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**AGREEMENT**

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

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**DEFINITIONS**

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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. 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 and death that results.
2. **"Business"** includes trade, profession or occupation.
3. **"Insured"** means you and residents of your household who are:
  - a. Your relatives;
  - b. Other persons under the age of 21 and in the care of any person named above;
  - c. With respect to watercraft to which this policy applies, any person or organization legally responsible for the watercraft which are owned by you or any person included in 3.a. or 3.b. above. A person or organization using or having custody of the watercraft in the course of any "business" or without consent of the owner is not an "insured";
  - d. With respect to any vehicle to which this policy applies:
    - (1) Persons while engaged in your employ or that of any person included in 3.a. or 3.b. above; or
    - (2) Other persons using the vehicle on an "insured location" with your consent.
4. **"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 as "Location of Residence Premises"; 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 in 4.a. or 4.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 to 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.
5. **"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."
6. **"Property damage"** means physical injury to, destruction of, or loss of use of tangible property.
7. **"Residence employee"** means:
  - a. An employee of an "insured" 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."
8. **"Residence premises"** means:
- The one family dwelling, other structures, and grounds; or
  - That part of any other building;

where you reside and which is shown as the "Location of Residence Premises" in the Declarations.

"Residence premises" also means a two, three or four family dwelling where you reside in at least one of the family units and which is shown as the "Location of Residence Premises" in the Declarations.

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## LIABILITY COVERAGES

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### COVERAGE L – 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:

- Pay up to our limit of liability for the damages for which the "insured" is legally liable. Damages include prejudgment interest awarded against the "insured."
- 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 the amount we pay for damages resulting from the "occurrence" equals our limit of liability.

### COVERAGE M – 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:

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

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## EXCLUSIONS

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- COVERAGE L – PERSONAL LIABILITY** and **COVERAGE M – MEDICAL PAYMENTS TO OTHERS** do not apply to "bodily injury" or "property damage":
  - Which is expected or intended by one or more "insureds";
  - (1) Arising out of or in connection with a "business" engaged in by an "insured". This EXCLUSION applies but is not limited to an act or omission, regardless of its nature or circumstance, involving a service or duty rendered, promised, owed or

- implied to be provided because of the nature of the "business";
- (2) Arising out of or in connection with a home day care enterprise which is considered to be a "business". If an "insured" regularly provides home day care services to a person or persons other than "insureds" and receives monetary or other compensation for such services, such enterprise is a "business". Mutual exchange of home day care services, however, is not considered compensation. The rendering

of home day care services by an "insured" to a relative of an "insured" is not considered a "business".

- (3) Arising out of the rental or holding for rental of any part of any premises by an "insured". This EXCLUSION does not apply to 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.
- c. Arising out of the rendering of or failure to render professional services.
- d. Arising out of a premises:
- (1) Owned by an "insured";
  - (2) Rented to an "insured"; or
  - (3) Rented to others by an insured"; that is not an "insured location".
- e. Arising out of:
- (1) The ownership, maintenance, use, loading or unloading of motor vehicles or all other motorized land conveyances, including trailers, owned or operated by or rented or loaned to an "insured";
  - (2) The entrustment by an "insured" of a motor vehicle or any other motorized land conveyance to any person; or
  - (3) Vicarious liability, whether or not statutorily imposed, for the actions of a child or minor using a conveyance excluded in paragraph (1) or (2) above.

This EXCLUSION does not apply to:

- (1) A trailer not towed by or carried on a motorized land conveyance.
- (2) A motorized golf cart which at the time of the occurrence is being:

- (a) Operated to or from, or on the premises of a golf course; and
- (b) Used to play golf on a golf course.

- (3) A vehicle or conveyance not subject to motor vehicle registration which is:
- (a) Located on the Described Location and used solely to service an "insured's" residence;
  - (b) Designed for assisting the handicapped and at the time of occurrence is being used to assist the handicapped; or
  - (c) In dead storage on an "insured location".

f. Arising out of:

- (1) The ownership, maintenance, use, loading or unloading of a watercraft described below;
- (2) The entrustment by an "insured" of a watercraft described below to any person; or
- (3) Vicarious liability, whether or not statutorily imposed, for the actions of a child or minor using a watercraft described below.

Watercraft:

- (1) With inboard or inboard-outdrive motor power owned by an "insured";
- (2) With inboard or inboard-outdrive motor power of more than 50 horsepower rented to an "insured";
- (3) That are sailing vessels, with or without auxiliary power, 26 feet or more in length owned by or rented to an "insured"; or
- (4) Powered by one or more outboard motors with more than 25 total horsepower if the outboard motor is owned by an "insured"; or
- (5) That are "personal watercraft."

This EXCLUSION does not apply while the watercraft is stored.

g. Arising out of:

- (1) The ownership, maintenance, use, loading or unloading of an aircraft;

- (2) The entrustment by an "insured" of an aircraft to any person; or
- (3) Vicarious liability, whether or not statutorily imposed, for the actions of a child or minor using an aircraft.

An aircraft means any contrivance used or designed for flight, except model or hobby aircraft not used or designed to carry people or cargo.

- h. 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 will be deemed a warlike act even if accidental.
- i. Which arises out of the transmission of a communicable disease by an "insured".
- j. Arising out of sexual molestation, corporal punishment or physical or mental abuse.
- k. Arising out of the use, sale, manufacture, delivery, transfer or possession by any person of a Controlled Substance(s) as defined under Federal Law. 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 orders of a licensed physician.

EXCLUSIONS d., e., f., and g. 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".

**2. COVERAGE L – PERSONAL LIABILITY,** does not apply to:

- a. Liability:
  - (1) For any loss assessment charged against you as a member of an association, corporation or community of property owners;

- (2) Under any contract or agreement. However, this EXCLUSION does not apply to written contracts:

- (a) That directly relate to the ownership, maintenance or use of an "insured location"; or
- (b) Where the liability of others is assumed by the "insured" prior to an "occurrence";

Unless excluded in (1) above or elsewhere in this policy.

- b. "Property damage" to property owned by the "insured".
- c. "Property damage" to property rented to, occupied or used by or in the care of the "insured". This EXCLUSION does not apply to "property damage" caused by fire, smoke or explosion.
- d. "Bodily injury" to any person eligible to receive any benefits:
  - (1) Voluntarily provided; or
  - (2) Required to be provided; by the "insured" under any:
    - (1) Workers' compensation law;
    - (2) Non-occupational disability law; or
    - (3) Occupational disease law.
- e. "Bodily injury" or "property damage" for which an "insured" under this policy:
  - (1) Is also an insured under a nuclear energy liability policy; or
  - (2) Would be an insured under that policy but for the exhaustion of its limit of liability.

A nuclear energy liability policy is one issued by:

- (1) American Nuclear Insurers;
  - (2) Mutual Atomic Energy Liability Underwriters;
  - (3) Nuclear Insurance Association of Canada;
- or any of their successors.

- f. "Bodily injury" to you or an "insured" within the meaning of part a. or b. of "insured" as defined.

- g. "Bodily injury" or "property damage" caused by any animal owned or kept by an "insured" whether or not the injury occurs on your premises or any other location.
- h. Arising:
  - (1) Out of the ingestion of paint that has lead in it;
  - (2) Out of the ingestion of paint that has lead compounds in it;
  - (3) Out of the inhalation of paint that has lead in it;
  - (4) Out of the inhalation of paint that has lead compounds in it;
  - (5) From radon, or any other substance that emits radiation;
  - (6) In any manner (including liability imposed by law) from the discharge, disposal, release or escape of:
    - (a) Vapors or fumes;
    - (b) Gas or oil;
    - (c) Toxic chemicals, liquid or gas;
    - (d) Waste materials;
    - (e) Irritants, contaminants or pollutants.

All other conditions are the same.

- 3. **COVERAGE M – MEDICAL PAYMENTS TO OTHERS**, does not apply to "bodily injury":
  - a. To a "residence employee" if the "bodily injury":
    - (1) Occurs off the "insured location"; and
    - (2) Does not arise out of or in the course of the "residence employee's" employment by an "insured".
  - b. To any person eligible to receive benefits:
    - (1) Voluntarily provided; or
    - (2) Required to be provided;
 Under any:
    - (1) Workers' compensation law;
    - (2) Non-occupational disability law; or
    - (3) Occupational disease law.
  - c. From any:
    - (1) Nuclear reaction;
    - (2) Nuclear radiation; or
    - (3) Radioactive contamination;
 All whether controlled or uncontrolled or however caused; or
    - (4) Any consequence of any of these.
  - d. To any person, other than a "residence employee" of an "insured", regularly residing on any part of the "insured location".

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### ADDITIONAL COVERAGES

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

- 1. **Claim Expenses.** We pay:
  - a. Expenses we incur and costs taxed against an "insured" in any suit we defend;
  - b. Premiums on bonds required in a suit we defend, but not for bond amounts more than the limit of liability for **COVERAGE L**. We need not apply for or furnish any bond;
  - c. Reasonable expenses incurred by an "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 a 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 an "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, at replacement cost, up to \$500 per

"occurrence" for "property damage" to property of others caused by an "insured".

We will not pay for "property damage":

- a. Caused intentionally by an "insured" who is 13 years of age or older;
- b. To property owned by an "insured";
- c. To property owned by or rented to a tenant of an "insured" or a resident in your household; or
- d. 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 or use of aircraft, watercraft or motor vehicles or all other motorized land conveyances.

This EXCLUSION does not apply to a motorized land conveyance designed for recreational use off public roads, not subject to motor vehicle registration and not owned by an "insured".

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## CONDITIONS

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### 1. Limit of Liability.

- a. Our total liability under COVERAGE **L** for all damages resulting from any one "occurrence" will not be more than the limit of liability for COVERAGE **L** as 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".

- b. Our total liability under COVERAGE **M** for all medical expense payable for "bodily injury" to one person as the result of one accident will not be more than the limit of liability for COVERAGE **M** as shown in the Declarations.

#### c. Sub-limit Of Liability.

However, our total liability under COVERAGE **L** for the total of all damages arising directly or indirectly, in whole or in part, out of the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of any "fungi," wet or dry rot, yeast or bacteria will not be more than the COVERAGE **L** Aggregate Sub-limit of Liability of \$50,000 for "Fungi," Wet Or Dry Rot, Yeast Or Bacteria.

This is the most we will pay regardless of the:

- (1) Number of locations insured under the policy to which this endorsement is attached;
- (2) Number of persons injured;
- (3) Number of persons whose property is damaged;
- (4) Number of "insureds"; or
- (5) Number of "occurrences" or claims made.

This sub-limit of liability is within, but does not increase, the COVERAGE **L** limit of liability. It applies separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations.

This condition does not apply with respect to damages arising out of "fungi", wet or dry rot, yeast or bacteria when Endorsement **SIC DL 24 71** is attached.

2. **Severability of Insurance.** This insurance applies separately to each "insured" except with respect to the Aggregate Sub-limit of Liability of \$50,000 described under Conditions 1.c. – Sub-limit of Liability for "Fungi," Wet Or Dry Rot, Yeast Or Bacteria. This condition will not increase the limit of liability for this coverage.

3. **Duties After Loss.** In case of an accident or "occurrence", the "insured" will perform the following duties that apply. 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, 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 witnesses;
- b. Promptly forward to us every notice, demand, summons or other process relating to the accident or "occurrence";
- c. At our request, help us:
  - (1) To make settlement;
  - (2) To enforce any right of contribution or indemnity against any person or organization who may be liable to an "insured";
  - (3) With the conduct of suits and attend hearings and trials;
  - (4) To secure and give evidence and obtain the attendance of witnesses;
- d. Under the COVERAGE – Damage to Property of Others – submit to us within 60 days after the loss, a sworn statement of loss and show the damaged property, if in the "insured's" control;
- e. The "insured" will not, except at the "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".

4. **Duties of an Injured Person - COVERAGE M – MEDICAL PAYMENTS TO OTHERS.**

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.

The injured person will submit to physical examination by a doctor of our choice when and as often as we reasonably require.

5. **Payment of Claim - COVERAGE M – MEDICAL PAYMENTS TO OTHERS.**

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

6. **Suit Against Us.**

No action can be brought against us unless there has been compliance with the policy provisions.

No one will have the right to join us as a party to any action against an "insured". Also, no action with respect to COVERAGE L can be brought against us until the obligation of the "insured" has been determined by final judgment or agreement signed by us.

7. **Bankruptcy of an Insured.**

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

8. **Other Insurance - COVERAGE L – PERSONAL LIABILITY.**

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.

9. **Policy Period.**

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

10. **Subrogation.**

An "insured" may waive in writing 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 the property covered under this policy is a condominium unit, we waive any rights of recovery against the corporation or association of property owners of the condominium where the "residence premises" is located.

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

Subrogation does not apply to Medical Payments to Others or Damage to Property of Others.

11. **Concealment or Fraud.** We do not provide coverage to one or more "insureds" who, whether before or after a loss, have;
- a. Intentionally concealed or misrepresented any material fact or circumstance;
  - b. Engaged in fraudulent conduct; or
  - c. Made material false statements; relating to this insurance.

12. **Joint Obligations.**

The terms of this policy impose joint obligations on persons defined as an "insured." This means that the responsibilities, acts and failures to act of a person defined as an "insured" will be binding upon another person defined as an insured "person."

All other provisions of this policy apply.