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**Balboa Life and Casualty
Member Companies**

Meritplan Insurance Co.
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Balboa Insurance Co.

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GENERAL

INSURING AGREEMENT

We agree to provide **you** with the insurance described in this policy based upon the facts **you** have given us. IN RETURN, **YOU MUST PAY THE PREMIUM AND COMPLY WITH THE POLICY TERMS AND CONDITIONS.**

THIS POLICY APPLIES ONLY TO DIRECT AND ACCIDENTAL LOSS, **BODILY INJURY AND PROPERTY DAMAGE** WHICH OCCUR DURING THE POLICY PERIOD SHOWN ON THE DECLARATIONS PAGE. **Your** Declarations page shows the coverages, premiums and limits of liability **you** have selected. **Your** policy is not complete without the Declarations page.

POLICY DEFINITIONS

Throughout this policy, “**you**” and “**your**” refer to the “**named insured**” shown on the Declarations page and the spouse if a resident of the same household. “**We**”, “**us**” and “**our**” refer to the **Company** providing this insurance. In addition, certain words and phrases are defined as follows:

1. “**bodily injury**” means bodily harm, sickness or disease, including required care, loss of services or death resulting therefrom, which occur during the policy period.
2. “**business**” includes trade, profession or occupation. It includes rental or holding for rental of any premises by an **insured**.
3. “**insured**” means **you** and the following residents of **your** household:
 - a. **your** relatives;
 - b. any other person under the age of 21 who is in **your** care.

Under **Section II**, “**insured**” also means:

- c. 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 included in 3a or 3b. A person or organization using or having custody of these animals or watercraft in the course of any **business**, or without permission of the owner is not an **insured**;

- d. with respect to any vehicle to which this policy applies, any person while engaged in **your** employment or the employment of any person included in 3a or 3b.
4. “**insured location**” means:
- a. the **residence premises**;
 - b. the part of any other premises, other structures, and grounds, used by **you** as a residence and which is shown on the Declarations page or which is acquired by **you** during the policy period for **your** use as a residence;
 - c. any premises used by **you** in connection with the premises included in 4a or 4b;
 - d. any part of a premises not owned by any **insured** but where any **insured** is temporarily residing;
 - e. vacant land owned by or rented to any **insured** other than farm land;
 - f. land owned by or rented to any **insured** on which a one or two family dwelling is being constructed as a residence for any **insured**;
 - g. individual or family cemetery plots or burial vaults of any **insured**;
 - h. any part of a premises occasionally rented to any **insured** for other than **business** purposes.
5. “**motor vehicle**” means:
- a. a motorized land vehicle designed for travel on public roads or subject to motor vehicle registration. A motorized land vehicle in dead storage on an **insured location** is not a **motor vehicle**;

- b. a trailer or semi-trailer designed for travel on public roads and subject to motor vehicle registration. A boat, camp, home or utility trailer not being towed by or carried on a vehicle included in 5a is not a **motor vehicle**;
 - c. a motorized golf cart, snowmobile, or other motorized land vehicle owned by any **insured** and designed for recreational use off public roads, while off an **insured location**. A motorized golf cart while used for golfing purposes is not a **motor vehicle**;
 - d. any vehicle while being towed by or carried on a vehicle included in 5a, 5b, or 5c.
- 6. **“property damage”** means physical injury to or destruction of tangible property, and resulting loss of use of this property which occurs during the policy period.
 - 7. **“residence employee”** means an employee of any **insured** who performs duties in connection with the maintenance or use of the **residence premises**, including household or domestic services, or who performs duties elsewhere of a similar nature not in connection with the **business** of any **insured**.
 - 8. **“residence premises”** means that portion of any building reserved for **your** exclusive use and occupancy which is described on the Declarations page and which is used as a private residence.

**POLICY CONDITIONS
APPLICABLE TO ENTIRE POLICY**

- 1. **Policy Period.** This policy applies to direct and accidental loss under **Section I** or **bodily injury** or **property damage** under **Section II**, which occurs during the policy period. The policy period is shown on the Declarations page.
- 2. **Concealment or Fraud.** **We** do not provide coverage for any **insured** who has intentionally concealed or misrepresented any material fact or circumstance relating to this insurance before or after a loss.

- 3. **Liberalization Clause.** If **we** adopt any revision which would broaden the coverage under this policy without additional premium within 60 days prior to or during the policy period, the broadened coverage will immediately apply to this policy.
- 4. **Waiver or Change of Policy Provisions.** A waiver or change of any provision of this policy must be in writing by **us** to be valid. **Our** request for an appraisal or examination shall not waive any of **our** rights.
- 5. **Cancellation.**
 - a. **You** may cancel this policy at any time by returning it to **us** or by notifying **us** in writing of the date cancellation is to take effect.
 - b. **We** may cancel this policy only for the reasons stated in this condition by notifying **you** 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 on the Declarations page. Proof of mailing shall be sufficient proof of notice:
 - 1) When **you** have not paid the premium whether it be to **us** or to **our** agent or under any finance or credit plan, **we** may cancel at any time by notifying **you** at least 10 days before the date cancellation takes effect.
 - 2) 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 notifying **you** at least 10 days before the date cancellation takes effect.
 - 3) 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 if there has been:
 - a) conviction of a crime having as one of its necessary elements an act increasing the hazards insured against;
 - b) discovery of fraud or material misrepresentation;

- c) discovery of grossly negligent acts or omissions substantially increasing any of the hazards insured against;
 - d) physical changes in the property insured against which result in the property becoming uninsurable. **We** may cancel this policy by notifying **you** at least 30 days before the date cancellation takes effect.
- 4) When this policy is written for a period longer than one year, **we** may cancel for any reason at anniversary by notifying **you** at least 30 days before the date cancellation takes effect.
- c. When this policy is cancelled, the premium for the period from the date of cancellation to the expiration date will be refunded. When **you** request cancellation, the return premium may be based on **our** short rate table. When **we** cancel, the return premium will be pro rata.
 - d. 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.
6. **Non-Renewal.** **We** may elect not to renew this policy. **We** may do so by delivery to **you**, or mailing to **you** at **your** mailing address shown on the Declarations page, written notice at least 45 days before the expiration date of this policy. Proof of mailing shall be sufficient proof of notice.
7. **Assignment.** Assignment of this policy shall not be valid unless **we** give **our** written consent.
8. **Subrogation.** Any **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, any **insured** shall sign and deliver all related papers and cooperate with us in any reasonable manner.

Subrogation does not apply under **Section II to Medical Payments to Others or Damage to Property of Others.**

9. **Death.** If the “**named insured**”, or the spouse, if a resident of the same household, dies:
- a. **we** insure the legal representative of the deceased until the end of the premium period but only with respect to the premises and property of the deceased covered under the policy at the time of death;
 - b. **insured** includes:
 - 1) any member of **your** household who is an **insured** at the time of **your** death, but only while a resident of the **residence premises**; and
 - 2) with respect to **your** property, the person having proper temporary custody of the property until appointment and qualification of a legal representative.

SECTION I - COVERAGES

**COVERAGE C
PERSONAL PROPERTY PROTECTION**

We cover personal property owned or used by any **insured** while it is anywhere in the world.

Our limit of liability for personal property away from the **residence premises**, is 10% of the limit of liability for **Coverage C**, or \$1,000, whichever is greater. Personal property in a newly acquired principal residence is not subject to this limitation for the 30 days immediately after **you** begin to move the property there.

Special Limits of Liability. These limits do not increase the **Coverage C** limit of liability. The special limit for each following numbered category is the total limit for each loss for all property in that numbered category.

1. \$300 on securities, accounts, deeds, evidences of debt, letters of credit, notes other than bank notes, manuscripts, passports, tickets and stamps.
2. \$500 on watercraft, including their trailers, furnishings, equipment and outboard motors.
3. \$300 on trailers not used with watercraft.
4. \$300 on grave markers.
5. \$400 for loss by theft of jewelry, watches, furs, precious and semi-precious stones.
6. \$500 for loss by theft of silverware, silverplated ware, goldware, gold-plated ware and pewterware.
7. \$500 for loss by theft of guns and related equipment.
8. \$500 for loss by theft of photographic equipment or accessories.
9. \$500 for loss by theft of computers and related data processing equipment.
10. \$1000 for loss by theft of radios, televisions and other electronic equipment designed to reproduce audio or video transmissions.

Property Not Covered. We do not cover:

1. articles separately described and specifically insured in this or any other insurance;
2. animals, birds or fish;
3. motorized land vehicles except those used to service an **insured's** residence which are not licensed for road use;
4. any device or instrument, including any accessories or antennas, for the transmitting, recording, receiving or reproduction of sound which is operated by power from the electrical system of a **motor vehicle**, or any tape.

wire record, disc or other medium for use with any such device or instrument while any of this property is in or upon a **motor vehicle**;

5. aircraft and parts;
6. property of roomers, boarders and other tenants, except property of roomers and boarders related to an **insured**;
7. property contained in an apartment regularly rented or held for rental to others by any **insured**;
8. property rented or held for rental to others away from the **residence premises**;
9. **business** property in storage or held as a sample or for sale or delivery after sale;
10. **business** property pertaining to a **business** actually conducted on the **residence premises**;
11. **business** property away from the **residence premises**;
12. books of account, abstracts, drawings, card index systems and other records (except film, tape, disc, drum, cell and other magnetic recording or storage media for electronic data processing) other than the cost of blank books, cards or other blank material plus the cost of labor incurred by the **insured** for transcribing or copying such records;
13. film, tape, disc, drum, cell and other magnetic recording or storage media for electronic data processing other than the cost of such media in unexposed or blank form.

PERILS INSURED AGAINST - COVERAGE C

We insure for direct and accidental loss to property described in **Coverage C** caused by:

1. **Fire or lightning.**
2. **Windstorm or hail.**
This peril does not include loss to property contained

in a building which is 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. This peril includes loss to watercraft and their trailers, furnishings, equipment, and outboard motors, only while inside a fully enclosed building.

3. **Explosion.**
4. **Riot or civil commotion.**
5. **Aircraft**, including self-propelled missiles and spacecraft.
6. **Vehicles.**
7. **Smoke**, meaning sudden and accidental damage from smoke. This peril does not include loss caused by smoke from agricultural smudging, industrial operations or any type of smog accumulation.
8. **Vandalism or malicious mischief.**
9. **Theft**, including attempted theft, provided the loss is a result of forcible entry and there is physical evidence of forcible entry. Any theft must be promptly reported to us and the police. This peril does not include loss caused by theft:
 - a. committed by any **insured**;
 - b. in or to a dwelling under construction, or of materials and supplies for use in the construction until the dwelling is completed and occupied; or
 - c. from any part of a **residence premises** rented by an **insured** to other than another **insured**.

This peril does not include loss caused by theft that occurs away from the **residence premises of**:

- a. property while at any other residence owned, rented to, or occupied by any **insured**, except while the **insured** is temporarily residing there;
- b. watercraft, including its furnishings, equipment and outboard motors;

- c. trailers and campers;
 - d. property unattended in or on a **motor vehicle** or trailer, other than a public conveyance, unless there is physical evidence of forcible entry into the locked vehicle. Such property is covered when the vehicle is stolen and not recovered within 30 days, or when an **insured person** has entrusted the keys to a custodian; or
 - e. property unattended in or on a private watercraft, unless there is physical evidence of forcible entry into a locked compartment containing the property.
10. **Falling objects.**

This peril does not include loss to property contained in a building unless the roof or an exterior 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** which causes damage to property contained in a building.
 12. **Collapse** of a building or any part of a building. This peril does not include settling, cracking, shrinking, bulging or expansion.
 13. **Sudden and accidental discharge or overflow of water or steam from within a plumbing, heating or air conditioning system or from within a household appliance.** This peril does not include loss:
 - a. to the appliance from which the water or steam escaped;
 - b. caused by or resulting from freezing;
 - c. on the **residence premises** caused by accidental discharge of overflow which occurs off the **residence premises**.
 14. **Sudden and accidental tearing asunder, cracking, burning or bulging of a steam or hot water heating system, an air conditioning system, or an appliance for heating water.**

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

15. **Freezing of a plumbing, heating or air conditioning system or of a household appliance.**

This peril does not include loss on the **residence premises** while the dwelling is unoccupied, unless **you** have used reasonable care to:

- a. maintain heat in the building; or
- b. shut off the water supply and drain the system and appliances of water.

16. **Sudden and accidental damage from artificially generated electrical current.** This peril does not include loss to a tube, transistor or similar electronic component.

17. **Breakage of glass** or safety material which is part of a building and covered as **Building Additions and Alterations**. This peril does not include loss on the **residence premises** if the residence has been vacant for more than 30 consecutive days before the loss.

COVERAGE D - LOSS OF USE

The limit of liability for **Coverage D** is the total limit for all the following coverages.

1. **Additional Living Expense.** If a loss covered under **Section I** makes the **residence premises** uninhabitable, **we** cover any necessary increase in living expenses incurred by **you** so that **your** household can maintain its normal standard of living. Payment shall be for the shortest time required to repair or replace the premises or, if **you** permanently relocate, the shortest time required for **your** household to settle elsewhere. The period of time is not limited by expiration of this policy.
2. **Prohibited 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** in this policy, **we** cover any resulting **Additional Living Expense** loss for a period not exceeding two weeks during which use is prohibited.

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

ADDITIONAL COVERAGES

1. **Debris Removal.** **We** will pay the reasonable expense incurred by **you** in the removal of debris of covered property provided coverage is afforded for the peril causing the loss. Debris removal expense is included in the limit of liability applying to the damaged property. When the amount payable for the actual damage to the property plus the expense for debris removal exceeds the limit of liability for the damaged property, an additional 5% of that limit of liability will be available to cover debris removal expense.
2. **Reasonable Repairs.** **We** will pay the reasonable cost incurred by **you** for necessary repairs made solely to protect covered property from further damage provided coverage is afforded for the peril causing the loss. This coverage does not increase the limit of liability applying to the property being repaired.
3. **Fire Department Service Charge.** **We** will pay up to \$100 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**. No deductible applies to this coverage.
4. **Property Removed.** Covered property while being removed from a premises endangered by a **Peril Insured Against**, and not for more than 30 days while removed, is covered for direct loss from any accidental cause. This coverage does not increase the limit of liability applying to the property being removed.
5. **Credit Card, Forgery and Counterfeit Money.** **We** will pay up to \$250 for:
 - a. the legal obligation of any **insured** to pay because of the theft or unauthorized use of credit cards issued to or registered in any **insured's** name:

We do not cover use by a resident of **your** household, a person who has been entrusted with the credit card, or any person if any **insured** has not complied with all terms and conditions under which the credit card is issued.

- b. loss to any **insured** caused by forgery or alteration of any check or negotiable instrument; and
- c. loss to any **insured** through acceptance in good faith of counterfeit United States or Canadian paper currency.

We do not cover loss arising out of **business** pursuits or dishonesty of any **insured**.

No deductible applies to this coverage.

Defense:

- a. **We** may make any investigation and settle any claim or suit that **we** decide is appropriate. **Our** obligation to defend any claim or suit ends when the amount **we** pay for the loss equals **our** limit of liability.
 - b. If a claim is made or a suit is brought against any **insured** for liability under the **Credit Card Coverage**, **we** will provide a defense at **our** expense by counsel of **our** choice.
 - c. **We** have the option to defend at **our** expense any **insured** or any **insured's** bank against any suit for the enforcement of payment under the **Forgery Coverage**.
6. **Building Additions and Alterations.** **We** cover under **Coverage C** the building additions, alterations, fixtures, improvements or installations, made at **your** expense, to that part of the **residence premises** used exclusively by **you**. The limit of liability for this coverage shall not exceed 10% of the limit of liability that applies to **Coverage C**.

**DEDUCTIBLE
APPLICABLE TO SECTION I**

We will pay for any covered loss only when it exceeds the deductible shown on the Declarations page, and then only for the amount which is excess over the deductible.

This loss deductible does not apply to **Coverage D - Loss of Use, the Fire Department Service Charge, or Credit Card, Forgery and Counterfeit Money Coverage**.

**EXCLUSIONS
APPLICABLE TO SECTION I**

We do not cover loss resulting directly or indirectly from:

1. **Ordinance or Law**, meaning enforcement of any ordinance or law regulating the construction, repair, or demolition of a building or other structure, unless specifically provided under this policy.
2. **Earth Movement**, meaning earthquake including land shock waves or tremors before, during or after a volcanic eruption; landslide; mudflow; earth sinking, rising or shifting; unless direct loss by:
 - a. fire;
 - b. explosion; or
 - c. breakage of glass or safety glazing material which is part of a building, storm door or storm window; ensues and then we will pay only for the ensuing loss. This exclusion does not apply to loss by theft.
3. **Water Damage**, meaning:
 - a. flood, surface water, waves, tidal water, overflow of a body of water, or spray from any of these, whether or not driven by wind;
 - b. water which backs up through sewers or drains; or
 - c. natural water below the surface of the ground, including water which exerts pressure on, or seeps or leaks through a building, sidewalk, driveway, foundation, swimming pool or other structure.

Direct loss by fire, explosion or theft resulting from water damage is covered.
4. **Power Interruption**, meaning the interruption of power or other utility service if the interruption takes place away from the **residence premises**. If a **Peril Insured Against** ensues on the **residence premises**, **we** will pay only for loss caused by the ensuing peril.

5. **Neglect**, meaning neglect of the **insured** to use all reasonable means to save and preserve property at and after the time of loss, or when property is endangered by a **Peril Insured Against**.
6. **War**, including undeclared war, civil war, insurrection, rebellion, revolution, warlike act by a military force or military personnel, destruction or seizure or use for a military purpose, and including any consequence of any of these. Discharge of a nuclear weapon shall be deemed a warlike act even if accidental.
7. **Nuclear Hazard**, to the extent set forth in the **Conditions - Applicable to Section I**, number 13. **Nuclear Hazard Clause**.
8. **Any loss occurring while the hazard is increased by any means within the control or knowledge of an insured person.**
9. **Continuous or repeated seepage or leakage of water** or steam over a period of time.

**CONDITIONS
APPLICABLE TO SECTION I**

1. **Insurable Interest and our Liability.** Even if more than one person has an insurable interest in the property covered, **we** shall not be liable:
 - a. to the **insured** for an amount greater than the **insured's** interest; nor
 - b. for more than the applicable limit of liability.
2. **Your Duties After Loss.** In case of loss to which this insurance may apply, **you** or someone acting on **your** behalf shall perform the following duties.
 - a. give immediate notice to **us** or **our** agent, and in case of theft also to the police. In case of loss under the **Credit Card Coverage** also notify the respective credit card company;
 - b. protect the property from further damage, make reasonable and necessary repairs required to protect the property, and keep an accurate record of repair expenditures;

- c. prepare an inventory of damaged personal property showing in detail, the quantity, description, date of acquisition, and cost. Attach to the inventory all bills, receipts and related documents that substantiate the figures in the inventory;
 - d. as often as **we** reasonably require:
 - 1) exhibit the damaged property;
 - 2) provide **us** with records and documents **we** request and permit **us** to make copies;
 - 3) submit to examination under signed oath.
 - e. submit to **us**, within 60 days after the loss, **your** signed, sworn statement of loss which sets forth, to the best of **your** knowledge and belief:
 - 1) the time and cause of loss;
 - 2) interests of the **insured** and all others in the property involved and all encumbrances on the property;
 - 3) other insurance which may cover the loss;
 - 4) changes in the title or occupancy of the property during the term of the policy;
 - 5) specifications of any damaged building and detailed estimates for repair of the damage;
 - 6) an inventory of damaged personal property described in 2c;
 - 7) receipts for additional living expenses incurred;
 - 8) evidence or affidavit supporting a claim under the **Credit Card, Forgery and Counterfeit Money Coverage**, stating the amount and cause of loss.
3. **Loss Settlement.** Covered property losses are settled at actual cash value at the time of the loss but not exceeding the amount necessary to repair or replace. Settlement on an actual cash value basis means there may be a deduction for depreciation.

4. **Loss to a Pair or Set.** In case of loss to a pair or set **we** may elect to:
 - a. repair or replace any part to restore the pair or set to its value before the loss; or
 - b. pay the difference between actual cash value of the property before and after the loss.
5. **Glass Replacement.** Loss for damage to glass caused by a **Peril Insured Against** shall be settled on the basis of replacement with safety glazing materials, when required by ordinance or law.
6. **Appraisal.** If **you** and **we** fail to agree on the amount of loss, either one can demand that the amount of the loss be set by appraisal. If either makes a written demand for appraisal, each shall select a competent, independent appraiser and notify the other of the appraiser's identity within 20 days of receipt of the written demand. The two appraisers shall then select a competent, impartial umpire. If the two appraisers are unable to agree upon an umpire within 15 days, **you** or **we** can ask a judge of a court of record in the state where the **residence premises** is located to select an umpire. The appraisers shall then set the amount of the loss. If the appraisers submit a written report of an agreement to **us**, the amount agreed upon shall be the amount of the loss. If the appraisers fail to agree within a reasonable time, they shall submit their differences to the umpire. Written agreement signed by any two of these three shall set the amount of the loss. Each appraiser shall be paid by the party selecting that appraiser. Other expenses of the appraisal and the compensation of the umpire shall be paid equally by **you** and **us**.
7. **Other Insurance.** If a loss covered by this policy is also covered by 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.
8. **Suit Against Us.** No action shall be brought against **us** unless there has been compliance with the policy provisions and the action is started within one year after the occurrence causing loss or damage.

9. **Our Option.** If **we** give **you** written notice within 30 days after **we** receive **your** signed, sworn statement of loss, **we** may repair or replace any part of the property damaged with equivalent property.
10. **Loss Payment.** **We** will adjust all losses with **you**. **We** will pay **you** unless some other person is named in the policy to receive payment. Payment for loss will be made within 60 days after **we** reach agreement with **you**, entry of a final judgment or the filing of an appraisal award with **us**.
11. **Abandonment of Property.** **We** need not accept any property abandoned by any **insured**.
12. **No Benefit to Bailee.** **We** will not recognize any assignment or grant any coverage for the benefit of any person or organization holding, storing or transporting property for a fee regardless of any other provision of this policy.
13. **Nuclear Hazard Clause.**
 - a. **"Nuclear Hazard"** means any nuclear reaction, radiation, or radioactive contamination, all whether controlled or uncontrolled or however the cause, or any consequence of any of these.
 - b. Loss caused by the **nuclear hazard** shall 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** in **Section I**.
 - c. 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.

SECTION II - LIABILITY COVERAGES

COVERAGE E - PERSONAL LIABILITY

If a claim is made or a suit is brought against any **insured** for damages because of **bodily injury** or **property damage** to which this coverage applies and which occurs during the policy period, **we** will:

1. pay up to **our** limit of liability for the damages for which the **insured** is legally liable; and
2. provide a defense, at **our** expense, by counsel of **our** choice. **We** may make any investigation and settle any claim or suit that **we** decide is appropriate. **Our** obligation to defend any claim or suit ends when the amount **we** pay for damages resulting from the occurrence equals **our** limit of liability.

COVERAGE F

MEDICAL PAYMENTS TO OTHERS

We will pay the necessary medical expenses incurred or medically ascertained within three years from the date of an accident which occurred during the policy period and which causes **bodily injury**. Medical expenses mean reasonable charges for medical, surgical, x-ray, dental, ambulance, hospital, professional nursing, prosthetic devices and funeral services. This coverage does not apply to any **insured** or regular residents of **your** household other than **residence employees**. As to others, this coverage applies only:

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

ADDITIONAL COVERAGES

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

1. **Claim Expenses.** **We** pay:
 - a. expenses incurred by **us** and costs taxed against any **insured** in any suit **we** defend:

- b. premiums on bonds required in a suit defended by **us**, but not for bond amounts greater than the limit of liability for **Coverage E.** **We** are not obligated to apply for or furnish any bond;
 - c. reasonable expenses incurred by any **insured** at **our** request, including actual loss of earnings (but not loss of other income) up to \$50 per day for assisting **us** in the investigation or defense of any claim or suit;
 - d. 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.
2. **First Aid Expenses.** **We** will pay expenses for first aid to others incurred by any **insured** for **bodily injury** covered under this policy. **We** will not pay for first aid to **you** or any other **insured**.
 3. **Damage to Property of Others.** **We** will pay up to \$250 per occurrence for **property damage** to property of others caused by any **insured**.

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

- a. to property covered under **Section I** of this policy;
- b. caused intentionally by any **insured** who is 13 years of age or older;
- c. to property owned by or rented to any **insured**, a tenant of any **insured**, or a resident in **your** household; or
- d. arising out of:
 - 1) **business** pursuits;
 - 2) any act of omission in connection with a premises owned, rented or controlled by any **insured**, other than the **insured location**; or
 - 3) the ownership, maintenance, or use of a **motor vehicle**, aircraft or watercraft.

**EXCLUSIONS
APPLICABLE TO SECTION II**

1. **Coverage E - Personal Liability and Coverage F - Medical Payments to Others** do not apply to **bodily injury** or **property damage**:

- a. which is expected or intended by any **insured**;
- b. arising out of the transmission of a communicable disease by an insured;
- c. arising out of **business** pursuits of any **insured** or the rental or holding for rental any part of any premises by any **insured**.

This exclusion does not apply to:

- 1) activities which are ordinarily incident to non-business pursuits; or
- 2) the occasional or part-time **business** pursuits of an **insured** who is under 19 years of age; or
- 3) the rental or holding for rental of a residence of **yours**:
 - a) on an occasional basis for the exclusive use as a residence;
 - b) in part, unless intended for use as a residence by more than two roomers or boarders;
- d. arising out of the rendering or failing to render professional services;
- e. arising out of any premises owned by or rented to any **insured** which is not an **insured location**;
- f. arising out of the ownership, maintenance, use, loading or unloading of:
 - 1) aircraft;
 - 2) watercraft;
 - a) owned by or rented to any **insured** if the watercraft has inboard or inboard-outdrive motor power of more than 50 horsepower

or is a sailing vessel, with or without auxiliary power, 26 feet or more in overall length; or

- b) powered by one or more outboard motors with more than 25 total horsepower owned by any **insured**.

However, this exclusion does not apply while the watercraft is stored or on the **residence premises**.

- 3) a **motor vehicle** owned or operated by, or rented or loaned to any **insured**.

However, this exclusion does not apply to:

- a) a motorized land vehicle in dead storage or used exclusively on the **residence premises**;
 - b) a motorized land vehicle not owned by an **insured person** when used off the **residence premises** and which is designed principally for recreational use off public roads;
 - c) a golf cart owned by an **insured person** when used for golfing purposes;
 - d) a trailer of the boat, camp, home or utility type unless it is being towed or carried by a motorized land vehicle;
 - e) **bodily injury** to a **residence employee** arising out of and in the course of the **residence employee's** employment by any **insured**;
 - g. caused directly or indirectly by war, including undeclared war, civil war, insurrection, rebellion, revolution, warlike act by a military force or military personnel, destruction or seizure or use for a military purpose, and including any consequence of any of these. Discharge of a nuclear weapon shall be deemed a warlike act even if accidental.
2. **Coverage E - Personal Liability**, does not apply to:
- a. Liability assumed under any unwritten contract or agreement; or by contract or agreement in connection with any **business** of the **insured**;

- b. **property damage** to property owned by any **insured**;
 - c. **property damage** to property rented to, occupied or used by or in the care of any **insured**. This exclusion does not apply to **property damage** caused by accidental fire, smoke or explosion;
 - d. **bodily injury** to any person eligible to receive any benefits required to be provided or voluntarily provided by any **insured** under any worker's or workmen's compensation, non-occupational disability, or occupational disease law; or
 - e. **bodily injury** or **property damage** for which any **insured** under this policy is also an **insured** under a nuclear energy liability policy or would be an **insured** but for its termination upon exhaustion of its limit of liability. A nuclear energy liability policy is a policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, Nuclear Insurance Association of Canada, or any of their successors;
 - f) bodily injury to the **named insured**, spouse, or any **insured** residing on any part of the **insured location**.
3. **Coverage F - Medical Payments to Others**, does not apply to **bodily injury**:
- a. to any person, other than a **residence employee** of any **insured**, regularly residing on any part of the **insured location**;
 - b. to a **residence employee** if it occurs off the **insured location** and does not arise out of or in the course of the **residence employee's** employment by any **insured**;
 - c. to any person, eligible to receive any benefits required to be provided or voluntarily provided under any worker's or workmen's compensation, non-occupational disability or occupational disease law;
 - d. from any nuclear reaction, radiation or radioactive contamination, all whether controlled or uncontrolled or however caused, or any consequence of any of these.

**CONDITIONS
APPLICABLE TO SECTION II**

1. **Limit of Liability.** Regardless of the number of **insureds**, claims made or persons injured, **our** total liability under **Coverage E** stated in this policy for all damages resulting from any one occurrence shall not exceed the limit of liability for **Coverage E** stated on the Declarations page. All **bodily injury** and **property damage** resulting from any one accident or from continuous or repeated exposure to substantially the same general conditions shall be considered to be the result of one occurrence.

Our total liability under **Coverage F** for all medical expenses payable for **bodily injury** to one person as the result of one accident shall not exceed the limit of liability for **Coverage F** stated on the Declarations page.
2. **Severability of Insurance.** This insurance applies separately to each **insured**. This condition shall not increase **our** limit of liability for any one occurrence.
3. **Duties After Loss.** In case of an accident or occurrence, **you** must perform the following duties, and **you** must cooperate with **us** in seeing that these duties are performed:
 - a. give written notice to **us** or **our** agent as soon as practicable, which sets forth:
 - 1) the identity of the policy and **insured**;
 - 2) reasonably available information on the time, place and circumstances of the accident or occurrence; and
 - 3) names and addresses of any claimants and available witnesses;
 - b. forward to **us** every notice, demand, summons or other process relating to the accident or occurrence;

- c. at **our** request, assist in:
 - 1) making settlement;
 - 2) the enforcement of any right of contribution or indemnity against any person or organization who may be liable to any **insured**;
 - 3) the conduct of suits and attend hearings and trials;
 - 4) securing and giving evidence and obtaining the attendance of witnesses;
- d. under the coverage - **Damage to the Property of Others** - submit to **us** within 60 days after the loss, a sworn statement of loss and exhibit the damaged property, if within the **insured's** control;
- e. an **insured** shall not, except at an **insured's** own cost, voluntarily make any payment, assume any obligation or incur any expense other than for first aid to others at the time of a covered **bodily injury**.

4. **Duties of an Injured Person - Coverage F - Medical Payments to Others.**

The injured person or someone acting on behalf of the injured person shall:

- a. give **us** written proof of claim, under oath if required, as soon as practicable;
- b. execute authorization to allow **us** to obtain copies of medical reports and records which relate to an injury for which claim is made; and
- c. the injured person shall submit to physical examination by a physician selected by **us** when and as often as **we** reasonably require.

5. **Payment of Claim - Coverage F - Medical Payments to Others.** Payment under this coverage is not an admission of liability by any **insured** or **us**.

6. **Suit Against Us.** No action shall be brought against **us** unless there has been compliance with the policy provisions.

No one shall have any right to join **us** as a party to any action against any **insured**. Further, no action with respect to **Coverage E** shall be brought against **us** until the obligation of an **insured** has been determined by final judgment or by an agreement which has been signed by **us**.

7. **Bankruptcy of any Insured.** Bankruptcy or insolvency of any **insured** shall not relieve **us** of any of **our** obligations under this policy.

8. **Other Insurance - Coverage E - Personal Liability.** This insurance is excess over any other valid and collectible insurance except insurance written specifically to cover as excess over the limits of liability that apply in this policy.

ENDORSEMENTS

Please see the Declarations page to determine coverages.

The following endorsements are only applicable to this policy if they are listed by endorsement number on the most current Declarations page issued for this policy.

STATE OF CALIFORNIA
WORKERS' COMPENSATION/EMPLOYERS'
LIABILITY ENDORSEMENT

4H299E-E982

With respect to **residence employees** of the **insured**, and in consideration of an additional premium, the company agrees:

Workers' Compensation and Employers' Liability Coverage applies only to: 1) covered **bodily injury** which occurs during the policy period; and 2) occupational disease or cumulative injury of a **residence employee** who during the policy period actually worked for an **insured person** during the last day of covered employment which exposed the **residence employee** to the hazard of such occupational disease or cumulative injury. The words "covered employment" mean employment by an **insured person** who has compensation coverage.

LOSSES **WE** COVER:

Workers' Compensation

With respect to **residence employees**, we will pay when due all compensation and other benefits an **insured person** is required to pay by the Workers' Compensation Law to an injured **residence employee**.

Employers' Liability

We will pay all sums which an **insured person** becomes legally obligated to pay as damages because of **bodily injury** sustained by any **residence employee**.

Employers' Liability applies to covered **bodily injury** sustained:

1. in the United States of America, its territories or possessions, or Canada; or
2. while temporarily outside the United States of America, its territories or possessions, or Canada if the injured **residence employee** is a citizen or resident of the United States or Canada.

ADDITIONAL PROVISIONS

The following provisions apply to **Workers' Compensation**:

1. We shall be directly and primarily liable to any **residence employee** of an **insured person** entitled to the benefits of the Workers' Compensation Law under this policy.
2. When a **residence employee** incurs **bodily injury** and notifies **you**, this shall be deemed notice or knowledge on **our** part.
3. The jurisdiction of an **insured person** will, for the purpose of the law imposing liability for compensation, be jurisdiction of **ours**.
4. We will be bound by and subject to the orders, findings, decisions or awards rendered against an **insured person** under the provisions of the law imposing liability for compensation, subject to the provisions, conditions, and limitations of this policy. This policy shall govern as between an **insured person** and **us** as to payments by either in discharge of an **insured person's** liability for compensation.

The following provisions apply to **Workers' Compensation and Employers' Liability**:

1. Policy Provisions

Only the following provisions or conditions of the policy apply to the **Workers' Compensation and Employers' Liability Coverage** in addition to the provisions contained in this coverage.

- a. **Insuring Agreement**
- b. **Policy Definitions**
- c. **Assignment**
- d. **Cancellation**
- e. **Concealment and Fraud**
- f. **Conditions - Applicable to Section II:**
 - Duties After Loss**
 - Limit of Liability**
 - Suit Against Us**
 - Other Insurance**
 - Bankruptcy of any Insured**

- g. Agreement for defense and settlement as provided for under the **Personal Liability Coverage** and supplementary payments as provided under the **Additional Coverages** in **Section II**.
2. It is agreed that the premium charged for **Workers' Compensation and Employers' Liability Coverage** does not contemplate payment of compensation benefits for **your** full time **residence employees**.
 3. The limit of liability stated on the Declarations page for **Employers' Liability** is the total limit of **our** liability for all damages because of **bodily injury** sustained by any one or more **residence employees** in any one accident. The limit of liability stated on the Declarations page for **Employers' Liability** is the total limit of **our** liability for all damages because of **bodily injury** sustained by one or more **residence employees**. The inclusion of more than one **insured person** shall not increase **our** limits of liability of \$100,000 under **Employers' Liability**.

DEFINITIONS

"**residence employee**" means an employee of any **insured** who performs duties in connection with the maintenance or use of the **residence premises**, including household or domestic services, or who performs duties elsewhere of a similar nature not in connection with the **business** of any **insured**. Under **Workers' Compensation and Employers' Liability Coverage**, an employee meets this definition if the employee performs household domestic services and if, during the 90 calendar days before the date of the injury has:

1. been employed by an **insured person** for at least 52 hours; and
2. earned from an **insured person** at least \$100 in wages.

Under **Workers' Compensation and Employers' Liability Coverage**, "**bodily injury**" means bodily harm by accident, including resulting disease or death. This includes damages for care and loss of services and damages for which an **insured person** is liable because of suits or claims brought against an **insured person** by others to recover the damages obtained from others because of **bodily injury** sustained by a **residence employee**.

EXCLUSIONS

1. **We** do not cover liability for additional compensation imposed on any **insured person** under sections 4553 and 4557, Division IV, Labor Code of the State of California, by reason of the serious and willful misconduct of any **insured person** or any representative of any **insured person** or by reason of injury to a **residence employee** under 16 years of age and illegally employed at the time of injury;
2. **We** do not cover under **Employers' Liability**:
 - a. any suit brought in or any judgment rendered by any court outside the United States of America, its territories or possessions, or Canada, or to any action on such judgment wherever brought;
 - b. liability assumed by an **insured person** under any contract or agreement;
 - c. **bodily injury** by disease unless prior to thirty-six months after the end of the policy period written claim is made or suit is brought against an **insured person** for damages because of such **bodily injury** or death resulting from disease;
 - d. any obligation for which an **insured person** or that person's insurance company may be held liable under the Workers' Compensation Law of California, any other Workers' Compensation or Occupational Disease Law, any Unemployment Compensation or Disability Benefits Law, or under any similar law.

STATE OF CALIFORNIA

PROPERTY AMENDATORY ENDORSEMENT

4H233E-04R388

POLICY CONDITIONS APPLICABLE TO THE ENTIRE POLICY

Under item 5. **Cancellation**, paragraphs b(4), c. and d. are amended to read as follows:

- b(4).When this policy is written for a period longer than one year, we may cancel for any reason at anniversary by notifying you at least 45 days before the date cancellation takes effect.
- c. When this policy is cancelled, the premium from the date of cancellation to the expiration date will be refunded. When the policy is cancelled, the return premium will be pro rata.
- d. If, when we cancel this policy, the return premium is not refunded with the notice of cancellation, we will refund it within 25 days after the date cancellation takes effect. If, when you cancel this policy, the return premium is not refunded when this policy is returned to us, we will refund it within a reasonable time after the date cancellation takes effect.

SECTION I - COVERAGES

Under **Coverage A - Dwelling Protection**, items 1 and 2 are amended as follows:

We Cover:

1. the dwelling on the residence premises shown on the Declarations page used principally as a private residence, including structures attached to the dwelling; other than outdoor antennas.
2. materials and supplies located on or adjacent to the residence premises for use in the construction, alteration or repair of the dwelling or other structures on the residence premises; other than outdoor antennas.

Under **Coverage B - Other Structures**, first paragraph is amended to read as follows:

We cover other structures on the residence premises, separated from the dwelling by clear space. Structures connected to the dwelling by only a fence, utility line or similar connection are considered to be other structures: other than outdoor antennas.

CONDITIONS APPLICABLE TO SECTION I

10.Loss Payment is amended to read as follows:

We will adjust all losses with you. We will pay you unless some other person is named in the policy or is legally entitled to receive payment. Loss will be

payable 30 days after we receive your proof of loss and: reach an agreement with you, there is an entry of a final judgement; or there is a filing of an appraisal award with us.

SECTION II - LIABILITY COVERAGES

Section II is amended as follows:

EXCLUSIONS APPLICABLE TO SECTION II

Under Item 2. **Coverage E - Personal Liability**, paragraph g. is added.

- g. No coverage is afforded under this policy for punitive or exemplary damages, including defense of litigation, resulting from any claim under this policy.

All other provisions of this policy apply.

We have caused this policy to be signed by our President and Secretary. This policy shall not be effective unless countersigned on the Declarations page by a duly authorized representative of the Company.



PRESIDENT



SECRETARY