "snowmobile" in any "business".

2. Exclusion **B.1.** does not apply.
3. Exclusion **B.4.** is replaced by the following:
We do not provide Liability Coverage for the ownership, maintenance or use of any "snowmobile":
 - a. Operated in; or
 - b. While in practice or preparation for; any racing or speed contest regardless of whether such contest is prearranged or organized.

4. The following exclusion is added to Paragraph **B.:**

We do not provide Liability Coverage for the ownership, maintenance or use of any "snowmobile" while rented or leased to any "insured" or organization other than you.

5. The following exclusion applies under Paragraph **A.** to any "snowmobile" 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", or while being towed by, the described "snowmobile".

- C.** The **Other Insurance** Provision is replaced by the following:

Other Insurance

Any insurance we provide shall be excess over any other collectible insurance.

III. Part B – Medical Payments Coverage

Part **B** is amended as follows with respect to a "snowmobile":

- A.** The definition of an "insured" is replaced by the following:

"Insured" means:

1. You or any "family member":
 - a. While "occupying"; or
 - b. As a pedestrian when struck by; a "snowmobile".
2. Any other person while "occupying" "your covered snowmobile".

- B.** The **Exclusions** section is amended as follows:

1. Exclusion **1.** does not apply.
2. Exclusion **8.** is replaced by the following:

We do not provide Medical Payments Coverage for any "insured" for "bodily injury" sustained while "occupying" a "snowmobile" when it is being used in the "business" of an "insured".

3. Exclusion **11.** is replaced by the following:

We do not provide Medical Payments Coverage for any "insured" for "bodily injury" sustained while "occupying" any "snowmobile":

- a. Operated in; or
- b. While in practice or preparation for; any racing or speed contest regardless of whether such contest is prearranged or organized.

4. The following exclusion is added:

We do not provide Medical Payments Coverage for any "insured" for "bodily injury" sustained while "occupying" any "snowmobile" while rented or leased to any organization or any "insured" other than you.

- C.** The **Other Insurance** Provision is replaced by the following:

Other Insurance

Any insurance we provide shall be excess over any other collectible auto insurance providing payments for medical or funeral expenses.

IV. Part C – Uninsured Motorists Coverage

Part **C** is amended as follows with respect to a "snowmobile":

- A.** Except for a "snowmobile", a vehicle operated on rails or crawler-treads is not an "uninsured motor vehicle".

- B.** The following exclusions are added to Paragraph **B.** of the **Exclusions** section:

We do not provide coverage for "bodily injury" sustained by any "insured", or where afforded "property damage":

1. While "occupying" any "snowmobile" while rented or leased to any organization or any "insured" other than you; or

2. While "occupying" any "snowmobile":

- a. Operated in; or
- b. While in practice or preparation for;

any racing or speed contest regardless of whether such contest is prearranged or organized.

- C.** The **Other Insurance** Provision is replaced by the following:

Other Insurance

Any insurance we provide shall be excess over any other collectible insurance.

V. Part D – Coverage For Damage To Your Auto

Part **D** is amended as follows with respect to a "snowmobile":

- A.** Exclusion **12.** is replaced by the following:

We will not pay for loss to any "snowmobile":

- a. Operated in; or
- b. While in practice or preparation for;

any racing or speed contest regardless of whether such contest is prearranged or organized.

- B.** The following exclusion is added to the **Exclusions** section:

We will not pay for loss to any "snowmobile" while rented or leased to any person or organization other than you.

- C.** With respect to the coverage(s) shown as applicable to a "snowmobile" 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 "snowmobile" 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.

SAMPLE

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MISCELLANEOUS TYPE VEHICLE ENDORSEMENT

SCHEDULE

4

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.

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.; or
 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

