

MICHAEL A REY
23161 MLL CRK DR #250
LAGUNA HILLS, CA 92653



Home Insurance New Policy

PAMELA NYE
1335 PALISADES DR
PACIFIC PALISADES CA 90272-2153

10/25/2021

Dear Pamela Nye,

Thank you for purchasing your new home policy with Farmers Insurance®. We know you have choices, and appreciate the opportunity to help you meet your insurance needs.

Enclosed are some important documents for your new policy. Please take some time and carefully review this information, which includes:

- Declaration page – a summary of your insurance coverages, limits, and deductibles
- Your insurance policy form and endorsements
- Detailed reconstruction cost estimate of your home

Please review the features of your home that were used to calculate the assessment in the reconstruction cost estimate. If you find any incorrect or incomplete information, please contact your agent.

A summary of your premium information is shown below.

Premium at-a-glance

Policy Premium	\$1,910.91
Fees	\$25.00

Premium and Fees **\$1,935.91**

This is not a bill.

Your bill with the amount due will be mailed separately.

We appreciate your business.

Sincerely,

Farmers Insurance Group®

Your Farmers Policy

Policy Number: 33667-75-00

Effective: 10/14/2021 12:01 AM

Expiration: 10/14/2022 12:01 AM

Property Insured

1335 Palisades Dr

Pacific Palisades, CA 90272-2153

Your Farmers Agent

Michael A Rey

23161 Mll Crk Dr #250

Laguna Hills, CA 92653

(949) 487-9661

mrey@farmersagent.com

To file a claim log on to [Farmers.com](https://farmers.com)
or the Farmers® Mobile App or call

1-800-435-7764

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Home Insurance Offer of California Earthquake Authority Policy



Residential 33667-75-00

Property Policy:

Agent : Michael A Rey
(949) 487-9661
mrey@farmersagent.com
Named Insured(s): Pamela Jane Nye Family Trust

Property 1335 Palisades Dr
Location: Pacific Palisades, CA 90272-2153
Print Date: 10/25/2021

The residential property insurance policy referenced above does not provide earthquake coverage. California law requires that insurers offer earthquake coverage to policyholders when a new policy is purchased and every other year upon renewal if the policyholder has not accepted the offer of earthquake coverage. Farmers[®] satisfies this requirement by offering the California Earthquake Authority (CEA) Basic Earthquake Policy, which is available to homeowners, renters and owners in a common interest development (the **Basic** Earthquake policy).

Below is an offer of the CEA's **Basic** Earthquake policy. **This is not a bill or invoice.** We are sending this offer because one of the following applies to you:

- a) You recently purchased property coverage under the property insurance policy referenced above;
- b) We are offering to renew the property policy referenced above and you have not accepted a previous offer of earthquake coverage; or
- c) We are offering to renew the property policy referenced above and you purchased the CEA's Basic Earthquake Policy - Common Interest Development. This policy allows you to choose from among three coverage options, and we are sending this offer so you can review, and if desired, change your coverage options

Offer of California Earthquake Authority Basic Earthquake Policy
(The **bolded** information in the offer below is mandated by California law.)

Your residential property insurance policy does not cover earthquake damage to your home or its contents.

To cover earthquake damage to your home and its contents you need to purchase a separate earthquake insurance policy. The coverage provided by an earthquake insurance policy is different from, and typically more limited than, the coverage provided by your residential property insurance policy.

California law requires insurance companies to offer earthquake insurance in conjunction with a residential property insurance policy. If you do not accept the offer of earthquake insurance below within 30 days of the mailing of this notice, your insurance company shall presume that you have not accepted this offer of earthquake insurance.

Offer of California Earthquake Authority Policy (continued)

You may purchase earthquake insurance coverage on the following terms:

(A) Amount of Dwelling/Building Coverage Limit:	\$572,000
(B) Deductible: 15%	\$85,800
(C) Contents Coverage Limit:	\$5,000
(D) Additional Living Expense Coverage Limit:	\$1,500
(E) Estimated Annual Premium:	\$1,085.00

The deductible represents the amount of damage your covered property must incur before the earthquake insurance coverage begins. If your covered loss is less than the applicable deductible, you may not receive any payment.

If you choose not to accept this offer within the 30-day period, you may apply for earthquake coverage at a later date.

Your insurance company contracts with the California Earthquake Authority (CEA) to offer earthquake insurance to its customers. For an additional premium, you can choose CEA coverage options such as higher limits for Contents or Additional Living Expenses, increased building code upgrade limits, or a lower deductible. You can also choose to buy certain CEA coverages separately.

Contact your insurance agent or your insurance company to obtain details regarding this offer of earthquake insurance and other coverage options.



Farmers Smart Plan Townhouse® Declarations

Policy Number: 33667-75-00
Effective: 10/14/2021 12:01 AM
Expiration: 10/14/2022 12:01 AM
Named Insured(s): Pamela Jane Nye Family Trust
1335 Palisades Dr
Pacific Palisades, CA 90272-2153
e-mail: pamelajanenye@neurosciencesnursing.org
Address(es): pamcns@msn.com
Property Insured: 1335 Palisades Dr
Pacific Palisades, CA 90272-2153
Underwritten By: Farmers Insurance Exchange
6301 Owensmouth Ave.
Woodland Hills, CA 91367

Premiums/Fees

Policy Premium	\$1,910.91
Fees	
Policy/Membership Fee	\$25.00

Policy Premium and Fees* **\$1,935.91**

Your policy premium includes a Total Discount Savings of \$339.96

*also see Information on Additional Fees below

This is not a bill.

Description of Property

Year of Construction	Construction Type	Roof Type	Number of Units	Occupancy
1973	Frame W/ 0%-33% Masonry Veneer	Composition Shingles	1	Owner Occupied (Primary Res.)

Property Coverage

Coverage	Limit	Coverage	Limit
Coverage A - Dwelling	\$572,000	Coverage C - Personal Property	\$314,600
Extended Replacement Cost	10% (\$57,200)	Contents Replacement Coverage	Covered
(In Addition to Coverage A Limit)			
Coverage B - Separate Structures	\$57,200	Coverage D - Loss of Use	\$114,400
		Additional Living Expense Term	12 Months

Roof Loss Settlement

Age of Roof	Roof Surface Material Type
21	Composition Shingles

Note: Roof Surface Material Type is a grouping of similar roof types for the purpose of claim settlement. Roof Surface Material Type will be verified at the time of claim investigation and corresponds to the schedule outlined in the "Definitions" section of your policy.

Liability Coverage

Coverage	Limit	Coverage	Limit
Coverage E - Personal Liability	\$1,000,000	Coverage F - Medical Payments to Others	\$1,000
Personal Injury	Not Covered		
Association Loss Assessment	\$50,000		

Declarations (continued)

Optional Coverage

Coverage	Limit	Coverage	Limit
Identity Fraud Expense Coverage	Not Covered	Building Ordinance or Law (10% of Coverage A or B)	
		Coverage A	\$57,200
		Coverage B	\$5,720
Roof Materials Loss Settlement	Replacement Cost Value		

Deductible

Type of Loss	Deductible
Applicable to each covered loss except Water Loss	\$5,000
Water Loss (1% of Cov. A Limit)	\$5,720

Percent Deductibles adjust with changes to Cov. A Limit

How We Settle a Covered Loss for Property Claims

All loss settlement options, including replacement cost options, are subject to the terms, conditions and limitations stated in the policy, which includes its endorsements. Certain optional endorsements may contain their own loss settlement provisions not reflected here.

Property Losses	Loss Settlement Terms
Dwelling & Separate Structures (Pays up to the limits for Coverage A or B)	Replacement Cost
Roof Materials	Replacement Cost
Wall-to-Wall Carpet	Replacement Cost
Fence	Actual Cash Value
Personal Property Contents (Pays up to the limit for Coverage C)	Replacement Cost

Discounts Applied to Policy

Discount Type	Discount Type
Non Smoker	Claim Free
Group - Nurse	

 **Total Discount Savings** **\$339.96**

Other Policy Features and Benefits

- Claim Forgiveness - this benefit prevents your premium from increasing as a result of your next claim after your policy has been in force for five years without a claim.

Declarations (continued)

Policy and Endorsements

This section lists the policy form number and any applicable endorsements that make up your insurance contract. Any endorsements that you have purchased to extend coverage on your policy are also listed in the coverages section of this declarations document:

56-5683 2nd ed.; CA121 1st ed.; CA126 2nd ed.; CA128 2nd ed.; 25-8531 10-12

Other Information

- Your policy has a Fair Plan Companion Endorsement; see endorsement CA121.
- Please contact your Farmers[®] agent for a free Farmers Friendly Review[®] so that you can ensure that your family is properly protected. Your agent can explain all of the policy discounts/credits, coverage options and our various other product offerings that may be available to you.
- For a lower premium, this Farmers Smart Plan Home[®] policy offers less coverage than is available in the Farmers Next Generation[®] Homeowners product. If you qualify under Farmers[®] underwriting guidelines, you may be eligible to purchase enhanced coverage in the Next Generation Homeowners product for an additional premium. You may contact your Farmers[®] agent for additional details.
- **The California Department of Insurance has developed the California Home Insurance Finder, an online tool that can assist you in obtaining insurance for your home. The Finder contains names, addresses, telephone numbers, and internet website links of licensed insurance agents, brokers, and insurance companies that may be able to sell insurance to you. The Finder is organized by ZIP Code and the languages in which the agent, broker, or insurance company sells insurance.**
- **THIS POLICY DOES NOT COVER THE PERIL OF FIRE. THERE ARE OTHER RESOURCES FOR FINDING FIRE COVERAGE, INCLUDING USING THE CALIFORNIA DEPARTMENT OF INSURANCE'S HOME INSURANCE FINDER OR PURCHASING COVERAGE FROM THE CALIFORNIA FAIR PLAN ASSOCIATION.**
- **You may obtain an application form from your insurance agent, broker, or directly from the California FAIR Plan, Public Affairs Department. The office is located at 3435 Wilshire Boulevard, Suite 1200, Los Angeles, California 90010. The telephone number is (800) 339-4099. You may also obtain an application from the California FAIR Plan website at <https://www.cfpnet.com/>.**
- This policy includes 10% Building Ordinance coverage (calculated as a percentage of coverage A or B) as applied per the policy.
- The limit of liability for this structure (Coverage A) is based on an estimate of the cost to rebuild your home, including an approximate cost for labor and materials in your area, and specific information that you have provided about your home.
- Ask your Farmers[®] agent about flood insurance.
- Building Ordinance or Law Coverage is subject to terms, conditions, and restrictions that are identified on a separate disclosure form attached to your Declarations.

*Information on Additional Fees

The "Fees" stated in the "Premiums/Fees" section on page 1 apply on a per-policy, not an account basis. The following additional fees also apply:

Declarations (continued)

1. Service Charge per installment (In consideration of our agreement to allow you to pay in installments):

- For Recurring Electronic Funds Transfer (EFT): **\$0.00** (applied per account)
- For Recurring Credit/Debit Card plans: **\$5.00** (applied per account)
- For all other payment plans: **\$7.00** (applied per account)

If this account is for more than one policy, changes in these fees are not effective until the revised fee information is provided for each policy.

2. Late Fee: \$15.00 (applied per account)

3. Returned Payment Charge: \$25.00 (applied per check, electronic transaction, or other remittance which is not honored by your financial institution for reasons including, but not limited to, insufficient funds or a closed account)

4. Reinstatement Fee: \$25.00 (applied per policy)

One or more of the fees or charges described above may be deemed a part of premium under applicable state law.

Policy Notices

BUILDING ORDINANCE OR LAW DISCLOSURE

Your policy includes Building Ordinance or Law coverage subject to certain terms, conditions and restrictions. This disclosure provides a description of the terms, conditions and restrictions for this coverage. This disclosure is provided for informational purposes only. It is not a part of your policy and does not affect or provide coverage, in and of itself.

Coverage and Limits.

We will pay up to the percentage of the applicable Coverage A or Coverage B stated limit, shown in the Declarations, for the increased costs that you actually and necessarily incur when you repair, replace, rebuild, demolish or remove, hereinafter "repair", covered loss or damage to the dwelling or separate structure because of or resulting from the enforcement of any building law.

- o This Coverage is additional insurance.
- o The building law must be adopted by the local government in which the dwelling is located, be in force at the time of the covered loss or damage and directly apply to the part of the dwelling or separate structure which sustained damage.
- o Enforcement of the building law must directly apply to the "repair" of:
 - that specific part of the dwelling or separate structure which has sustained damage; or
 - to undamaged parts of the dwelling or separate structure, which is "physically necessary" in the course of repairs to complete the "repair" of that part of the dwelling or separate structure which has sustained the covered damage. "Physically necessary" does not include where building law does not apply to the covered damage, but a governmental authority will not approve or permit "repair" of the covered damage unless you or anyone acting on your behalf also complies with that building law.
- o If you should rebuild the dwelling or separate structure at another location, then we will only pay in the Extension of Coverage the increased costs that you would have incurred to "repair" the dwelling or separate structure at the same location.
- o The decision whether or not a building law applies will be reviewable by a court.
- o We do not cover:
 - the actual or perceived loss in value to the dwelling or separate structure due to the requirements of any building law;
 - the cost to "repair", stabilize or otherwise restore land;
 - the costs to comply with any building law which requires an insured or others to remediate the dwelling or a separate structure, or a part thereof;
 - the increased cost to "repair" if the dwelling or separate structure is not intended for the same type of occupancy as the pre-loss event dwelling or separate structure;
 - the increased cost to "repair" the dwelling or separate structure until it is actually "repaired";
 - increased costs of construction, renovation, repair or replacement that are a result of your failure to timely undertake repairs or rebuilding of loss or damage;
 - the costs of demolition if you should fail to reasonably mitigate or "repair" loss or damage and as a result the dwelling or separate structure then becomes subject to demolition;
 - those costs of complying with any building law that you were required to comply with before the covered loss or damage, even if the building law was not being enforced, and which building law you failed to comply with;
 - those costs of complying with any building law that regulates the zoning or use of the dwelling or separate structure; or
 - those costs of conforming, correcting or remedying any original or subsequent construction, addition, modification, renovation or repair to a building or other structure which did not conform to a building law in effect

Policy Notices (continued)

- when the construction, modification, renovation or repair was performed.
- o The coverage is subject to all other policy terms, exclusions, deductibles and conditions.

Farmers Smart Plan Home[®] Policy California

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READ YOUR POLICY CAREFULLY.

- This policy is a legal contract between you (the policyholder) and us (the Company). **It Contains Certain Exclusions.**

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Introduction

Property Coverage:

In Section I, this policy insures different kinds of property; however, not all property is insured. This policy will not pay for all types of loss or damage or for all causes of loss or damage to covered property. Coverage is dependent upon whether the type of loss or damage is insured, and if insured, then whether the cause of the loss or damage is covered.

Settlements, including replacement cost settlements, and coverages in this policy, are subject to the limits of insurance and certain conditions stated herein.

If loss occurs, refer to Section I - Property Conditions, Duties After Loss.

Liability Coverage:

In Section II, this policy provides coverage for certain damages you become legally obligated to pay because of **bodily injury** or **property damage** resulting from an **occurrence**. If the Declarations show that **personal injury** coverage applies, this policy provides coverage for certain **personal injuries**. Further, the amount we will pay is subject to the limits of insurance. Coverage is also subject to certain conditions.

If a claim should be made against you, refer to Section II - Liability Conditions, Duties After Loss.

Agreement

You agree:

1. to pay premiums when due; and
2. to comply with all applicable terms of this policy.

In return, we will insure you for the coverages and limits as shown in this policy. This policy includes the Declarations and any endorsements.

Accuracy of Information and Changed Circumstances

The Coverage A (**Dwelling**) **stated limit** is the most we will pay if your **dwelling** sustains a loss. The actual cost to replace the **dwelling** at the time of loss may be different. We do not guarantee that the **stated limit** represents the actual cost to replace the **dwelling**. You may have additional insurance as provided in Extensions of Coverage or by endorsement.

You are responsible for selecting appropriate amounts of coverage, including:

1. Coverage A (**Dwelling**);
2. Coverage B (**Separate Structures**);

3. Coverage C (Personal Property);
4. Coverage D (Loss of Use);
5. Coverage E (Personal Liability); and
6. Coverage F (Medical Payments to Others).

You agree that all information you have provided to us is accurate. We may provide you with information about your **dwelling** or this insurance. You agree to cooperate in determining if all information is correct and complete. You agree to notify us within 60 days if any information is not correct or complete, or changes.

Definitions

Throughout this policy, "you" and "your" mean the "named insured" shown in the Declarations and your spouse or registered domestic partner under applicable state law if a resident of the same household with you. Any domestic partner must be registered prior to the date of a loss.

"We," "us" and "our" refer to the insurer named in the Declarations. Also certain words and phrases are defined as follows:

1. **Actual cash value** - means the reasonable replacement cost at time of loss less deduction for depreciation.
We may depreciate all replacement costs, except we will not depreciate:
 - a. labor cost, other than the intrinsic labor costs that are included in the cost of manufactured materials or goods; and
 - b. those components of the structure that are normally not subject to repair and replacement during the useful life of the structure.
2. **Aircraft** - means any device used or designed for flight, including :
 - a. an unmanned, unpiloted or remotely piloted aerial device or vehicle which is deemed an **aircraft** by a federal or governmental agency, including but not limited to, a drone; or
 - b. **aircraft** parts, accessories, or equipment.

Aircraft does not include model or hobby **aircraft** not used or designed to carry people or cargo, unless deemed to be an **aircraft** by a federal or governmental agency.

3. **Annual aggregate limit** - means the total we will pay for all covered **occurrences** combined which happen in each policy period. This limit applies regardless of the number of such **occurrences** or loss events, or **insureds** or claimants.

4. **Bodily injury** - in Section II - Liability - means physical harm to the body, including physical sickness or disease, to a person other than an **insured**. This includes reasonable required care, loss of services and death that results.
- Bodily injury** does not include:
- psychological or mental injury or effect, including, but not limited to, fear, depression, humiliation, anxiety, anguish, shock or distress, unless it arises from actual physical harm to the body of a person;
 - transmission or exposure of a communicable disease by any **insured** to any other person;
 - Acquired Immune Deficiency Syndrome (AIDS), AIDS related Complex, Human Immunodeficiency Virus (HIV);
 - any auto-immune disease; or
 - any symptom, injury, condition, effect, illness or disease related to subsections a. through d. above, or resulting from a **noxious substance**. A symptom, injury, condition, effect, illness or disease includes, but is not limited to, fatigue, insomnia, stomachaches, headaches or ulcers.
5. **Building law** - means any governmental ordinance, code, regulation, order or law which regulates the repair, replacement, rebuilding, demolition or removal of covered damage to the **dwelling** or a **separate structure**.
6. **Building structure** - means a structure which is a building that is fully enclosed with walls and a roof. A roof or wall does not include a temporary roof or wall structure or any kind of temporary tarp, sheeting or other covering, unless it has been installed temporarily due to recent damage covered by this policy and then only for a reasonable amount of time to repair the recent damage.
7. **Business** - means any full or part-time employment, trade, profession, or occupation, or a commercial, mercantile or industrial undertaking of an economic nature. It does not matter whether it is continuous or regular or is a secondary or supplemental source of income or is an **insured's** principal means of livelihood. Profit and profit motive are irrelevant.
- Business** does not include volunteer activities for a not-for-profit organization or public agency for which no money is received other than payment of expenses. **Business** does not include incidental and infrequent personal economic activity such as a garage or yard sale or hobby. **Business** does not include any self-employed, occasional activity by a person under 18 years of age, which activity has no employees or subcontracted independent contractors and is of a type of activity normally performed by persons under 18 including, but not limited to, babysitting, lawn mowing or paper delivery.
8. **Business property** - means property related to or used for or intended for use in **business**. **Business property** includes personal property that is frequently used in or for **business** or for **business** purposes.
9. **Claimed loss** - means your claim of direct physical loss or damage to property.
10. **Component parts** - mean each of the individual constituent items or parts of covered property. By way of example, for a roof, the individual **component parts** or items of the roof would include, as applicable: a truss, a rafter, a section of decking, underlayment, sheathing or drip edge, a shingle, a tile or other outer covering, a pipe jack, a vent or a skylight, and all other individual items or parts. Each of these individual items or parts would also be **component parts** of the **dwelling**.
11. **Contamination** - means the actual, perceived or suspected introduction, existence, presence, proliferation or spread of any **noxious substance**, **nuclear substance**, **pathogen**, **fungus** or pollutant on, to, or in land, **water**, air, buildings, structures or personal property, either on or off the **residence premises**, which may harm or injure the property or its usefulness or characteristics or which may harm or injure any person. The presence of dust or dirt, or soot, char, ash or other organic particulate matter is not **contamination**.
12. **Dwelling** - means the building or that part of the building used as the primary private residence structure located on the **residence premises**. **Dwelling** does not include **separate structures**.
13. **Earthquake** - means shaking or trembling of the earth, whether caused by volcanic activity, tectonic processes or any other natural cause.
14. **Earth movement** - means any movement of earth, including, but not limited to, any type of soil or rock, or mixture of soil and rock, or fill, regardless of magnitude. Examples of **earth movement** include but are not limited to:
- earthquake**, landslide, mudslide, debris flow or mudflow;
 - collapse, vibrating, settling, cracking, shrinking, bulging, heaving, subsiding, eroding, sinking, rising, shifting, shearing, expanding, lateral movement, displacement, compacting or contracting of or any pressure by surface or subsurface earth or fill; and
 - volcanic activity, including eruption, explosion, lava flow and volcanic action.
- Earth movement**, except **earthquake**, includes any movement of earth whether combined with, caused by or

resulting from natural or man-made events or **water**, and whether the **water** event is man-made or naturally occurring or is sudden, abrupt and accidental or is constant, repeating, gradual, intermittent, steady or slow.

15. **Fungus or fungi** - means any part or form of any **fungus** or **fungi**, including mold, mildew, spores, wet or dry rot, parasitic microorganisms, mycelial agent or fragment, scents, or mycotoxins. This includes any by-product of any of the foregoing, whether germinated, whether forming a colony or infestation, whether aerosolized, and whether visible or not visible to the unaided human eye.
16. **Household appliance** - means:
- a. a common household device operated by gas or electric current. This includes, but is not limited to, an air conditioning unit, heating unit, refrigerator, dishwasher, ice maker, clothes washer, water heater, disposal or dehumidifier, and any hoses directly attached thereto; and
 - b. a water softener or filtration system connected to the **residence premises plumbing system**, and any hoses directly attached thereto.
- Household appliance** does not include furniture, waterbeds, aquariums or sump pumps. A **household appliance** is not part of the **plumbing system**.
17. **Incurred property damage** - in the Section I - Property Condition of Appraisal means the verifiable, actual theft of or accidental, direct, distinct and demonstrable physical injury to or destruction of property.
18. **Insured** - means:
- a. you;
 - b. permanent residents of your household who are:
 - (1) your relatives; or
 - (2) other persons under the age of 21 and in the care of any person described above in subsection a. or b. (1);
 - c. a student enrolled in school full time, as defined by the school, who was a permanent 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 any person described above in subsection b.(1); and
 - d. in Section II - Liability, **insured** also means:
 - (1) any person or organization legally responsible for animals or watercraft covered in Section II - Liability which are owned by you, or anyone included in subsection b. or c. above. Any 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**.

- (2) with respect to any vehicle covered as personal property in Section I of this policy:
 - i. any person while using or maintaining the vehicle while engaged in the employment of an **insured**; or
 - ii. any other person using the vehicle on an **insured location** with an **insured's** consent.
19. **Insured location** - means:
- a. the **residence premises**;
 - b. that part of any other premises, structures and grounds you use as a private residence and:
 - (1) which is shown in the Declarations; or
 - (2) which you acquire during the policy period for your use as a private residence;
 - c. any premises you use in connection with a premises described in subsections a. or 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 or ranch land, owned by or rented to an **insured** and shown in the Declarations;
 - f. land owned by or rented to you on which a one or two family building is being built as your private residence;
 - g. individual or family cemetery plots or burial vaults of an **insured**; and
 - h. any part of a premises occasionally rented to an **insured** for other than **business** use, but only when it is actually rented to that **insured**.
20. **Marring** - means any disfigurement, blemish, discoloration, weathering or stretching, or the like, of or to covered property, including, but not limited to, scratching, chipping, cracking, scorching, denting, creasing, gouging, fading, staining, tearing, oxidizing, blistering, or thinning, whether occurring at once or over time.
21. **Motor vehicle** - means:
- a. any self-propelled vehicle or any self-propelled machine, whether operable or not, which is designed for movement on land or on land and in **water**, including, but not limited to, any type of automobile, hovercraft or air cushion vehicle;
 - b. parts, equipment, machinery, furnishings or accessories whether or not attached to or located in or upon such vehicle or machine described in subsection a. above; and

- c. any trailer or semi-trailer which is being carried on, towed by, or hitched for towing by a vehicle or machine described in subsection a. above.
22. **Noxious substance** - means any hazardous, toxic, or **contaminating** solid, liquid, vaporous, gaseous or thermal substance which may cause or result in harm, destruction, damage or injury to the environment or any living thing, or to covered property, the **residence premises**, or any other property.
- Noxious substances** include, but are not limited to, asbestos, silicon, silica, radon, fumes, odors, smoke, including from tobacco products, acids, alkalis, chemicals, carbon monoxide, oil, fuel, fuel oil, gasoline, lead, lead paint, polychlorinated biphenyls (PCBs), solvents or waste, including any residuals, and any substance listed as a hazardous substance by any government agency or body. Waste includes materials which are to be or have been recycled, reconditioned or reclaimed.
- Noxious substances** do not include smoke or fumes from a fire, or commonly available chemicals or products in quantities normally found in a residential household used for cleaning, maintenance or other common residential purposes.
23. **Nuclear hazard** - means:
- a nuclear explosion, including shockwaves, and nuclear reaction and nuclear radiation;
 - the dispersal or spread of **nuclear substances** or nuclear radiation by any means. These include, but are not limited to, conventional explosion, fallout, or radioactive contamination, all whether controlled or uncontrolled or whether intended or accidental, however caused; and
 - the negligent, defective or improper design, construction, operation or maintenance of a nuclear facility or any facility which uses, handles, stores or processes **nuclear substances**.
- Nuclear hazard** is also intended to include any other act or omission which results in a **nuclear hazard**.
24. **Nuclear substance** - means any solid, liquid, vaporous, gaseous or thermal substance contaminated by or with nuclear radiation, or which gives off harmful levels of nuclear radiation.
25. **Occurrence** - in Section II - Liability means:
- an accident which first occurs during the policy period, and which results in **bodily injury** or **property damage**. Repeated or continuous exposure to the same general harmful conditions is considered to be one **occurrence**; or
 - the commission of an offense which is first committed during the policy period and which results in **personal injury**. A series of similar or related offenses is considered to be one **occurrence**.
26. **Pathogen** - means any biological or microbial organism or substance which may cause or result in harm, destruction, damage, injury or disease to any living thing or to property. **Pathogens** include, but are not limited to, bacteria, bacterium, viruses, or any part or by-product of bacteria, bacterium or viruses, including bacterial or viral toxins.
27. **Personal injury** - in Section II - Liability - means injury, other than **bodily injury**, to a person other than an **insured** which occurs during the policy period, and which arises out of one or more of the following offenses:
- false arrest, wrongful imprisonment or detention;
 - libel, slander or defamation of character; or
 - malicious prosecution;
- Personal injury** does not include false arrest, wrongful imprisonment or detention in connection with or arising out of molestation, abuse or corporal punishment.
28. **Plumbing system** - means all **water** supply and distribution pipes, plumbing fixtures and traps, valves, and drainage and vent pipes of a **building structure** or structure, or an in ground sprinkler system on the **residence premises**.
- A **plumbing system** does not include any of the following:
- any bath or shower units (not including the bath tub), enclosures or pans, including, but not limited to, curtains, tile, grout, sealants or doors;
 - a roof drainage system, including, but not limited to, gutters, drain pipes and downspouts;
 - a sump or sump pump, sump-pump well or related equipment, pipes or connectors;
 - any part of a drainage ditch or channel;
 - that part of any system designed to remove or drain **water** from the **residence premises** which part is not:
 - within; or
 - directly under the slab or foundation of; a **building structure** on the **residence premises**;
 - any removable hose, tool, device, appliance or implement attached to the **plumbing system**; or
 - a sprinkler system attached to water distribution pipes by any type of hose or a fire suppression sprinkler system.
29. **Property damage** - in Section II - Liability - means direct, distinct and demonstrable, physical injury to or destruction of tangible property, including loss of use resulting from the

direct, distinct and demonstrable, actual physical injury to or destruction of the property.

Property damage does not mean:

- a. actual, threatened, feared, constructive or alleged diminution or loss of value or equity;
- b. functional impairment or loss of use of property unless the property has sustained direct, distinct and demonstrable, physical injury or destruction; or
- c. non-economic damages.

30. **Remediate** - means to:

- a. (1) decontaminate, abate, treat, contain, isolate, remove, extract, clean, mitigate, neutralize, quarantine or detoxify;
- (2) monitor, evaluate, detect, investigate, test or measure for;
- (3) haul away or dispose of; or
- (4) respond in any way to, or assess the effects of; any **nuclear substance, noxious substance, pathogen, fungus**, or pollutant, or any **contamination**, whether on or off the **residence premises**; or
- b. remove, restore or replace any land, **water**, air, building, structure or personal property which is threatened with or has been affected, damaged, infested, polluted or injured by **contamination**.

31. **Residence employee** - means an employee of an **insured** who performs duties related to the ownership, maintenance or use of the **residence premises**. This includes employees who perform similar duties elsewhere for an **insured** if the duties relate to the **residence premises**. This does not include employees while performing duties related to a **business** of an **insured**.

32. **Residence premises** - means the **dwelling, separate structures** and grounds at the address shown in the Declarations.

33. **Roof materials** - mean:

- a. the roof surface covering types, including, but not limited to, composition shingles, rolled roofing, wood, slate, tile, metal, built up and rubber, and all other **component parts** of the roof which are exposed to the weather, including those which extend above the surface of the roof, including, but not limited to all vents, vent caps, turbines and piping, or the like;
- b. all underlayments for moisture protection and drip edges; and

- c. any materials that are installed when repairing or replacing **roof materials**, including, but not limited to, sheathing, decking and flashing.

Roof materials do not include any telecommunications, entertainment, skylights, solar tubes, solar panel or heating and/or cooling systems, or similar items, or parts thereof, like equipment, masts, connectors, wiring, or the like.

34. **Separate structure** - means:

- a. those structures, including buildings and **building structures**, on the **residence premises** set apart from the **dwelling** by clear space or structures only connected to the **dwelling** by a fence, wall, sidewalk, walkway, driveway, patio, decking or utility line or similar connection; and
- b. all fences, walls not part of a building, sidewalks, walkways, driveways, pools, pool cages, piers, wharfs, boat docks and spas on the **residence premises**, whether or not abutting or connected to the **dwelling**.

35. **Stated limit(s)** - means the dollar amounts stated as coverage limits in the Declarations for the different types of coverages.

36. **Vacancy** or **vacant** - means:

- a. no one is legally using the **dwelling** as a principal, habitual place of abode; and
- b. a predominant amount of personal property has been removed or is absent from the **dwelling**.

A **dwelling** will be considered legally used only if it is with the knowledge and approval of the owner.

A **dwelling** under active construction, or actively being repaired because of damage otherwise covered under this policy, will not be considered **vacant** even if a. and b. apply. A **dwelling** is under active construction when it is being erected as a new structure or when it is undergoing substantial improvements, renovations, remodeling or modifications and the construction results in substantial continuing activities by persons associated with the construction project at the premises during the relevant time periods. A recently purchased **dwelling** that is not under active construction will be deemed **vacant** until legally occupied as a principal, habitual place of abode.

This definition will apply whether or not a **dwelling** is in fact habitable.

37. **Vandalism or malicious mischief** - means malicious or willful, intentional physical injury or damage to property.

38. **Water** - means **water** (H₂O) alone, whether in liquid, frozen, or vapor form, or any liquid, sewage or sludge which contains

water, whether or not contaminated or combined with or containing other chemicals, particulates, microorganisms or impurities. **Water** includes but is not limited to rain, snow, sleet, slush, ice, dampness, vapor, condensation, moisture, steam and humidity.

39. **Water - reverse flow** - means the flow of **water** from off premises through any sewage, septic or drainage system, or a drain, drain line or drainage channel, or sump pump, or similar system on the premises, which is designed to drain or pump **water** away from the premises, when the flow of **water** is in the opposite or reverse direction from that which the system, drain line, channel, or pump was designed to drain or pump. A stoppage on the premises within any of the foregoing which stops the flow of **water** with a resulting backing up of the **water** is a backup and is not a **water-reverse flow**. A backup may cause an overflow.
40. **Wild fire damage** - in Section I - Limitations of Loss or Damage:
- means any type of visible to the unaided human eye smoke, soot, char, ash, particles, particulate matter, material or other byproduct or debris (all wild fire matter), or odor that is produced, emitted or released during or directly resulting from or following a wild fire event.
 - does not mean actual burn damage or heat damage to covered property by a wild fire. Wild fire includes but is not limited to brush fires, grass fires and timber fires, or any combination fueled by timber, scrub, brush, grass or any other type of vegetation. However, structures may also be burned in a wild fire.

Section I - Property Coverage

Section I - Loss or Damage Insured

Coverage A (Dwelling), Coverage B (Separate Structures) and Coverage C (Personal Property)

We insure accidental direct physical loss or damage to that property described in Section I - Types of Property Insured. Loss or damage means theft of or distinct and demonstrable, physical injury to or destruction of the property. Loss or damage to property in this policy does not include:

- functional impairment;
- economic obsolescence;
- the loss of use of property unless the property was stolen or sustained accidental, direct, distinct and demonstrable, physical injury or destruction;
- any actual or perceived decrease in the market value;

- any reduction in serviceability of property; or
- any sentimental value, however measured or determined.

Loss or damage to property consists of certain types of loss or damage. This policy does not insure covered property for the types of loss or damage described in Section I - Uninsured Loss or Damage and Excluded Causes of Loss or Damage.

Loss or damage to property is caused by perils (causes of loss or damage). This policy does not insure loss or damage to covered property directly or indirectly caused by, arising out of or resulting from the excluded causes of loss or damage set forth in Section I - Uninsured Loss or Damage and Excluded Causes of Loss or Damage, whether the excluded cause of loss or damage occurs on or away from the **residence premises**.

We do not provide Loss of Use or any Extensions of Coverage for any uninsured type of loss or damage or any excluded cause of loss or damage, unless expressed otherwise.

Section I - Types of Property Insured

Coverage A (Dwelling)

We insure:

- the **dwelling**; and
- materials and supplies owned by you on or adjacent to the **residence premises** for use in construction of the **dwelling** or a **separate structure**.

Coverage B (Separate Structures)

We insure **separate structures**.

We do not insure:

- separate structures** which are intended for use in **business** or which are actually used in whole or in part for **business** purposes by an **insured** or any other person;
- separate structures** used principally for the storage of **business property**; or
- separate structures** rented or held for rental to any person who is not a tenant of the **dwelling**, unless used solely as a private garage.

Coverage A (Dwelling) and Coverage B (Separate Structures)

We do not insure:

- land or the value of land, including, but not limited to, the cost to restore, replace, repair, stabilize or rebuild land. This includes land on which the **dwelling** or a **separate structure** is located. If covered cause of loss or damage occurs to the **dwelling** or a **separate structure** and to the land on the **residence premises**, we do not cover any increased cost to repair or replace the **dwelling** or **separate structure**

because of damage to the land. Land includes but is not limited to trees, shrubs, plants and lawns on land. However, we do provide limited coverage for trees, shrubs, plants and lawns in Section I -Extensions of Coverage, Trees, Shrubs, Plants, and Lawns; or

- any type of warranty, service or maintenance contract that covers property.

Coverage C (Personal Property)

We insure personal property owned or used by an **insured** anywhere in the world. At your request after a loss, we will also insure personal property:

- owned by others while the property is on the part of the **residence premises** occupied by an **insured**. However, property of tenants, roommates, roomers, live-ins or boarders not related to that **insured** is not covered; and
- owned by and in the control of a **residence employee** while in the service of an **insured** anywhere in the world.

Special Limits on Certain Personal Property

Special limits of insurance apply to certain types of personal property. The limits shown below do not increase the Coverage C **stated limit**. The limit for each numbered group is the total limit for any one loss event for all property in that group. The lowest applicable special limit will apply to personal property that falls into more than one group.

- Property usually located at an insured's residence other than the residence premises.**
10% of the Coverage C **stated limit** on personal property which is usually located at an **insured's** residence other than the **residence premises**. This includes property of a student **insured** while away at school. This is an aggregate limit which applies to all personal property usually located at an **insured's** other residence, even if the property is also subject to one or more of the specific special limits that follow. This limit does not apply to personal property in a newly acquired principal residence for the first 45 days after the **insured** begins moving to the new residence.
- Jewelry, watches, precious and semi-precious stones, and furs.**
\$1,000 limit on any one item and \$2,500 total limit on theft of jewelry; costume jewelry; watches; precious and semi-precious stones; and furs, including articles for which fur represents the principal value. This applies even if such items are considered as art or used as decoration.

- Firearms.**

\$2,000 limit on theft of firearms. This includes:

- their scopes or mounts whether attached or not; and
- all other firearm related equipment and ammunition.

- Business property, other than electronic data processing equipment, media and data.**

Coverage for loss or damage to **business property**, other than computers, electronic data processing equipment, and accessories and recording or storage media used with the foregoing, is limited to:

- \$1,500 limit while on the **residence premises**; and
- \$400 limit while off the **residence premises**.

- Electronic data processing equipment, media and data.**

- \$2,000 limit on computers and electronic data processing equipment and accessories and recording or storage media used with the foregoing, whether or not it is **business property**. Such property that cannot be replaced with other property of like kind and quality on the current retail market is not covered.
- \$500 limit for the cost of replacing data stored on computers, electronic data processing equipment, personal electronic entertainment equipment, communications equipment, accessories, electronic media or recording or storage media. Data includes, but is not limited to, any type of software or text, image, video or audio files.

- Money, cashiers' checks, currency, gift certificates and cards, scrip and precious metals.**

\$150 limit on money; cashiers' checks; currency, or any type of currency proxy, like bitcoin or crypto-currency; gift certificates or cards, stored value cards, scrip, smart cards or any card used as money (other than bank issued credit or debit cards); bank notes; medals; coins; bullion; platinum, gold, silver and other precious metals (other than gold ware, silverware, platinum ware or pewter ware). This includes collections of all such property in any form.

- Securities, deeds, valuable papers and stamps.**

\$1,000 limit on securities; deeds; evidences of debt; letters of credit; notes other than bank notes; legal documents and other valuable papers; personal records including, but not limited to, photographs, videos, financial and health records; manuscripts; passports; tickets; stamps and stamp collections. This limit includes the costs to research, replace or restore the information from the lost or damaged material.

8. **Silverware, gold ware, platinum ware and pewter ware.**

\$2,000 limit on theft of silverware; gold ware; platinum ware; and pewter ware. This includes similar items for which any such metal represents the principal value.

9. **Imported rugs, carpets and tapestries.**

\$4,000 limit on theft of imported rugs, carpets and tapestries. This applies even if such items are art or decoration. Imported means made or manufactured in whole or in part outside of the United States.

10. **Cards and comic books.**

\$200 limit per trading or collectible card or comic book and \$1,500 total limit on all cards or comic books. This includes sports cards, game cards and trading cards of any kind.

11. **Watercraft and windsurfers.**

\$1,500 limit on watercraft and windsurfers. This includes their trailers, furnishings, equipment and outboard motors, which are not being carried on, towed by or hitched for towing by a **motor vehicle**.

12. **Trailers.**

\$1,200 limit on trailers not used with watercraft or windsurfers, which are not being carried on, towed by or hitched for towing by a **motor vehicle**.

Section I - Types of Personal Property Not Insured

We do not insure:

1. personal property separately described and specifically insured in this or any other policy;
2. any type of warranty, service or maintenance contract that covers property;
3. any animals or creatures. This includes, but is not limited to, mammals, birds, fish, reptiles, insects and spiders, except as provided in Section I - Extensions of Coverage;
4. watercraft and windsurfers. This includes their trailers, furnishings, equipment and outboard motors while being carried on, towed by or hitched for towing by a **motor vehicle**;
5. trailers while being carried on, towed by or hitched for towing by a **motor vehicle**;
6. **motor vehicles**; however, we do cover:
 - a. a motorized golf cart not subject to **motor vehicle** registration while:
 - (1) on the golf course and being used for golfing purposes; or

- (2) in 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 the **residence premises**;

- b. lawn, garden or farm equipment which is not designed for principal use on public roads and which is principally used on the **residence premises**;
 - c. recreational vehicles designed principally for off-road recreational use that are only used on the **residence premises**, including, but not limited to, all-terrain vehicles; and
 - d. a motorized assisted living device designed to assist the disabled;
7. any sound, video, mapping, tracking or communications equipment or device or system designed: (a) for reproducing, detecting, receiving, transmitting, recording or playing data, signals, maps, location, sound, videos or pictures; and (b) is designed only to be operated from the electrical system of any **motor vehicle**, motorized land conveyance, watercraft, camper or home trailer while such equipment, device or system is in, on, or installed in a **motor vehicle**, motorized land conveyance, watercraft, camper or home trailer. This includes, but is not limited to: any kind of mobile telephone; radio transceivers or transmitters; scanning monitor receivers; radar or laser detectors; car radio receivers; tape or disc players or recorders; or global positioning system devices. It also includes any accessories, antennas, tapes, discs, software, reels, cassettes, cartridges, carry cases or other devices used with such equipment, device or system;
8. **aircraft** or self-propelled missiles;
 9. property located in or on that part of the **residence premises** which is regularly rented or held for rent to others;
 10. property of an **insured** which is rented or is available for rent to others when it is away from the **residence premises**;
 11. property of tenants, roommates, roomers, live-ins or boarders not related to an **insured**;
 12. **water**, electricity or gas;
 13. any property which is illegal for an **insured** to possess under federal or state law; or
 14. intangible personal property.

Coverage D (Loss of Use)

The **stated limit** for Loss of Use is the total limit for all Additional Living Expense, Loss of Rents and Prohibited Use coverages for any one loss event.

1. Additional Living Expense.

If covered accidental, direct, distinct and demonstrable, physical loss or damage to the **dwelling** makes that part of the **dwelling** where you reside uninhabitable by you, we will reimburse you for the actual, reasonable and necessary increase in living expense incurred by you. This coverage is for you and any **insured** members of your household to maintain the normal standard of living you had at the time of the loss event. Reimbursement for additional living expense will be for the shortest time reasonably needed to: (a) repair or replace the loss or damage to the **dwelling**, or (b) permanently relocate, but in no event for more than the time period shown in the Declarations. Additional living expense that raises your standard of living will not be reimbursed. Upon our request, you must provide receipts for expenses incurred. Additional living expense will be paid for only one household, regardless of the number of named insureds.

2. Loss of Rents.

If covered accidental, direct, distinct and demonstrable, physical loss or damage to covered property makes that part of the **residence premises** rented to others or held for rental by you unfit to live in, we cover your actual loss of rents less any expense that does not continue during the loss period. We pay for the shortest time reasonably needed to repair or replace the damaged property but in no event for more than 12 months. Loss of rents due to cancellation of a lease or agreement is not covered. This coverage only applies if the use of the part rented is for private residential living purposes.

3. Prohibited Use.

We provide Additional Living Expense or Loss of Rents as described above for no more than two weeks if a civil authority prohibits you from use of the **dwelling** because of accidental, direct, distinct and demonstrable, physical damage to a neighboring premises, which damage would have been covered by this policy if the damage had occurred to the **dwelling**. A neighboring premises is a premises in close proximity to the **residence premises**, which because of the proximity and because of the type of damage to the neighboring premises the civil authority prohibits use of the **dwelling**. Prohibited Use coverage does not apply to threatened damage or only because of area wide utility

outage. For this coverage to apply the **dwelling** must be habitable or fit to live in.

The time periods in subsections 1, 2, and 3 above are not limited by cancellation, renewal or non-renewal of this policy.

No deductible applies to subsections 1, 2, and 3 above.

Section I - Extensions of Coverage

We will insure you for the Extensions of Coverage as described below except as otherwise shown in the Declarations. Unless otherwise expressly stated, the following Extensions of Coverage are subject to all the policy terms, exclusions, deductibles, and conditions, including without limitation the terms and limitations of any uninsured loss or damage or excluded cause of loss or damage set forth in Section I - Uninsured Loss or Damage and Excluded Causes of Loss or Damage and in any other Extension of Coverage.

1. Limited Water Coverage.

- a. We provide limited coverage for accidental, direct, distinct and demonstrable, physical **water** damage of covered property from direct contact with **water**, but only if the **water** results from:
 - (1) the melting of a build-up of ice on portions of the roof or roof gutters on a **building structure**.
 - (2) hail, rain, snow, or sleet entering through an opening in the roof or wall of a **building structure**, and only if the opening is first caused by damage from the direct force of the following:
 - i. fire;
 - ii. lightning;
 - iii. explosion resulting from combustion (other than nuclear explosion);
 - iv. riot or civil commotion;
 - v. **aircraft** or vehicles;
 - vi. **vandalism or malicious mischief**;
 - vii. collapse of a **building structure** or structural part of the **building structure**;
 - viii. falling objects;
 - ix. windstorm;
 - x. hail; or
 - xi. theft or attempted theft.
 - (3) the freezing of and a discharge, leakage or release of **water** as a result of freezing from the **plumbing system**, heating, air-conditioning or automatic fire protection system or a **household appliance**. We

only cover the **water** damage from freezing if you, or any delegee, have used reasonable care to:

- i. maintain heat in the **dwelling** or a heated **building structure**; or
- ii. shut off the **water** supply and drain the **plumbing system**, other system or **household appliance** of **water**.

In this subsection (3) we will cover loss or damage from freezing to the covered heating, air-conditioning or automatic fire protection system, or **plumbing system**, except for an exterior sprinkler system, or a **household appliance** from which the **water** discharged, erupted, released or overflowed. Heat turned off is not reasonable care unless you have complied with subsection a.(3)ii..

- (4) a sudden and accidental discharge, eruption, overflow or release of **water**, other than a **water - reverse flow**, from within any portion of:

- i. a **plumbing system**;
- ii. a heating or air conditioning system;
- iii. an automatic fire protection system; or
- iv. a **household appliance**;

provided the discharge, eruption, overflow or release of **water** is not directly or indirectly caused by, or arises out of or results from flood, including debris flow and mud flow, from any form of surface **water**, waves, tsunami, seiche, tidal **water**, tidal waves, storm surge or overflow or escape of a body of **water**, or spray from any of these, whether or not driven by wind.

- b. The limited coverage for **water** damage described at subsection a.(4) above applies even if the sudden, abrupt and accidental discharge, eruption, overflow or release of **water** is caused by the following Section I - Part B.

Excluded Causes of Loss or Damage:

- (1) Faulty, Inadequate, Defective or Incomplete Planning, Zoning, Maintenance, Repairs, Renovation, Manufacture or Construction;
- (2) Inherent Vice or Latent Defect;
- (3) Wear and Tear, Deterioration or Mechanical Breakdown;
- (4) Corrosion, Deterioration, Decay or Rust;
- (5) Power Interruption;
- (6) Pests or Animals; or
- (7) Pressure by Trees, Shrubs, Plants or Lawns; or

by the Collapse of Building Structure or Structural Part of the Building Structure Extension of Coverage.

All the foregoing in a. or b. must either occur on or be on the **residence premises**, unless the damage is to covered personal property which is off the **residence premises** when damaged.

- c. A sudden and accidental discharge, eruption, overflow or release of **water** does not include a constant or repeating gradual or slow release of **water**, or the infiltration or presence of **water** over a period of time, regardless of the volume of **water** involved. We do not cover any **water**, or the presence of **water**, over a period of time from any constant or repeating gradual or slow seepage, leakage, trickle, collection, spray or mist, infiltration or overflow of **water** from any source, even if from the usage of those items described in subsection a.(4) above, whether known or unknown to any **insured**.

- d. (1) If **water** damage to the **dwelling** or to a **building structure** covered in subsection a.(4) above occurs on the **residence premises**, we will pay the reasonable cost of tearing out and replacing that part of the **dwelling** or the **building structure** actually necessary for you to gain access and repair only that specific part of the system or **household appliance** from which the **water** suddenly and accidentally discharged, erupted, overflowed or was released. However, any costs incurred in this subsection are subject to the applicable Coverage A or B **stated limit**.

- (2) Costs to tunnel under, cut into or tear out and replace any part or portion of a foundation; slab; footings; basement; concrete floor or pad; retaining wall, or the like; all when they are part of the **dwelling** or a **building structure** are limited to \$2,000 per loss event.

- e. In subsection a.(4) above, we do not cover loss or damage to any system or **household appliance** from which the **water** discharged, erupted, released or overflowed.
- f. We do not cover any loss or damage caused by or which consists or is composed of or which is the movement, settling, cracking, bulging, shrinking, heaving, erosion, washing out or expanding of a foundation; slab; concrete floor, concrete pad or sidewalk or patio, or the like; or any wall, including a foundation or retaining wall, foundation fill, or pavement.
- g. This is not additional insurance. All loss, damage or expense in this Extension of Coverage is subject to the

applicable Coverage A, B, or C **stated limit** or any other limit of insurance.

- h. **Water** damage in subsection a.(4) will include any **contamination** damage from any contaminant in the **water** when it exited the system or **household appliance**, except **fungi**.
- i. We do not cover loss or damage resulting from a stoppage of a septic system because the system is full.

2. Extended Replacement Cost - Coverage A.

We will pay you up to the Extended Replacement Cost **stated limit**, if necessary, to repair, rebuild or replace covered loss or damage to the **dwelling**.

For this Extended Replacement Cost coverage to apply at the time of covered loss or damage to the **dwelling**, you must have complied with each of the following conditions, as applicable:

- a. you must have notified us within 60 days of any inaccuracy or change in any information you have provided us regarding the physical characteristics of your **dwelling**;
- b. you must have notified us within 60 days of any inaccuracy or change in any information we have provided to you regarding the physical characteristics of your **dwelling**;
- c. you must have notified us within 60 days of the start of any physical changes which costs or will increase the replacement cost of your **dwelling** by \$5,000 or more. This includes additions or remodeling;
- d. you must have selected or increased the Coverage A (**Dwelling**) amount to an amount at least equal to the estimated replacement cost of the **dwelling**, or any update thereto through application of an index or inflation factor or any other method or combination of methods; and
- e. you must actually repair, rebuild or replace the loss or damage to the **dwelling**.

If you do not comply with conditions a., b., c. and d. above prior to covered loss or damage to the **dwelling** and with condition e. above after the loss or damage, then this Extension of Coverage will not apply.

You must agree to any resulting increases in the Coverage A (**Dwelling**) limit and other **stated limits** as estimated or adjusted for changes in the reconstruction cost.

This is additional insurance. It will only apply if the Coverage A **stated limit** is insufficient to repair, rebuild or replace covered loss or damage to that part of the **dwelling**

damaged, at the same location, for the reasonable and necessary replacement cost without deduction for depreciation. If you do elect to rebuild at a different location, then any Extended Replacement Cost coverage available will only be based on the costs to repair, rebuild or replace the **dwelling** as if at the same location.

When we determine whether this Extension of Coverage will apply, we will not consider any increased costs caused by or from enforcement of any **building law**.

3. Contents Replacement Cost - Coverage C.

- a. If the Declarations show that Contents Replacement Cost coverage applies, then covered accidental direct physical loss or damage to covered personal property, except for those types of personal property described in subsection c. below, will be settled at replacement cost without deduction for depreciation for an amount that is reasonably necessary to repair or replace the damaged property, but for no more than the lesser of the following:
 - (1) any **stated limit** or other limit of insurance in this policy that applies to the property;
 - (2) the replacement cost of that part of the property damaged for equivalent manufacture or construction with materials of like kind and quality, determined as of the time of loss;
 - (3) the reasonable amount actually and necessarily spent to repair or replace damage to the property; or
 - (4) the loss to the interest of the **insured** in the property.Reasonably necessary replacement costs may be based on discounted pricing we obtain which is made available to you for repair or replacement.
- b. We will pay no more than the **actual cash value** of the property at the time of loss until actual repair or replacement is completed. Except for those types of personal property described in subsection c. below, you may collect any additional amount on a replacement cost basis. To do so the property must have been repaired or replaced in accordance with and subject to Section I - Property Conditions, Replacement Cost Settlement.
- c. Covered loss or damage to the following types of personal property, whether or not attached to buildings or any structure, will be settled as shown below in subsection d.:
 - (1) property which cannot be replaced;
 - (2) property not in workable condition at the time of loss or damage;

- (3) property, the age or condition of which has rendered it either obsolete or unusable for the purpose for which it was originally intended;
 - (4) paintings; etchings; pictures; tapestries; art glass windows; or other bona fide works of art or rarity, historical value or artistic merit, including, but not limited to, valuable rugs; statuary; marble; rare books; manuscripts; bronzes; porcelains; rare glass; or bric-a-brac;
 - (5) antiques, including, but not limited to, furniture, metalware, tools, toys, and bric-a-brac;
 - (6) photographs or negatives; digital or analog storage medium that contains data; or articles whose age or history contribute substantially to their value. This includes, but is not limited to, memorabilia, souvenirs, and collectibles and collector's items;
 - (7) a motorized golf cart not subject to **motor vehicle** registration while:
 - i. on the golf course and used for golfing purposes; or
 - ii. in 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 the **residence premises**;
 - (8) farm equipment principally used on the **residence premises**;
 - (9) recreational vehicles designed principally for off-road recreational use that are only used on the **residence premises**, including, but not limited to, all-terrain vehicles; or
 - (10) **motor vehicle** parts, equipment, machinery, furnishings or accessories not attached to or located in or upon any **motor vehicle**.
- d. The covered types of personal property shown above in subsection c. will be settled for no more than the lesser of the following:
- (1) **actual cash value**;
 - (2) fair market value;
 - (3) any **stated limit** or other limit of insurance in this policy that applies to the property; or
 - (4) the reasonable and necessary amount actually spent to replace lost property or to repair or replace damage to the property.
- e. The Coverage C **stated limit** is the most we will pay regardless of the number of items of personal property which are involved in a loss event.
- f. We may repair or replace damaged property with equivalent like kind and quality property.
4. **Building Ordinance or Law.**
- a. If the Declarations show that Building Ordinance or Law coverage applies, then we will pay for the increased costs that you actually and necessarily incur when you repair, replace, rebuild, demolish or remove, hereinafter "repair", covered damage to the **dwelling** or a **separate structure** because of or resulting from the enforcement of any **building law**. If this coverage applies, then we will pay up to the percentage shown in the Declarations of the applicable Coverage A (**Dwelling**) or Coverage B (**Separate Structures**) **stated limit**. The **building law** must:
- (1) be adopted by the local government in which the **dwelling** is located;
 - (2) be in force on the date of loss or damage; and
 - (3) directly apply to the part of the **dwelling** or **separate structure** which sustained the covered damage.
- b. Enforcement of the **building law** must directly apply to the "repair" of:
- (1) that specific part of the **dwelling** or a **separate structure** which has sustained the covered damage; or
 - (2) an undamaged part of the **dwelling** or a **separate structure** which is "physically necessary" in the course of repairs to complete the "repair" of that part of the **dwelling** or **separate structure** which has sustained the covered damage. "Physically necessary" does not include where a **building law** does not directly apply to the covered damage, but a governmental authority will not approve or permit "repair" of the covered damage unless you or anyone acting on your behalf also complies with that **building law**.
- c. We do not cover:
- (1) the actual or perceived loss in value to the **dwelling** or a **separate structure** due to the requirements of any **building law**;
 - (2) the cost to "repair", stabilize or otherwise restore land;
 - (3) the costs to comply with any **building law** which requires an **insured** or others to **remediate** the **dwelling** or a **separate structure**, or a part thereof;

- (4) the increased cost to "repair" if the **dwelling** or **separate structure** is not intended for the same type of occupancy as the pre-loss event **dwelling** or **separate structure**;
 - (5) the increased cost to "repair" the **dwelling** or **separate structure** until it is actually "repaired";
 - (6) those increased costs of construction, renovation or repair that are a result of your failure to timely undertake repairs or rebuilding of loss or damage;
 - (7) the costs of demolition if you should fail to reasonably mitigate or "repair" loss or damage and as a result the **dwelling** or **separate structure** then becomes subject to demolition;
 - (8) those costs of complying with any **building law** that you were required to comply with before the covered loss or damage, even if the **building law** was not actually being enforced, and which **building law** you failed to comply with;
 - (9) those costs of complying with any **building law** that regulates the zoning or use of the **dwelling** or **separate structure**; or
 - (10) those costs of conforming, correcting or remedying any original or subsequent construction, addition, modification, renovation or repair to a building or other structure which did not conform to a **building law** in effect when the construction, modification, renovation or repair was performed.
- d. If you should rebuild the **dwelling** or a **separate structure** at another location, then we will only pay in this Extension of Coverage the increased costs that you would have incurred to "repair" the **dwelling** or **separate structure** at the same location.
 - e. The decision of whether or not a **building law** applies will be reviewable by a court.
 - f. This is additional insurance.

5. **Debris Removal.**

We will reimburse you for the reasonable and necessary expenses you incur to remove debris caused by or resulting from covered loss or damage.

If the amount of loss or damage, including reimbursable debris removal expense, exceeds the applicable Coverage A, B or C **stated limit** for the type of damaged property, we will reimburse you up to an additional 5% of the applicable **stated limit** for the excess reimbursable debris removal expense you have incurred. This is additional insurance. No deductible applies.

Debris removal does not include and we will not reimburse any expenses incurred by you or anyone acting on your behalf to:

- a. **remediate** any **contamination**; or
- b. remove, restore or replace any **contaminated** land, **water**, air, buildings, structures or personal property, either on or off the **residence premises**.

This Extension of Coverage does not apply to the removal of any tree, shrub, plant or lawn, unless the tree, shrub, plant or lawn first damaged covered Coverage A or B property. Then the removal of the tree, shrub, plant or lawn will be included in this Debris Removal Extension of Coverage.

6. **Trees, Shrubs, Plants and Lawns.**

We cover trees, shrubs, plants and lawns on the **residence premises** for accidental, direct, physical loss or damage resulting from the following perils:

- a. fire or lightning;
- b. explosion resulting from combustion;
- c. riot or civil commotion;
- d. **aircraft** and vehicles, not owned or operated by any **insured**;
- e. **vandalism or malicious mischief**; and
- f. theft.

Property grown for **business** purposes or which is illegal to possess under federal or state law is not covered.

The limit for this Extension of Coverage, including any necessary removal of any trees, shrubs, plants or lawns, for any one loss event will not exceed 5% of the Coverage A **stated limit**. No more than \$750 will be paid for any one tree, shrub or plant, including necessary debris removal. This is additional insurance.

Except as provided therein, removal of trees, shrubs, plants and lawns is not covered in Section I - Extensions of Coverage, Debris Removal.

7. **Fire Department Service Charge.**

We will pay up to \$750 for fire department charges incurred when the fire department is called to save or protect covered property from covered loss or damage.

This is additional insurance. No deductible applies.

8. **Emergency Removal of Property.**

We pay for damage from any cause to covered property:

- a. while being removed from a premises actually and imminently endangered by a peril not excluded in this policy; and

- b. while removed for not more than 30 days from the date of removal.

This is not additional insurance. All loss or damage in this Extension of Coverage is subject to the applicable Coverage C **stated limit** or any Special Limits on Certain Personal Property.

9. Identity Fraud

- a. Identity Fraud Indemnity Coverage. We will pay up to \$1,500 for loss sustained by an **insured** caused by any of the following:
 - (1) a knowing transfer or use, without authority, of the identity of or a means of identification of an **insured** to obtain goods, services or other benefits from an innocent third party. The transfer or use must be with intent to commit, or to aid or abet, unlawful activity that constitutes a violation of federal law or a felony under any applicable state or local law;
 - (2) theft or unauthorized use of a credit, debit or fund transfer card issued to that **insured**;
 - (3) forgery or alteration of a check or other negotiable instrument made or drawn upon an **insured's** account; or
 - (4) acceptance in good faith by an **insured** of counterfeit United States or Canadian paper money.

No deductible applies to this subsection a. Any loss which may be payable in this subsection a. will be reduced by any amount we pay in any other coverage of this policy for the same loss event.

- b. Identity Fraud Expense Coverage. If the Declarations list Identity Fraud Expense Coverage under Identity Fraud Coverage, then we will reimburse up to the **stated limit** for Identity Fraud Expense Coverage for the costs and expenses identified below. For this Extension of Coverage to apply:
 - (1) the costs or expenses must be the direct result of an act described in subsection a. which first commences during the policy period;
 - (2) the act described in subsection a. must be reported to us within 90 days after the date of discovery; and
 - (3) the costs or expenses must be incurred within 12 months after the date of discovery.

Reimbursable costs and expenses are:

- (1) costs for notarizing fraud affidavits or similar documents for financial institutions or similar credit grantors, credit agencies or card issuers that have required that such affidavits be notarized;

- (2) costs for certified mail to law enforcement agencies, credit bureaus, financial institutions or similar credit grantors or card issuers;
- (3) lost wages as a result of time taken off from work to meet with, or talk to, law enforcement agencies, credit agencies, card issuers and/or legal counsel, or to complete fraud affidavits, or to attend legal proceedings, up to a maximum payment of \$250 per day for a maximum of ten days;
- (4) loan application fees for re-applying for a loan(s) when the original application is rejected solely because the lender received incorrect credit information;
- (5) reasonable attorney fees incurred for:
 - i. defense of lawsuits brought against that **insured** by merchants, card issuers or their collection agencies;
 - ii. the removal of any criminal or civil judgments wrongly entered against that **insured**; and
 - iii. challenging the accuracy or completeness of any information in a consumer credit report; and
- (6) charges incurred for long distance telephone calls to merchants, law enforcement agencies, financial institutions or similar credit grantors, or credit bureaus, or card issuers to report or discuss any of the subsection a. loss events.

For subsection b., we will reimburse all costs or expenses up to the Identity Fraud Expense Coverage **stated limit**.

- c. The additional duties of the **insured** after loss are to:
 - (1) cooperate in the investigation of the covered event and provide receipts, bills or other records that support the **insured's** claim for reimbursement in this Extension of Coverage; and
 - (2) immediately notify the police and, if applicable, the issuer of the card, credit bureau, credit reporting agency, or credit grantor. Failure to comply with the terms and conditions of the reporting requirements of the grantor of credit will void coverage for any further loss after such failure.

We will reimburse any costs or expenses incurred in fulfilling these additional duties, up to a total amount of \$500.

- d. Any act of or series of acts committed by any person(s) or in which any person(s) is involved or implicated is considered to be one loss event, even if a series of acts continues into subsequent policy periods.

e. We do not cover loss or expense:

- (1) arising from or in connection with any **business** engaged in by any **insured**;
- (2) arising from any fraudulent, dishonest or criminal act by an **insured**, any person acting in concert with an **insured**, any authorized representative of an **insured**, or any **residence employee**, regardless of whether any of these act alone or in collusion with others;
- (3) arising out of use of any card, identification or information by a resident of the **residence premises** or a relative of an **insured** which enables any of the activities in subsection a. above;
- (4) if an **insured** has not complied with all terms and conditions under which any card is issued; or
- (5) resulting from any use of a credit card or other credit information of an **insured** by persons or entities to whom the account information has been made available by an **insured** for the purchase of goods, services, money or property, and the **insured** is disputing the transaction for any reason whatsoever, including, but not limited to, disputes over the quality or amount of goods, services, money or property provided or authorized.

Regardless of the number of **insureds** or loss events, our total aggregate limit of insurance in this Extension of Coverage for loss, costs and expense for any policy period is the Identity Fraud **stated limit** shown in the Declarations. The policy deductible does not apply.

10. Collapse of Building Structure or Structural Part of the Building Structure.

We cover loss or damage to covered property caused by collapse of a **building structure** or any structural part of the **building structure**, or of a patio cover, carport cover, deck or the like attached to the exterior of the **building structure**. The collapse must be a direct result of:

- a. weight of ice, snow, sleet or rain which collects on the roof;
- b. weight of persons, animals, contents or equipment; or
- c. defective methods or materials used in construction, repair, remodeling or renovation, but only if the collapse occurs during such construction, repair, remodeling or renovation.

The collapse must be a sudden, abrupt and accidental, actual and complete falling down of the **building structure** or a structural part of the **building structure** or of a patio cover, carport cover, deck or the like attached to the exterior

of the **building structure**. A structural part of a **building structure** means a part of the **building structure**, which if it fell down, would threaten the structural integrity of the **building structure**. Substantial impairment of a **building structure** or structural part of a **building structure**, or of a patio cover, carport cover, deck or the like attached to the exterior of the **building structure**, without a sudden, abrupt and accidental, actual and complete falling down is not a collapse. Collapse does not mean imminent or threatened collapse. Collapse does not include bending, sagging, bowing, leaning, movement, settling, cracking, bulging, shrinkage, heaving or expansion, whether natural or otherwise, of the **building structure** or a structural part of the **building structure**, or of a patio cover, carport cover, deck or the like attached to the exterior of the **building structure**, unless an actual and complete falling down has occurred. This Collapse Extension of Coverage does not apply to **separate structures** which are not **building structures**.

For purposes of this Extension of Coverage only, a **building structure** means a structure with at least one wall, but fully covered by a roof.

This is not additional insurance. All loss or damage in this Extension of Coverage is subject to the applicable Coverage A, B or C **stated limit** or any Special Limits on Certain Personal Property.

11. Food Spoilage.

We will pay for the cost of loss or damage to contents in a refrigerator or freezer on the **residence premises** which thaws or spoils due to interruption of electrical utility service. The interruption must originate off the **residence premises**. This is not additional insurance; it is subject to the Coverage C **stated limit**.

12. Artificially Generated Electrical Current.

We will pay for loss or damage caused by a sudden, abrupt and accidental surge or decrease in artificially generated electrical current, whether on or off the **residence premises**, to any electronic components or wiring of or in covered personal property. We will pay no more than \$1,000 for all personal property damaged per loss event. This is not additional insurance; it is subject to the Coverage C **stated limit**.

13. Arson, Burglary or Vandalism or Malicious Mischief Reward.

We will pay up to the amount specified below for information which leads to an arson, burglary or **vandalism or malicious**

mischief conviction in connection with loss or damage to property covered by this policy:

- a. a \$5,000 limit for arson;
- b. a \$1,000 limit for burglary; and
- c. a \$500 limit for **vandalism or malicious mischief**.

In no event will the amount of the reward exceed the total amount of the loss or damage. We will pay no more than the highest applicable limit for any one loss event. No limit will be increased, regardless of the number of persons providing information for that loss, the number of claims being made for that loss or the fact that the loss may involve loss or damage to property in Coverages A, B and C.

No deductible applies. This is additional insurance.

14. **Lock Re-keying.**

We will reimburse you up to \$500 for expense you incur to re-key locks on exterior doors of the **dwelling** or a **separate structure** located on the **residence premises**, when the keys to those locks are part of a covered loss.

No deductible applies. This is not additional insurance; it is subject to the applicable Coverage A or B **stated limit**.

15. **Pet Coverage.**

We will pay reasonable amounts up to \$500 for the veterinary care, burial, disposal, injury or death of household pets owned or kept by you that are injured or die resulting from any covered loss in Section I - Property Coverage that occurs on the **residence premises**. Settlement will be based on the monetary value of the household pets up to a maximum of \$500 in the aggregate for all pets in any covered loss event in Section I - Property Coverage.

For the purposes of this Extension of Coverage only, a household pet is a fully-domesticated animal owned by you for personal companionship, such as a dog, a cat, a reptile, a bird or a rodent. Household pet does not include:

- a. any type of horse, cow, pig, sheep, goat, chicken, turkey, rooster; or
- b. captive fur-bearing animal, or any animal commonly kept for food or profit.

This is not additional insurance; it is subject to the Coverage C **stated limit**.

16. **Limited Lead and Asbestos Coverage.**

We will pay for:

- a. accidental direct physical loss or damage to covered property caused by or resulting from lead or asbestos, but only if the loss or damage from lead or asbestos is consequential loss or damage resulting from a covered

loss under Section I - Property Coverage of this policy; and

- b. costs and expenses required to **remediate** any lead or asbestos which results or could result from the repair or replacement of a covered loss under Section I - Property Coverage of this policy.

This Extension of Coverage does not limit coverage for lead or asbestos if otherwise covered under this policy.

This coverage only applies if you have used all reasonable means to save and protect the covered property from damage by or from lead or asbestos at and after the time the covered loss occurs.

The limit of insurance provided by this Extension of Coverage for any one loss event involving either lead or asbestos, or involving both lead and asbestos, is \$10,000. This limit includes all loss or damage under Coverage A (**Dwelling**), Coverage B (**Separate Structures**), Coverage C (Personal Property), Coverage D (Loss of Use), and under any other coverage or extension of coverage provided under Section I - Property Coverage, and all costs and expenses of **remediation**. This is not additional insurance and does not increase the **stated limits** for Coverage A (**Dwelling**), Coverage B (**Separate Structures**), Coverage C (Personal Property) or Coverage D (Loss of Use), or any other limit of insurance.

The following Section I - Uninsured Loss or Damage and Excluded Causes of Loss or Damage, A. Uninsured Types of Loss or Damage and B. Excluded Causes of Loss or Damage exclusions do not apply to the limited coverage of lead and/or asbestos as provided under this Extension of Coverage:

A. Uninsured Types of Loss or Damage:

Contamination

B. Excluded Causes of Loss or Damage:

Contamination

Noxious Substance

Section I - Uninsured Loss or Damage and Excluded Causes of Loss or Damage

A. Uninsured Types of Loss or Damage.

We do not insure property covered by this policy, provide Loss of Use coverage or extend coverage in any Extensions of Coverage, for any loss or damage consisting or composed of any of the uninsured types of loss or damage listed below, whether on or off the **residence premises**, however caused, whether the loss or damage occurred immediately or over

time, or is the result of, a natural or man-made activity, condition or event, except as may be stated otherwise.

Uninsured types of loss or damage are never covered regardless of whether any acts, omissions or decisions of any persons, group, organization, association or governmental body or any other cause of loss or event contributes concurrently or in any combination or sequence to cause the uninsured type of loss or damage, except as expressly stated otherwise.

Uninsured types of loss or damage can occur in combination with insured loss or damage. If any uninsured type of loss or damage does occur in combination with or in sequence to insured loss or damage, the uninsured type of loss or damage is not covered. If the insured loss or damage and uninsured loss or damage cannot be physically segregated from each other for any reason, including by way of example but not limited to what perils caused the loss or damage or the extent or timing of the loss or damage caused by individual perils, then none of the loss or damage will be insured by this policy.

1. **Water Damage.**

We do not insure loss or damage which consists of, is composed of or which is **water** damage, except as covered in Section I - Extensions of Coverage, Limited Water Coverage or unless if caused by fire or lightning.

2. **Nuclear Damage.**

We do not insure loss or damage which consists of or is composed of or which is nuclear radiation. Further, we do not insure any **remediation** or provide any Loss of Use or any Extensions of Coverage for expenses directly or indirectly due to, arising out of or resulting from **remediation** of nuclear damage.

3. **Construction Defect.**

We do not insure loss or damage which is a construction defect in the **dwelling** or a **separate structure**, except as covered in Section I - Extensions of Coverage, Collapse of Building Structure or Structural Part of the Building Structure or unless if by fire or lightning.

4. **Inherent Vice or Latent Defect.**

We do not insure loss or damage which is an inherent vice or latent defect in covered property.

5. **Contamination.**

We do not insure loss or damage which consists of, is composed of or which is **contamination** except as provided in Section I - Extensions of Coverage, Limited Water Coverage or Limited Lead and Asbestos Coverage, or unless if caused by fire or lightning. Nuclear **contamination** is not insured,

even if caused by fire or lightning. Further, we do not insure any **remediation** or provide any Loss of Use or any Extensions of Coverage for expenses directly or indirectly due to, arising out of or resulting from **remediation** of any **contamination**, or of any **nuclear substance**, **noxious substance**, **fungi**, **pathogens** or pollutants.

6. **Breakage, Impairment, Corruption or Failure of Personal Property.**

We do not insure loss or damage which is the breakage, impairment, corruption or failure of personal property, including any electronic or mechanical part of the personal property, except as provided in item 14.

7. **Wear and Tear, Deterioration or Mechanical Breakdown.**

We do not insure loss or damage which is wear and tear, deterioration or mechanical breakdown, unless if caused by fire or lightning.

8. **Marring.**

We do not insure loss or damage which is **marring** of covered property except as provided in item 14.

9. **Corrosion, Deterioration, Decay or Rust.**

We do not insure loss or damage which consists of, is composed of or which is corrosion, deterioration, decay or rust, unless if by fire or lightning. This includes, but is not limited to, any decomposition, breakdown and/or decay of manmade or natural material or matter by any agent.

10. **Fungi.**

We do not insure loss or damage which consists of, is composed of or which is **fungi**, unless if caused by fire or lightning. Further, we do not insure any **remediation** or provide any Loss of Use or any Extensions of Coverage for expenses directly or indirectly due to, arising out of or resulting from **remediation** of **fungi**.

11. **Pathogen.**

We do not insure loss or damage which consists of, is composed of or which is a **pathogen**, unless if by fire or lightning. Further, we do not insure any **remediation** or provide any Loss of Use or any Extensions of Coverage for expenses directly or indirectly due to, arising out of or resulting from **remediation** of a **pathogen**.

12. **Movement, Settling, Cracking, Bulging, Shrinking, Heaving, Bending or Expanding.**

We do not insure loss or damage which consists of, is composed of or which is the movement, settling, cracking, bulging, shrinking, heaving, bending or expanding of any part of covered property, except as provided in item 14.

Movement, settling, cracking, bulging, shrinking, heaving, bending or expanding of any part of covered property includes, but is not limited to, foundations, foundation fill material, foundation piers, foundation beams, slabs, pads, patios, walls, floors, ceilings, roofs, roof structures, supports, walks, driveways, pavements, curbs, fences, retaining walls, bulkheads, spas or swimming pools.

13. **Building Ordinance or Law.**

We do not insure the increased costs of or from the enforcement of any **building law**, except as provided in Section I - Extensions of Coverage, Building Ordinance or Law.

However, we do insure direct, physical loss or damage which results from order of governmental or public authorities to prevent the spread of a fire if the fire results from a cause of loss which would have been covered by this policy.

14. **Exceptions to Uninsured Types of Loss or Damage.**

We do insure:

6. Breakage, Impairment, Corruption or Failure of Covered Personal Property;

8. **Marring**; and

12. Movement, Settling, Cracking, Bulging, Shrinking, Heaving, Bending or Expanding;

which is directly caused by the following causes of loss, subject to the terms, conditions and limitations set forth in subsection B. Excluded Causes of Loss or Damage for any such cause of loss:

a. fire or lightning;

b. windstorm or hail, except **marring** of:

(1) all metal materials that are part of a **separate structure**; or

(2) any of the following that are part of the **dwelling**: metal guttering or downspouts or metal **roof materials**.

Windstorm or hail which causes a distinct and demonstrable actual hole or opening in any of the metal materials or items in (1) or (2) is covered;

c. smog, smudging or smoke (all only if sudden, abrupt and accidental);

d. explosion resulting from combustion (other than nuclear explosion);

e. riot or civil commotion;

f. **aircraft** or vehicles;

g. theft or attempted theft;

h. falling objects;

i. fall of trees or limbs, including felling, topping or trimming of trees;

j. weight of ice, snow or sleet which causes damage to personal property contained in a building; or

k. artificially generated electric current;

and we do insure:

6. Breakage, Impairment, Corruption or Failure of Covered Personal Property; and

8. **Marring**

which is directly caused by the following subsection B. Excluded Cause of Loss or Damage or by the following Extensions of Coverage, subject to the terms, conditions and limitations set forth for the cause of loss or the Extensions of Coverage: **vandalism or malicious mischief**; Limited Water Coverage and Collapse of a Building Structure or Structural Part of the Building Structure.

Any exception to uninsured damage will not apply if it occurs in combination or in sequence with any existing or other uninsured type of damage.

B. **Excluded Causes of Loss or Damage.**

Except as expressly provided elsewhere in this policy, we do not:

a. insure property covered by this policy;

b. provide Loss of Use coverage; or

c. provide coverage in any Extensions of Coverage;

for loss or damage which directly or indirectly is caused by, arises out of, or results from any of the excluded causes of loss or damage listed below, whether the loss or damage occurs on or away from the **residence premises**. Acts or omissions of persons or other causes or other events can cause, contribute to, combine with or aggravate any of the excluded causes of loss or damage to cause loss or damage. Loss or damage caused by an excluded cause of loss or damage is not covered regardless of any acts, omissions or decisions of any persons, group, organization, association or governmental body or of any other causes or other events which aggravate or contribute concurrently or in any combination or sequence with the excluded cause of loss or damage.

If covered and excluded causes of loss or damage each cause loss or damage to property such that the resulting damage is indistinguishable except as to the timing or sequence of the causes of the damage, then none of the loss or damage is insured by this policy.

Excluded Causes of Loss or Damage are excluded whether they are, or are the result of, natural or man-made activities, conditions or events. Excluded Causes of Loss or Damage apply to exclude the loss or damage arising from or as a result of the excluded activity, condition or event, whether the loss or damage is direct or indirect or immediate or consequential.

However, we do insure accidental, direct, physical loss or damage by fire when the fire results from an excluded cause of loss or damage, except when the fire results from:

- (1) **Governmental Action, Destructive Acts, Nuclear Hazard, Meteorites, Illegal Substances or Vandalism or Malicious Mischief or Arson if the Dwelling is Vacant;** or
- (2) an Increase in Hazard within the control or knowledge of an **insured**.

We do insure loss or damage which consists of or is composed of **water** damage from a covered fire, but we never insure loss or damage by or resulting from **earth movement** or flood caused directly or indirectly by fire.

1. **Earth Movement.**
2. **Water.**

This exclusion includes, but is not limited to:

- a. a **water - reverse flow**;
- b. flood, including debris flow and mud flow, any form of surface **water**, waves, tsunami, seiche, tidal **water**, tidal waves, storm surge or overflow or escape of a body of **water**, or spray from any of these, whether or not driven by wind; or
- c. **water** from any source whatsoever, on or below the surface of the ground, whether natural or otherwise.

This **water** exclusion applies even if **water** combines or contributes in any way with any other excluded cause of loss or damage hereunder to cause loss or damage, including, but not limited to, **fungi** or any **noxious substance**.

However, see Section I - Extensions of Coverage, Limited Water Coverage for limited coverage for **water** damage.

3. **Nuclear Hazard.**
4. **Neglect or Lack of Maintenance or Failure to Make Repairs.** Lack of maintenance includes a failure to undertake any maintenance.
5. **Faulty, Inadequate, Defective or Incomplete Planning, Zoning, Maintenance, Repairs, Renovation, Manufacture or Construction.**

We do not insure loss, damage or costs which directly or indirectly are caused by, arise out of or result from, or any costs of fixing or making good, any faulty, inadequate, defective or incomplete planning, zoning, development, surveying, siting, engineering, design, specifications, workmanship, maintenance, servicing, renovation, repair, manufacture, construction, grading, compaction, excavation, or materials that is for, is used in or is part of a method or process involving any type of personal property owned or used by an **insured** or any type of real property (including land or any improvements) whether or not the real property is owned or used by an **insured**.

This exclusion applies:

- a. whether the activity is by an **insured** or by any person, group, organization, association or governmental body;
- b. whether or not an **insured** knew of or approved the activity;
- c. whether the property is on or off the **residence premises**;
- d. whether the property is insured by this policy;
- e. whether the activity involves a flawed quality of the property itself or involves a flawed process, method or procedure in producing property or which affects property;
- f. whether the activity being performed on one item of property damages another item of the same or different property in the process; or
- g. whether the activity damages one aspect or part of property and another aspect or part of the same or different property becomes flawed as a result.

However, see Section I - Extensions of Coverage, Limited Water Coverage for limited coverage for **water** damage.

6. **Inherent Vice or Latent Defect.**

We do not insure loss or damage which directly or indirectly is caused by, arises out of or results from any inherent vice or latent defect in property or a quality in or of the property that causes it to damage or destroy itself, whether or not such defect or quality could have been discovered upon reasonable inspection.

However, see Section I - Extensions of Coverage, Limited Water Coverage for limited coverage for **water** damage.

7. **Contamination.**

Except as provided by Section I - Extensions of Coverage, Limited Lead and Asbestos Coverage, we also do not insure any **remediation** or provide any coverage in Loss of Use or

any Extensions of Coverage, which directly or indirectly is due to, arises out of, or results from **contamination**.

8. **Wear and Tear, Deterioration or Mechanical Breakdown.**

However, see Section I - Extensions of Coverage, Limited Water Coverage for limited coverage for **water** damage.

9. **Corrosion, Deterioration, Decay or Rust.**

However, see Section I - Extensions of Coverage, Limited Water Coverage for limited coverage for **water** damage.

10. **Fungi.**

This exclusion includes but is not limited to the discharge, dispersal, migration, release or escape of any **fungi**, whether combined with, caused by, or resulting from **water**. Further, we do not insure any **remediation** or provide any coverage in Loss of Use or any Extensions of Coverage which directly or indirectly is due to, arises out of, or results from **remediation** of **fungi**.

11. **Noxious Substance.**

Except as provided in Section I - Extensions of Coverage, Limited Lead and Asbestos Coverage, this exclusion includes but is not limited to a local or widespread discharge, dispersal, seepage, migration, release or escape of any **noxious substance**. This exclusion applies whether or not:

- the **noxious substance** was used legally, normally or intentionally for a purpose for which it was intended or whether its use was confined within the general area of its intended use; or
- the **noxious substance** was the result of some legal and normal use of any process or product.

We do not insure any **remediation** or provide any coverage in Loss of Use or any Extensions of Coverage which directly or indirectly is due to, arises out of, or results from **remediation** of any **noxious substance**.

12. **Pathogen.**

This exclusion includes but is not limited to the discharge, dispersal, migration, release or escape of any **pathogen**. Further, we do not insure any **remediation** or provide any coverage for Loss of Use or any Extensions of Coverage which directly or indirectly is due to, arises out of, or results from **remediation** of a **pathogen**.

13. **Building Ordinance or Law.**

Except as otherwise provided in Section I - Extensions of Coverage, Building Ordinance or Law, we do not insure loss or damage or increased costs which directly or indirectly is caused by, arises out of or results from any **building law** or the enforcement of any **building law**.

14. **Governmental Action.**

- This exclusion applies to the confiscation, seizure, quarantine, condemnation, destruction or other deprivation, hereinafter "action", of or injury to any property covered by this policy by any governmental authority or order of governmental authority. This exclusion applies even if:
 - (1) the governmental authority mistakenly believes it has the right to engage in the conduct;
 - (2) the "action" is sustained by property not intended or expected by the governmental authority;
 - (3) the damage is different, or greater or of a different quality than that intended or expected by the governmental authority;
 - (4) the governmental authority did not understand that the "action" may result; or
 - (5) the "action" is incidental to policing activity of the governmental authority.
- However, we do insure direct, physical loss or damage caused by acts of confiscation, seizure, damage or destruction of your property by any governmental authority or order of governmental authority:
 - (1) taken at the time of a fire to prevent its spread, if the fire would be otherwise covered in this policy; or
 - (2) if, subject to the Destructive Acts Exclusion, the confiscation, seizure, damage or destruction is incidental to policing activity of a governmental authority, which policing activity is directly caused by or results from the activities of a person who is not an **insured**, or who is not a tenant, roommate, roomer, live-in or boarder.

15. **Power Interruption.**

We do not insure loss or damage which directly or indirectly is caused by, arises out of or results from the interruption of power or other utility service which originates off the **residence premises**, except as provided in Section I - Extensions of Coverage, Limited Water Coverage from freezing of a **water** pipe or Food Spoilage Coverage.

16. **Artificially Generated Electrical Current.**

We do not insure loss or damage which directly or indirectly is caused by, arises out of or results from a sudden, abrupt and accidental surge from or increase or decrease in artificially generated electrical current to any electronic components or wiring of or in personal property, except as provided in Section I - Extensions of Coverage, Artificially Generated Electrical Current.

17. Failure to Protect Covered Property.

We do not insure loss or damage which directly or indirectly is caused by, arises out of or results from the failure or neglect of an **insured** to use all reasonable means to mitigate or abate covered loss or damage or to protect covered property at and after the time of loss or damage, or when property is endangered by a covered cause of loss or damage.

18. Destructive Acts.

We do not insure loss or damage which directly or indirectly is caused by, arises out of or results from any destructive act directed against civilian, military or governmental personnel or property by any domestic or foreign person(s), organization(s), association(s), entity or entities, government or any quasi-governmental body. This exclusion:

- a. includes, but is not limited to, war, undeclared war, civil war, terrorism, insurrection, seizure, rebellion and revolution, all whether or not by military or paramilitary personnel, and including any direct or indirect consequence of these;
- b. applies even if the loss or damage is sustained by property not intended or expected; and
- c. does not include acts of **vandalism or malicious mischief**.

19. Theft.

We do not insure theft:

- a. from a **dwelling** that is under construction, until after the construction has been completed and when the **dwelling** is occupied by an **insured**;
- b. from a **dwelling** that is undergoing remodeling or renovation unless the **dwelling** is occupied by an occupant who is legally using the **dwelling** as a principal, habitual place of abode;
- c. from the **residence premises**:
 - (1) if, for a period of more than 30 days prior to the theft, the **dwelling** has been **vacant** or no person has actually legally lived in the **dwelling**; or
 - (2) if the date of the theft is not known and if for a period of more than 30 days prior to the date on which the theft is discovered the **dwelling** has been **vacant** or no person has actually legally lived in the **dwelling**;
- d. committed by any **insured** or at the direction of an **insured**;
- e. committed by any person who is or has regularly resided at an **insured location**. However, theft committed by a **residence employee** is covered;
- f. from any part of a **residence premises** rented to others;

- g. of property from any other premises owned, occupied by or rented to any **insured** unless an **insured** is temporarily residing there at the time of the theft. Property of an **insured** in a secured rental storage facility is covered. Property of a student **insured** is covered at a residence away from the **residence premises** if the student has been at the residence any time 45 days before the theft;
- h. of watercraft, campers or trailers and their equipment, furnishings and outboard motors when off the **residence premises**;
- i. of building materials and supplies while off the **residence premises**;
- j. directly or indirectly caused by, arising out of or resulting from any type of sale or transfer of real or personal property, whether voluntary or involuntary, including, but not limited to, internet transactions, or any investment or any investing activity, all whether induced to do so by or resulting from conversion, fraud, false pretenses or other deceptive practices; or
- k. committed by or at the direction of any person to whom an **insured** has given or allowed a power of attorney, or any other similar power, or any type of authorization in or over the property of the **insured**.

Theft includes attempted theft. Theft does not include mysterious disappearance of property. We do not insure a shortage of property or property taken by someone who claims a right to such property through a written or oral agreement with any **insured** unless a court of law rules that a theft did occur. To be covered by this policy, any theft must be immediately reported to the local police.

20. Mysterious Disappearance.

Mysterious disappearance is an unexplained loss of property. It includes losing or misplacing property.

21. Vandalism or Malicious Mischief or Arson if the Dwelling is Vacant.

We do not insure loss or damage which directly or indirectly is caused by, arises out of or results from:

- a. **vandalism or malicious mischief** if:
 - (1) the **dwelling** has been **vacant** for a period of more than 30 days prior to the **vandalism or malicious mischief**; or
 - (2) it is committed by any person who is or has regularly resided on the **residence premises**; or
- b. arson, whether a result of **vandalism or malicious mischief**, if the **dwelling** has been **vacant** beyond a period of 60 consecutive days prior to the arson.

For subsections a. and b., if the date that the **vandalism or malicious mischief** or arson occurred is not known, then the date of discovery of the damage will be the date of loss.

Vandalism or malicious mischief does not include theft of property. Each time period can begin before this policy incepts.

22. Pests or Animals.

This exclusion only applies to pests, or to animals or creatures owned or kept by an **insured**, tenants, roommates, roomers, live-ins or boarders. This includes, but is not limited to, bats; rats; mice and other rodents; bees; termites; moths; vermin; birds; fish; reptiles; insects; and spiders.

However, see Section I - Extensions of Coverage, Limited Water Coverage for limited coverage for **water** damage.

23. Smog, Smudging or Smoke.

We do not insure loss or damage which directly or indirectly is caused by, arises out of or results from smog, smudging or smoke:

- a. from the manufacturing of controlled substances, or from legal or illegal commercial, manufacturing, industrial or agricultural operations, whether on or off the **residence premises**, even if sudden, abrupt and accidental; or
- b. which originates on the **residence premises**, unless the smog, smudging or smoke damage is sudden, abrupt and accidental.

24. Pressure by Trees, Shrubs, Plants or Lawns.

We do not insure loss or damage which directly or indirectly is caused by, arises out of or results from pressure by, push from or presence of (1) any trees, shrubs, plants or lawn, or (2) any root system from any trees, shrubs, plants or lawn.

However, see Section I - Extensions of Coverage, Limited Water Coverage for limited coverage for **water** damage.

25. Soil Conditions.

Soil conditions include, but are not limited to, corrosion, erosion, chemicals, compounds, elements, formation of crystals, suspensions or gels of or in the soil, or saturation of the soil.

26. Windstorm or Hail.

We do not insure loss or damage which directly or indirectly is caused by, arises out of or results from windstorm or hail:

- a. to personal property covered by this policy contained in a **building structure** caused by sand or dust unless the direct force of wind or hail first damaged the **building structure** causing an opening in a roof or outside wall

and then sand or dust enters through this opening and causes the loss or damage to the personal property;

- b. to watercraft and windsurfers, including their trailers, furnishings, equipment and outboard motors, unless inside a fully enclosed **building structure** at the time of loss or damage; or
- c. to cloth awnings, greenhouses and their contents, radio and television towers, masts and antennas, including lead-in wiring, and wind chargers and windmills.

27. Aircraft or Vehicles.

However, we do insure loss or damage from accidental, direct, physical contact by an **aircraft**, or any refuse from an **aircraft**, or a vehicle with covered property or with a structure containing the covered property. Coverage will not apply unless the **aircraft** or vehicle is moving. Extensions of Coverage **Artificially Generated Electrical Current** and **Food Spoilage** are not subject to this exclusion.

28. Falling Objects.

- a. We do not insure loss or damage to covered property which is caused by or results from objects which fall as a result of any cause of loss or damage excluded in this policy.
- b. We do not insure loss or damage to personal property contained in a **building structure** caused by:
 - (1) a falling object, unless the direct force of the falling object first damages the roof or an outside wall of the **building structure**; or
 - (2) sand or dust, unless the direct force of a falling object first damages the roof or an outside wall of the **building structure** and then sand or dust enters through this opening and causes the loss or damage to personal property.
- c. We do not insure loss or damage to covered property which is caused by or results from meteorites.

A falling object is a material, inanimate thing which can be touched. Loss of or loss or damage to the falling object itself is not covered.

29. Collapse.

However, we do provide limited coverage for collapse of a **building structure** or any structural part of a **building structure** in Section I - Extensions of Coverage, Collapse of Building Structure or Structural Part of the Building Structure.

30. Sales or Transfers of Property.

We do not insure loss or damage which directly or indirectly is caused by, arises out of or results from any type of sale or transfer of real or personal property by or to an **insured**,

including, but not limited to, internet transactions, and whether by conversion, fraud, trickery, false pretenses or other deceptive practices.

31. **Pollution.**

We also do not insure any **remediation** or provide any coverage in Loss of Use or any Extensions of Coverage which directly or indirectly is due to, arises out of, or results from **remediation** of pollution.

This exclusion does not apply to loss or damage caused by sudden, abrupt and accidental smoke or fumes from a fire.

32. **Refinishing, Renovating, Repairing, Servicing, Restoring, Reconditioning, Retrofitting or Retouching of Personal Property.**

33. **Weather Conditions.**

This only applies if the weather condition contributes to or combines with any cause of loss or damage excluded in this policy to cause loss or damage, except if with Falling Objects or Power Interruption. This applies:

- a. whether or not the weather condition affects property covered by this policy; and
- b. whether the property is on or off the **residence premises**.

34. **Movement, Settling, Cracking, Bulging, Shrinking, Heaving, Bending or Expanding of any part of any Structure.**

35. **Malfunction or Failure of Software or a Computer System.**

This applies whether or not a result of error or malicious activities.

36. **Extremes of Temperature.**

This includes freezing, except as provided in Section I - Extensions of Coverage, Limited Water Coverage.

37. **Illegal Substances.**

We do not insure loss or damage which directly or indirectly is caused by, arises out of or results from the sale, growth, manufacture, cultivation, distribution, delivery, processing or transfer of any illegal substance as defined by federal law or state law by any **insured**. Such substances include but are not limited to explosives, LSD, methamphetamines, marijuana and all narcotic drugs.

Section I - Limitations of Loss or Damage

This section adds a limit of insurance for what we will pay under the policy for all loss, damage and costs caused by, arising from or incurred as a result of **wild fire damage**.

1. **Wild Fire Smoke, Soot, Char, Ash or Odor Damage.**

- a. We will pay up to the limit shown in the Declarations for all:
 - (1) sudden and accidental direct physical loss or damage to covered property;
 - (2) Additional Living Expense or Loss of Rents coverage; or
 - (3) any Extension of Coverage per the terms of those coverages;caused by, resulting from, contributed to or consisting of **wild fire damage** from a wild fire event. This limit also includes the costs and expenses required to clean visible wild fire matter from your property or to neutralize or deodorize a smoke odor from a wild fire. If covered in your policy, the limit does not include and does not limit any coverage for loss or expenses incurred by you because you were prohibited by a civil authority from use of the **residence premises** because of a wild fire.

We do not cover and we do not pay to clean wild fire smoke, soot, char, ash, debris and other matter which is not visible. We do not cover and we do not pay to neutralize or deodorize wild fire smoke odor unless a smoke odor remains on your property for thirty (30) days after the wild fire has been fully contained as announced by the fire agency responsible for suppression of the fire.
- b. This limit:
 - (1) is a total aggregate limit per policy period;
 - (2) applies without regard to the number of buildings or **separate structures** or the amount of personal property insured by this policy;
 - (3) is not additional insurance; and
 - (4) does not increase the coverage limits of any coverage provided in this policy.

The policy deductible applies to all loss, damage or expense payable for **wild fire damage**.

Except as expressly provided otherwise herein, this **wild fire damage** limit limits what we will pay under all coverages provided under the policy, including, but not limited to, coverage for fire or smoke, and including whether the coverage is by way of an express coverage grant or is by way of an exception to an exclusion or uninsured type of damage.

c. Dispute Resolution.

The policy's Appraisal condition shall apply to resolve a dispute as to:

- (1) the existence of **wild fire damage**; or
- (2) determine the costs to **remediate wild fire damage**.

If the appraisers or one appraiser and the umpire determine that **wild fire damage** has occurred, they must document the presence or and advise you and us in writing as to the type of damage, whether being smoke, soot, char, ash particles, or particulate matter, or other material, by product or debris, or odor.

Section I - Property Conditions

1. **Limits of Insurance.**

- a. The **stated limits** or any other applicable limits of insurance in this policy are the most we will pay for covered loss or damage. You are responsible for selecting the **stated limits**.
- b. Subject to **stated limits**, with each covered loss or damage to the **dwelling** or any **separate structure**, the amount of insurance coverage applicable to that structure will be reduced by the estimated amount of the loss or damage until reconstruction or repairs are actually made.

2. **Insurable Interest.**

If more than one person or entity has an insurable interest in the covered property, the most we will pay is an amount equal to the **insured's** interest, unless specifically stated otherwise herein.

3. **Duties After Loss.**

In case of covered loss or damage to property, it is your responsibility to:

- a. give prompt written notice to us or our agent without unnecessary delay. In case of theft, you must also immediately notify the police. In case of loss covered in Section I - Extensions of Coverage, Identity Fraud, involving an unauthorized use of a credit card, debit card, fund transfer card, forgery, or acceptance of counterfeit money, you must also immediately notify the police, and as appropriate, the issuer of the card, credit bureau, credit reporting agency, and the credit grantor;
- b. protect the property from further damage. You should make any reasonable and necessary emergency repairs or perform loss mitigation needed to protect the property from further damage. See Section I - Property Conditions, Emergency Services following. Failure to

make emergency repairs or act to mitigate the loss may result in continuing or secondary damages which may not be covered by this policy. You must keep records and receipts of your costs;

- c. make a list of all damaged or destroyed personal property showing in detail the quantity, description, **actual cash value**, replacement cost, age and amount of loss. Attach all bills, receipts and related records that support your figures;
- d. cooperate with our investigation of the loss or damage and our proof of any repairs or replacement of the damaged property;
- e. as often as we reasonably require:
 - (1) show us the damaged property or provide us and our representatives access to the damaged property and the **residence premises** in order to, among other things, determine the types of loss or damage and the extent and cause thereof, and costs of repair or replacement;
 - (2) provide us with records, documents and other information we may request, and permit us to make copies. This includes, but is not limited to banking records, asset, debt and income information, records and documents, credit history and other financial records, prior insurance losses with us or other insurers, or receipts for property damaged, if obtainable;
 - (3) allow us to take samples of damaged property to inspect, test and analyze;
 - (4) submit to examinations under oath at such times and places as we reasonably designate. We may require the examinations to be taken separately and apart from any other person defined as you or an **insured**. Each examinee must sign a transcript of his or her examination;
 - (5) produce representatives, employees, members of your household or others for interviews or examinations under oath to the extent it is within your power to do so; and
 - (6) submission to a requested examination(s) under oath is a condition precedent to recovery in this policy. Our denial of your claim shall not act as a waiver of our right to examinations under oath; and
- f. send us within 60 days after our request, your signed, sworn statement showing:
 - (1) date, time, location and cause of loss or damage;
 - (2) interest of all **insureds** and all others in the property involved;

- (3) all legal claims against the property involved including lienholders;
- (4) all other insurance and any warranty, service or maintenance contract which may cover the loss or damage (see Other Insurance condition following);
- (5) all information we request to investigate the claim;
- (6) changes in title or occupancy of the property;
- (7) specifications and detailed repair estimates of any damaged structure;
- (8) a list of stolen, damaged or destroyed personal property described in subsection 3.c. above;
- (9) receipts and records that support additional living expenses and loss of rents; and
- (10) evidence which states the amount and cause of loss to support a claim in Section I - Extensions of Coverage, Identity Fraud coverage.

To the extent an **insured**, other than you, is a beneficiary of coverage in this policy, that **insured** shall also be responsible for complying with the duties and responsibilities set forth in this policy respecting loss or damage, including examinations under oath and production of information requested by us.

4. Emergency Services.

In the event your covered property sustains covered loss or damage, you should protect the property from further damage. You should make any reasonable and necessary emergency repairs or act to mitigate the loss to protect the property from further damage (hereinafter "emergency services"). We will reimburse the necessary, reasonable costs you incur on an emergency basis at or soon after the time of loss to mitigate further imminent damage from the covered event. If you undertake emergency repairs or services, you must give prompt notice to us or our agent without unnecessary delay and show us the damaged property or provide us and any of our representatives access to the damaged property so that we may, among other things, determine the types of loss or damage and the extent and causes thereof, and estimate the reasonable costs of repair or replacement, if covered. This is not additional insurance. Expenses incurred for emergency services are subject to the applicable Coverage A, B or C **stated limit** and any Special Limits on Certain Personal Property that apply to the property. Emergency services do not include mitigation or abatement of uninsured types of loss or damage, including, but not limited to, **remediation** of any **nuclear substance**, **noxious substance**, except as provided in Section I - Limited

Lead and Asbestos Coverage, **pathogen**, **fungus**, pollutant, or any **contamination**.

If you report loss or damage to covered property and if you have not already performed reasonable, necessary emergency services, we may at our sole discretion assist you in obtaining such emergency services before we determine if the loss or damage is covered by this policy. Although we are not obligated to do so, we may advise you of or we may refer an independent contractor to perform such emergency services. However, you are responsible for contracting for such emergency services with the independent contractor. You have the right to reject the independent contractor at any time. The provision of such emergency services will not prejudice our right to later deny coverage for any loss or damage.

It is solely your responsibility to direct or manage the activities of any independent contractor providing emergency services. We make no representation as to the skill or experience of any independent contractor. We do not warrant the workmanship of any independent contractor. We are not responsible for the acts or failures to act of any independent contractor. We do not assume liability for injuries sustained by you or any other person resulting from or arising from any repair, attempted repair or from any acts to mitigate the loss.

5. How We Settle Covered Loss.

Covered accidental direct physical loss or damage will be settled as follows.

- a. Coverage A (**Dwelling**) and Coverage B (**Separate Structures**). We will only settle covered loss or damage on the basis of use as a private residence.
 - (1) Settlement for covered loss or damage to a specific **component part(s)** of the **dwelling** or **separate structures**, except for **roof materials** and fences, will be settled at reasonable and necessary replacement cost, without deduction for depreciation, for the lesser of the costs to repair or to replace the specific damaged **component part(s)**, but for no more than the lesser of the following:
 - i. the applicable **stated limit** or other limit of insurance in this policy that applies to the damaged or destroyed **dwelling** or **separate structure(s)**;
 - ii. the reasonable repair or replacement cost of that specific **component part(s)** damaged for equivalent construction with materials of like

- kind and quality on the **residence premises**, determined as of the time of loss or damage;
- iii. the reasonable and necessary amount actually spent to repair or replace the specifically damaged **component part(s)** of the **dwelling** or **separate structure(s)**; or
- iv. the loss to the interest of the **insured** in the property.

When the cost to repair or replace damaged property is more than \$2,500, we will pay no more than the **actual cash value** of the damaged specific **component part(s)** of property until actual repair or replacement is completed. If the damage to the **dwelling** should be a total loss, then the **actual cash value** payment will be no more than the lesser of the **stated limit** or the fair market value of the **dwelling** until actual repair or replacement of the **dwelling** is completed.

If the **dwelling** or a **separate structure** is rebuilt or replaced at a different location, the costs described in subsection ii. above are limited to the costs which would have been incurred if the **dwelling** or **separate structure** had been rebuilt or replaced at its location on the **residence premises**.

Reasonable and necessary replacement cost:

- i. does not include damage to property otherwise uninsured or excluded in this policy; and
 - i. may be based on discounted pricing available to you for repair or replacement.
- (2) Roof Materials.
- i. Roof Materials at Replacement Cost. If your Declarations show that **roof materials** are settled on a replacement cost basis, the exception as it applies to **roof materials** in a.(1) is removed and covered loss or damage for **roof materials** will be settled as set forth in subsection a.(1) above. When the cost of the entire covered loss event, including damage to **roof materials**, is more than \$2,500, we will only pay the **actual cash value** for **roof materials** until repair or replacement is completed.
 - ii. Roof Materials at Actual Cash Value. If your Declarations show that **roof materials** are settled on an **actual cash value** basis, then covered loss or damage to those **roof materials** damaged will be paid on an **actual cash value** basis, subject to the applicable **stated limit**.

Increased costs from the enforcement of any **building law** will not be paid until incurred in accord with subsection e.

- (3) Fences. Covered loss or damage to fences will be settled on an **actual cash value** basis, subject to the applicable **stated limit**.
- b. Coverage C (Personal Property).
Unless Section I - Extensions of Coverage, Contents Replacement Cost Coverage applies, covered loss or damage to personal property will be settled for no more than the lesser of the following:
 - (1) **actual cash value**;
 - (2) fair market value;
 - (3) any **stated limit** or other limit of insurance in this policy that applies to the property;
 - (4) the reasonable and necessary amount actually spent to replace lost property or to repair or replace damage to the damaged part of the property; or
 - (5) the loss to the interest of the **insured** in the property.

The Coverage C **stated limit** is the most we will pay regardless of the number of items of personal property which are involved in a loss event.
- c. We do not cover as part of the settlement of covered loss any:
 - (1) cost to repair or replace property which is not damaged but does not match with the materials used to repair or replace the specific **component part(s)** of property which is damaged because of:
 - i. **marring**; or
 - ii. wear, tear, deterioration, corrosion or decay; or
 - (2) actual or perceived loss in value to any property, including but not limited to, because materials used to repair or replace lost or damaged property does not match undamaged property; or
 - (3) consequential loss or damage to property which is a result of a condition of the property which is uninsured or excluded in Section I - Uninsured Loss or Damage and Excluded Causes of Loss or Damage.
- d. General contractor fees or charges will only be included as reasonable replacement costs if it is reasonably likely that the services of a general contractor will be required to manage, supervise and coordinate the repairs.
- e. (1) **Actual cash value** and replacement cost settlements will not include payment of:
 - i. increased costs of or from the enforcement of any **building law**; or

- ii. costs to match property which is not damaged with materials used to repair or replace damaged property;

unless such fees, charges or costs are covered by this policy and if covered, until you actually incur and pay such fees, charges and costs.

- (2) If loss or damage to any property, or any **component part** thereof, may only be settled on an **actual cash value** basis without recovery of depreciation, then for that settlement, if actually covered and incurred:

- i. item (1)i. will be paid without deduction for depreciation; and
- ii. item (1)ii. will be paid with a deduction for depreciation.

6. Replacement Cost Settlement - Time Limitation.

For any loss to property which may be settled on a replacement cost basis, you have 365 days from the date of our first payment toward **actual cash value** to collect any amounts due for replacement cost settlement. Additional extensions of six months shall be provided if good cause can be shown. If the loss or damage is related to an event for which a "state of emergency" as defined in Section 8558 of the California Government Code was declared, you will have 24 months from the date of our first payment toward **actual cash value** to make a claim for replacement cost. The property must be actually repaired or replaced by you to collect replacement cost. If you do not actually repair or replace the property within 365 days from the date of our first payment toward **actual cash value**, then the loss or damage will only be settled at **actual cash value**.

7. Other Insurance.

Except as provided below, this insurance is excess of any other insurance covering the property. If covered property sustains loss or damage covered by any other insurance, we will be liable only for that portion of the loss covered by this policy that is in excess of the limit of insurance that applies to the other insurance. For purposes of this provision, other insurance includes any type of warranty or service or maintenance contract.

If insurance issued by us or any other member company of the Farmers Insurance Group of Companies[®] covers the loss or damage, the loss or damage will only be payable under the single policy providing the highest limit of insurance.

8. Deductible Clause.

- a. We only pay for loss or damage when a covered loss exceeds the deductible(s) amount applicable to the property. The deductible(s) applies separately to each

loss or damage event. All limits of insurance, including special limits, will be applied after the appropriate deductible(s) to the loss or damage is applied.

- b. The following provision applies only if a mortgagee is named in the policy:

For any loss in which only the mortgagee's interest is adjusted and settled, not including any interest that you may have in the property or loss, the applicable deductible will be the smallest of the following amounts:

- (1) the deductible stated in the Declarations; or
- (2) \$1,000.

The policy deductible stated in the Declarations will apply to settlement of any interest you may have in the property or loss.

9. Loss or Damage to a Pair or Set.

We may elect to:

- a. pay for the repair or replacement of any part of the pair or set to restore it to its value before the loss or damage; or
- b. pay the difference between the **actual cash value** of the property before and after the loss or damage.

Loss or damage to a part does not mean a total loss or damage of the pair or set.

10. Appraisal.

- a. If you or we fail to agree on the **actual cash value** or the **incurred property damage** of your **claimed loss**, either you or we may make a written demand for appraisal. In the event of a government declared disaster, as defined in the Government Code, appraisal may be requested by either the **insured** or this company but shall not be compelled. The appraisal shall be made in strict conformance with the terms of this Appraisal condition. Neither you nor we may assign the right to demand appraisal, whether before or after loss or damage. Any assignment shall be void.
- b. (1) Within 20 days of the receipt of a written demand for appraisal, you and we each shall:
 - i. appoint a qualified individual person as an appraiser; and
 - ii. notify the other in writing of the appraiser's name and contact information.
- (2) In order for a person to be qualified to act as an appraiser, the person must be competent, independent, neutral and impartial. A person:
 - i. who has performed, or who is employed by any entity which has performed any work, or a person

- who has provided any service for either you or us in relation to any **claimed loss** under this policy, whether or not such work or service has been or will be paid; or
- ii. who has or may perform, or who is employed by an entity which has or may perform repairs or replacement of your property;
- shall not be qualified to serve as an appraiser.
- (3) Upon acceptance of the appointment, each appraiser shall within 5 days disclose in writing to you and to us any known facts which a reasonable person may consider to affect the independence, neutrality or impartiality of the appraiser, including without limitation:
- i. any financial or personal interest in the outcome of the appraisal; and
- ii. any current or previous relationship with you or us, or your or our counsel, other representative(s) or experts, or with the other appraiser.
- c. You and we may provide the appraisers, and the umpire if appointed, with estimates, expert opinions, appraisal forms or any information you or we believe to be relevant to the appraisal. Any such documents and information must also be provided to the other party. However, no formal legal discovery shall be conducted by either the appraisers, any umpire, or you or us during or for the preparation of the appraisal, and no court reporter shall be used. The rules of civil procedure and the rules of evidence shall not apply to the appraisal process, and no hearing shall be conducted by the appraisers at which either you or we provide any evidence pertaining to your **claimed loss**.
- d. (1) The appraisers shall determine the **incurred property damage**, if any, to each of the **component parts** of that property for which you have **claimed loss**, and the **actual cash value** of the **incurred property damage**, as of the date of the loss. In determining the **actual cash value** of the **incurred property damage**, the appraisers shall only use reasonable costs of materials of like kind and quality unless the policy expressly provides otherwise.
- (2) The appraisal shall separately state and itemize the following for each individual **component part** of the **incurred property damage**:
- i. a description of each **component part** of the property;
- ii. a description of the distinct and demonstrable physical injury to or destruction of each **component part**, if any, without reference to what caused the damage;
- iii. a description of the reasonably necessary repairs or replacements for each **component part** of property;
- iv. the estimated costs of the reasonably necessary repairs or replacement(s) to each **component part** of property;
- v. the estimated amount of proper depreciation and/or obsolescence to each **component part** of property; and
- vi. the **actual cash value** of the **incurred property damage**.
- (3) The appraisers will provide detailed, verifiable support:
- i. of the reasonableness of the costs, including unit costs;
- ii. that the materials are of like kind and quality, if the policy loss settlement requires like kind and quality settlement; and
- iii. of the factors and basis used to determine depreciation and/or obsolescence.
- (4) The appraisers may consider and provide you and us with a separate statement of the estimated cost(s) for any repairs or replacements which may be required by **building laws**, but the appraisers may not determine whether such amounts are covered by this policy.
- (5) The appraisers shall submit their written appraisal in strict conformance with this subsection d., to both you and to us, and the amounts agreed upon by the appraisers will be the **incurred property damage** and the **actual cash value** of the **incurred property damage** to each **component part** of property for which you have **claimed loss**, and will be binding. Substantial conformance with this Appraisal condition does not satisfy the terms of this Appraisal condition.
- (6) The appraisers are not authorized to, and shall not decide the cause, or causes, of your **claimed loss** or any **incurred property damage**.
- (7) The appraisers are not authorized to decide whether any **incurred property damage** is covered by this policy.
- As appropriate, each of the foregoing shall also apply to theft.

- e. (1) If the appraisers cannot agree on the **incurred property damage** or the **actual cash value** of the **incurred property damage**, they will advise each of us of their failure to agree and of the need to appoint an umpire to resolve their differences. The appraisers may then agree on an umpire. If the appraisers advise each of us that they cannot agree on an umpire, you or we shall then first request the American Arbitration Association (AAA) to select an umpire.
- (2) Only if the AAA advises you and us in writing that it cannot appoint an umpire may we then jointly request a judge of a district court in the judicial district where the **residence premises** is located to select an umpire. A judge of a district court does not include a commissioner or a judge of a county court at law, a justice court, a municipal court, a probate court, or of a commissioner's court.
- (3) In order for a person to be qualified to act as an umpire, such person must be qualified and meet the conditions as required in subsection b.(2).
- (4) Upon the appointment of an umpire by the appraisers, AAA or a district judge, the umpire shall within 5 business days disclose in writing to you and to us the information required in subsection b.(3).
- (5) Within 20 days of a qualified umpire being appointed, each of the appraisers shall then submit to the umpire, and to both you and us, their appraisals. Their appraisals shall contain all of the information required in subsection d. above, and shall identify each specific matter upon which they disagree and explain in detail why they disagree. Both appraisers and the umpire shall then together meet and confer. The umpire shall then prepare an appraisal. A written appraisal in strict conformance with and setting forth all the information required in subsection d. above, agreed upon and signed by the umpire and either one or both of the two appraisers will determine the **incurred property damage** and the **actual cash value** of the **incurred property damage** of your **claimed loss**, and will be binding.
- (6) If a vacancy should occur regarding the umpire, the vacancy shall be filled in accord with the foregoing process by which the vacating umpire was appointed. Any appointed umpire is subject to (3) and (4) of this subsection e.
- f. Each party will pay the costs of the appraiser it chooses. The costs of the umpire, including if appointed by AAA, and all other reasonable expenses of the appraisal will be shared and paid equally by you and us. If AAA appoints the umpire, we will pay AAA's process fees.
- g. The appraisal shall not:
- (1) determine whether your **claimed loss** or any **incurred property damage**, or any part thereof, is covered by this policy;
 - (2) determine the cause or causes of the **claimed loss** or any **incurred property damage**;
 - (3) make any factual finding which directly or indirectly determines whether your **claimed loss** or **incurred property damage**, or any part thereof, is covered by this policy;
 - (4) interpret this policy;
 - (5) award or determine any interest or penalties;
 - (6) determine whether property which has not sustained **incurred property damage** is to be matched with materials used to repair or replace property that has sustained **incurred property damage**, or any amount for matching;
 - (7) determine whether the services of a general contractor will be required to manage, supervise and coordinate the repairs, or any amount for general contractor's fees or charges;
 - (8) determine loss settlement under a loss settlement provision of this policy; or
 - (9) be considered to be adjustment of your **claimed loss**.
- h. Any demand for appraisal must be made within the contractual suit limitations period stated in this policy. After that time neither you nor we may demand an appraisal.
- i. If you or we timely demand an appraisal, then upon request or motion made by either you or us for abatement of any suit for or involving the **claimed loss**, the suit shall be abated until after an appraisal award is made in strict conformance with this Appraisal condition.
- j. Even after an appraisal award, we retain the right to deny any **claimed loss** or **incurred property damage**, or any part thereof.
- 11. Intentional Acts, Criminal Acts, and Fraud.**
- We do not provide coverage for loss or damage if any **insured** has before or after the loss or in relation to any insurance provided in this policy:
- a. concealed or misrepresented any material fact or circumstance;
 - b. intentionally caused or arranged for the loss or damage;

- c. directly or indirectly caused the loss or damage while committing or concealing a felony as defined by either federal or state law;
- d. engaged in fraudulent conduct; or
- e. made material, false statements.

We do not provide coverage for loss or damage resulting from a criminal act committed by or at the direction of any **insured**. This applies whether the loss or damage is the intended result of such an act, even if not subjectively intended or expected by any **insured**. This applies even if any **insured** is not actually charged with or convicted of a crime.

We do not provide coverage for loss or damage which arises or results from or is caused by a criminal act for which any **insured** is actually convicted or for which any **insured** pleads guilty, no contest or true in a criminal proceeding.

12. Suit Against Us.

No suit or other action can be brought against us, our agents or our representatives unless there has been full compliance with all the terms of this policy, including, but not limited to:

- a. submission to requested examinations under oath; or
- b. valuation of the **actual cash value** and/or the **incurred property damage** by appraisal, if the suit or action involves such.

Suit on or arising out of the Section I - Property Coverage of this policy must be brought within one year after inception of the loss or damage.

13. Loss Adjustment and Payment.

If, within a six-month period, we assign more than two adjusters to be primarily responsible for a claim for loss, we will provide you with a written status report of the claim in a timely manner. The report will include a summary of any decisions or actions that are substantially related to the disposition of the claim. This includes but is not limited to, the amount of losses to structures or contents, the retention or consultation of design or construction professionals, the amount of coverage for losses to structures or contents and all items of dispute.

At our option, we may adjust all losses with you. We may pay you unless another payee is named in the policy, in which case we will pay as interests appear. We will pay within 30 days after:

- a. we reach agreement with you;
- b. a final judgment; or
- c. an appraisal award.

Upon our receipt of an appraisal award, in conformance with the Appraisal provision of this policy, payment by us of the award, or any part of the award, within the time required in this policy estops any contractual or extra-contractual claim by you which may directly or indirectly arise from or may be related to the failure of you and us to agree as to the **actual cash value** and/or the **incurred property damage** of your **claimed loss**. Your failure or refusal to accept our payment does not affect estoppel. Our payment of the award, or partial payment, binds you and us to that part paid and estops any contractual or extra-contractual claim as to that part paid.

14. Abandoned Property and Our Option.

We need not accept property abandoned by an **insured**. At our sole option and discretion, we may repair or replace any part of the damaged property with material or property of like kind and quality or we may take all or part of the damaged property at an agreed or the appraised value. We will give you written notice of our intention within 30 days after receipt of your signed sworn statement of loss or the written agreement from the appraisal.

15. Mortgagee Clause.

- a. Mortgagee includes trustee or loss payee. If a mortgagee is named in this policy, a covered loss 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.

If we deny your claim, based on your act, omission, or neglect, such denial will not apply to a mortgagee's valid claim if the mortgagee:

- (1) knows and promptly notifies us of any change of ownership, occupancy, or **vacancy**, or of substantial change in risk;
- (2) pays on demand any premium due if you have failed to do so; and
- (3) submits a signed, sworn statement of loss within 60 days after we notify the mortgagee of your failure to do so.

- b. All policy conditions and terms will apply to the mortgagee, except Misrepresentation, Concealment or Fraud, unless committed by the mortgagee or its representatives. A mortgagee will only have a valid claim if it knows and promptly notifies us of any change in ownership, occupancy, or **vacancy**, or of a substantial change in the risk.

c. We will give the mortgagee at least 10 days notice before we cancel this policy. If we pay the mortgagee for any loss and deny payment to you:

- (1) we have right of recovery against any party responsible for the loss; and
- (2) at our option, we may pay off the entire mortgage debt to the mortgagee. In this event, we receive full assignment and transfer of the mortgage, including all security held as collateral to the mortgage debt, and we are subrogated to all the rights of the mortgagee under the mortgage.

A mortgagee's claim will not be impaired by transfer of a right of recovery.

16. No Benefit to Bailee.

This insurance will not benefit any person or organization who may be storing, holding or caring for or handling or moving property for a fee. We will not recognize any assignment or grant any coverage hereunder to any such person or organization.

17. Salvage.

We have salvage rights to damaged property for which we pay loss benefits. We have the right to all or part of the property which may be recovered, including property substituted by others to conceal the loss.

Section II - Liability

Section II - Liability Coverage

We will insure you for the coverages as described below except as otherwise shown in the Declarations.

Coverage E (Personal Liability)

We will pay those damages which an **insured** becomes legally obligated to pay because of:

1. **bodily injury** resulting from an **occurrence**; or
2. **property damage** resulting from an **occurrence**.

At our expense and with attorneys of our choice, we will defend an **insured** against any suit seeking damages covered by Coverage E (Personal Liability). Our obligation to defend a suit seeking damages, which is a court proceeding initiated by the filing of a complaint seeking damages, ends once we have paid our applicable **stated limit**. We may investigate and settle any claim or suit seeking damages as we deem appropriate.

We do not have any duty to defend or settle any suit involving actual, alleged, threatened or declared **bodily injury** or **property damage** not covered under this liability insurance. This applies whether or not the suit is groundless, false or fraudulent.

Coverage F (Medical Payments to Others)

We will pay reasonable medical expenses for necessary medical services furnished to a person to whom this coverage applies for treatment of **bodily injury**. This will apply for services within three years from the date of the **occurrence** causing **bodily injury**.

Necessary medical services are limited to necessary medical, surgical, dental, x-ray, ambulance, hospital, professional nursing and funeral services. These include the costs of pharmaceuticals, orthopedic and prosthetic devices, eyeglasses, and hearing aids.

Necessary medical services do not include:

1. treatment, services, products or procedures that are:
 - a. experimental in nature, for research, or not primarily designed to serve a medical purpose; or
 - b. not commonly and customarily recognized throughout the medical profession and within the United States as appropriate for the treatment of the **bodily injury**;
2. the use of:
 - a. thermography or other related procedures of a similar nature; or
 - b. acupuncture or other related procedures of a similar nature; or
3. purchase, rental cost, or use of:
 - a. hot tubs, spas, water beds;
 - b. exercise equipment;
 - c. heating or vibrating devices;
 - d. furniture or equipment not primarily designed to serve a medical purpose;
 - e. memberships in health clubs; or
 - f. medical reports, unless requested by us.

A reasonable medical expense means the usual and customary expense for the necessary medical services.

This coverage applies to:

1. persons on an **insured location** with permission of an **insured**; or
2. persons off an **insured location** if the **bodily injury** is:
 - a. the result of a condition on the **insured location** or the ways immediately adjoining;
 - b. caused by the activities of an **insured**;
 - c. caused by a **residence employee** in the course of employment by an **insured**; or
 - d. caused by an animal or creature owned by or in the care of an **insured**.

This coverage does not apply to:

1. persons injured as a result of their intentional acts;
2. any **insured** or any person regularly residing on an **insured location**, except a **residence employee** who is in the course and scope of employment by any **insured**; or
3. any person eligible to receive benefits provided or mandated under any workers' compensation, occupational disease or non-occupational disability law.

Payment for this coverage is not an admission of liability by any **insured** or us.

Section II - Liability Extensions of Coverage

We will insure you for the Extensions of Coverage as described below, subject to the Declarations.

1. Claim Expenses.

We pay:

- a. all costs we incur in our settlement of a claim or defense of a suit with attorneys of our choice;
- b. premiums on bonds required in a suit we defend, but not for a bond amount greater than the Coverage E **stated limit**. However, we are not obligated to apply for or furnish a bond;
- c. reasonable expenses incurred by an **insured** at our specific request to help us investigate or defend a suit. When we ask an **insured** to attend hearings or trials we will pay actual loss of earnings (but not other income) up to \$250 per day; and
- d. interest after entry of judgment. This will only apply to that portion of damages covered by this policy subject to the applicable Coverage E or F **stated limits**. We will only be responsible for interest that accrues on the amount of such damages until we pay, have given written offer to pay or have deposited such amount with a court.

2. First Aid Expenses.

We will reimburse reasonable and necessary first aid expenses for **bodily injury** to others incurred by an **insured** at the time of an **occurrence** to which this liability coverage applies. We do not pay for first aid to you or any other **insured**.

3. Damage to Property of Others.

At your request, we pay replacement cost up to \$1,500 per **occurrence** for **property damage** to property of others caused by an **insured**. We will not pay for **property damage**:

- a. to property covered in Section I - Property Coverage;
- b. intentionally caused by an **insured** who is 13 years of age or older;
- c. to property owned by or leased or rented to an **insured**, a tenant of an **insured**, any resident of an **insured's** household or anyone who cohabits with an **insured**;
- d. to **business property**;
- e. which arises out of any **business** engaged in by an **insured**;
- f. which arises out of premises owned, rented or controlled by an **insured**, other than an **insured location**; or
- g. which arises out of the ownership, maintenance, operation, use, moving, occupancy, loading or unloading or entry or exit of **aircraft**, watercraft, or **motor vehicles** or any other motorized land conveyance or trailers.

4. Association Loss Assessment Coverage.

If the Declarations show a loss assessment coverage amount and the **residence premises** is subject to and governed by a homeowners or property owners association of which you are a member, then subject to the rules of the association we will pay up to the Loss Assessment **stated limit** for your share of any assessment levied against you and other owners of units by the association, but only as follows if the assessment is:

- a. for accidental, direct, distinct and demonstrable, physical loss or damage to tangible property owned in common by all association members, the loss or damage must be loss or damage that manifests during this policy period or the twelve months immediately following the end of this policy period and be loss or damage we would cover in Section I - Property Coverage as it would apply to your **dwelling** or other property you own; or
- b. for **bodily injury**, **property damage** or **personal injury**, if **personal injury** coverage is provided herein, for which the association becomes liable, then the **bodily injury**, **property damage** or **personal injury** must result from an **occurrence** to which Section II of this policy would apply to an **insured**. However, we will not pay for an assessment for **property damage** in this part b. if we would not cover the loss or damage in Section I - Property Coverage if the loss or damage had occurred to property covered in Section I - Property Coverage.

The **stated limit** is the most we will pay with respect to any one loss event, regardless of the number of assessments which may be levied by the association for loss or damage or liability arising from that event. This coverage is excess over any collectible insurance covering the association for the loss or damage or liability, whether the association files a claim for

the loss or damage or liability with its insurer. You must make a claim for this coverage with us within 365 days of notice to you of the assessment. Claims made after that time are void. Our sole responsibility in this coverage is to pay for a covered assessment.

5. **Personal Injury.**

If the Declarations show **personal injury** coverage applies, we will pay those damages which an **insured** becomes legally obligated to pay because of **personal injury** resulting from an **occurrence** to which this coverage applies.

At our expense and with attorneys of our choice, we will defend an **insured** against any suit seeking damages covered as **personal injury**. Our obligation to defend a suit seeking these damages ends once we have paid the applicable limit of insurance. We may investigate and settle any claim or suit seeking damages as we deem appropriate.

6. **Workers' Compensation Coverage of Residence Employees.**

We will pay all benefits which an **insured** is required to provide under the Workers' Compensation Law of California for **residence employees** because of **bodily injury** by accident or by disease.

This coverage only applies to a **residence employee**:

- a. who during the 90 calendar days immediately preceding the date of **bodily injury** by accident or by disease:
 - (1) has been employed by an **insured** for at least 52 hours; and
 - (2) has earned at least one hundred dollars (\$100) in wages from the **insured**; and
- b. who suffers a **bodily injury** by accident or by disease which:
 - (1) occurs during the policy period; and
 - (2) arises out of and in the course of employment as a **residence employee**.

The **insured** is responsible for any payment(s) in excess of the benefits regularly provided by the Workers' Compensation Law.

We do not cover liability of an **insured** for additional compensation imposed under Sections 4553 and 4557, Division IV, Labor Code of the State of California, by reason of:

- a. the serious and willful misconduct of the **insured** or any representative of the **insured**; or
- b. injury to a **residence employee** under 16 years of age and illegally employed at the time of injury.

Section II - Liability Exclusions

Coverage E (Personal Liability), Coverage F (Medical Payments to Others) and **personal injury** coverage, if covered by this policy, are subject to the following exclusions:

1. **Any Insured or Other Residents of any Insured's Household.**

We do not cover **bodily injury** or **personal injury** to:

- a. any **insured**; or
- b. any resident of any **insured's** household.

However, we do cover **bodily injury** to a **residence employee** unless the **bodily injury** is the result of the conduct of an **insured** or representative of an **insured** which would be serious and willful misconduct under the workers' compensation laws.

2. **Business.**

We do not cover **bodily injury**, **property damage** or **personal injury** which arises from, during the course of, or in connection with any past or present **business** engaged in by any **insured** or conducted from any **insured location**. This includes, but is not limited to, any warranty, any act, or any duty rendered, promised, owed or implied to be provided because of the nature of the **business**. This exclusion does not include the rental or holding for rental of that part of the **residence premises** not occupied by any **insured**.

3. **Business or Professional Services.**

We do not cover **bodily injury**, **property damage** or **personal injury** which arises from, during the course of, or in connection with the rendering or failure to render **business** or professional services. This exclusion does not include the rental or holding for rental of that part of the **residence premises** not occupied by any **insured**.

4. **Contract or Agreement - Performance.**

We do not cover **bodily injury**, **property damage** or **personal injury** which arises from, during the course of, or in connection with the performance, the quality of performance or failure to perform under a contract or agreement, whether **business** or non-**business**.

5. **Contract or Agreement - Liability Assumed or Imposed.**

We do not cover **bodily injury**, **property damage** or **personal injury** which arises from, during the course of, or in connection with liability assumed by or imposed upon any **insured** under any contract or agreement, whether **business** or non-**business** and whether that of a third party. This includes, but is not limited to, breaches of duty or express or implied warranties.

6. Agreement with Homeowners Association.

We do not cover **bodily injury, property damage or personal injury** which arises from, during the course of, or in connection with any agreement between any **insured** and a corporation or association of homeowners or property owners, except as provided in Section II - Liability Extensions of Coverage, Association Loss Assessment Coverage.

7. Rental Property.

We do not cover **bodily injury, property damage or personal injury** which arises from, during the course of, or in connection with the rental or holding for rental of any property or any part of any premises by any **insured** to any party. This exclusion does not apply to the rental or holding for rental of that part of an **insured location** which is rented or available for rent:

- to that part of the **residence premises** not occupied by any **insured**;
- on an occasional basis for sole use as a residence;
- to no more than two roomers or boarders at the same time for sole use as a residence; or
- as an office, studio or private garage.

8. Sale or Transfer of Property.

We do not cover **bodily injury, property damage or personal injury** resulting from, arising from, or in connection with property you or any **insured** has sold or transferred. This includes, but is not limited to:

- known, unknown or hidden property conditions, problems or defects, including, but not limited to, manufacturing, structural, or **plumbing**, heating, air conditioning or electrical system conditions, problems or defects;
- known, unknown or hidden soil or drainage conditions, problems or defects;
- concealment or misrepresentation of or the failure to disclose any known condition, problem or defect in or of the property; or
- contamination**.

9. Owned Property.

We do not cover **property damage** to property owned by any **insured** or any other resident of any **insured's** household. This includes expenses and costs incurred by any **insured** or others to repair, replace, 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**. This exclusion applies even where there has already been some injury or damage.

10. Non-owned Property - Used or in the Care, Custody or Control.

We do not cover **property damage** to non-owned property occupied by or used by, or in the care, custody or control of any **insured** or any other resident of any **insured's** household, whether by any agreement or otherwise, except as provided in Section II - Liability Extensions of Coverage, Damage to Property of Others. We do cover an **insured's** liability for **property damage** to such non-owned property if caused by or resulting from fire or lightning.

11. Other Locations.

We do not cover **bodily injury or personal injury** arising from or in connection with a location, other than an **insured location**, which is:

- owned by any **insured**;
- rented to any **insured**; or
- rented to others by any **insured**.

This exclusion does not apply to **bodily injury** to a **residence employee** arising out of and in the course and scope of the **residence employee's** employment by any **insured**.

12. Intentional Acts.

We do not cover **bodily injury, property damage or personal injury** which is caused by, arises out of or is the result of an intentional act by or at the direction of any **insured**. This includes, but is not limited to, any intentional act or intentional failure to act by any **insured**, whether a criminal act or otherwise, where resulting injury or damage would be an objectively probable consequence, even if not subjectively intended or expected by any **insured**. This exclusion applies whether or not:

- any **insured** mistakenly believes he or she has the right to engage in certain conduct;
- the injury or damage is sustained by persons or property not intended or expected by any **insured**;
- the injury or damage is different or greater or of a different quality than that intended or expected;
- any **insured** did not understand that injury or damage may result;
- any **insured** knew the intentional act or failure to act was a violation of any penal law, whether or not any **insured** is actually charged with or convicted of a crime;
- any **insured** was under the influence of any alcohol or narcotic;
- any **insured** was insane; or

- h. any **insured** is deemed not to have had the mental capacity to form the legal intent to commit the act or omission causing injury or damage.

For purposes of this exclusion, a plea of guilty, no contest, or true in a criminal proceeding, which involves the same acts or activities which are the basis of a claim for damages against any **insured**, shall conclusively bar any **bodily injury**, **property damage** or **personal injury** which arises or results from or caused by such acts or activities.

13. **Home Care Services.**

- a. We do not cover **bodily injury**, **property damage** or **personal injury** which arises from, during the course of, or in connection with home care services, including, but not limited to, child care, day care or foster care services, whether or not licensed or otherwise approved by a governmental agency or body, provided to any person on a regular basis by or at the direction of:

- (1) any **insured**;
- (2) any employee of any **insured**; or
- (3) any other person actually or apparently acting on behalf of any **insured**.

Regular basis means more than a cumulative 20 hours per week provided to any one person or group of persons whether that person is the injured party or not.

- b. This exclusion does not apply to:

- (1) home care services provided to any **insured's** relative, who is not a resident of your household;
- (2) occasional or part time home care services provided by any **insured** under 21 years of age;
- (3) the providing of home care services or babysitting services for which compensation is not received, other than the mutual exchange of such services; or
- (4) the providing of child care, day care or foster care services for not more than a cumulative 20 hours per week by or at the direction of:
 - i. any **insured**;
 - ii. any employee of any **insured**; or
 - iii. any other person actually or apparently acting on behalf of any **insured**.

When this exclusion does not apply as set forth in subsection b., the Section II - Liability Exclusions for Business and Business or Professional Services also do not apply to those activities.

14. **Transmitting a Communicable Sickness or Disease.**

We do not cover **bodily injury**, **property damage** or **personal injury** which is caused by or arises out of any **insured** transmitting a communicable sickness or disease, including, but not limited to, sexually transmitted sickness or disease. This exclusion applies whether or not the act of transmitting the sickness or disease was consensual or voluntary. This also applies whether or not any **insured** knew he or she was infected with or bore the sickness or disease or that it could be transmitted to another person.

15. **Aircraft, Motor Vehicles, or Watercraft.**

We do not cover **bodily injury**, **property damage** or **personal injury** which arises from, during the course of, or in connection with the ownership, maintenance, operation, use, occupancy, loading or unloading, moving or movement, or entry or exit by any **insured** of any:

- a. **aircraft**;
- b. **motor vehicle**;

However, this exclusion does not apply to:

- (1) a motorized golf cart not subject to **motor vehicle** registration while:
 - i. on the golf course and being used for golfing purposes; or
 - ii. in 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 the **residence premises**;
- (2) lawn, garden or farm equipment principally used on the **residence premises**;
- (3) recreational vehicles not subject to **motor vehicle** registration while used on the **residence premises**, including, but not limited to, all-terrain vehicles;
- (4) any watercraft, camper, home or utility trailer not being towed or carried on a **motor vehicle**; or
- (5) a motorized assisted living device designed to assist the disabled; or

- c. watercraft which:

- (1) has more than a 50 horsepower inboard or outdrive motor power;
- (2) is powered by one or more outboard motors with more than 25 total horsepower;
- (3) is a sailing vessel, with or without auxiliary power, 26 feet or more in length;

- (4) uses a powered **water** jet pump as the primary source of propulsion; or
- (5) uses an air cushion to hover over **water** surfaces.

This subsection c. does not apply to any watercraft while stored on the **residence premises**.

This exclusion does not apply to **bodily injury** to a **residence employee** in the course and scope of employment by any **insured** as a **residence employee**.

16. Entrustment and Negligent Supervision - Aircraft, Motor Vehicles, or Watercraft.

We do not cover **bodily injury**, **property damage** or **personal injury** which arises from, during the course of, or in connection with:

- a. the entrustment of any **aircraft**, **motor vehicle** or watercraft by any **insured** to any person; or
- b. the negligent supervision of any person by any **insured** regarding the maintenance, operation, use, occupancy, loading or unloading, moving or movement, or entry or exit of any **aircraft**, **motor vehicle** or watercraft.

Respecting **motor vehicles** and watercraft, this exclusion only applies to the same types of **motor vehicles** and watercraft excluded in Section II - Liability Exclusions, Aircraft, Motor Vehicles or Watercraft.

This exclusion does not apply to **bodily injury** to a **residence employee** in the course and scope of employment by an **insured** as a **residence employee**.

17. Vandalism or Malicious Mischief.

We do not cover **bodily injury**, **property damage** or **personal injury** which is caused directly or indirectly by or which arises from, during the course of, or in connection with any **vandalism** or **malicious mischief**. This exclusion applies even if the loss or damage is sustained by persons or property not intended or expected.

18. Destructive Acts.

We do not cover **bodily injury**, **property damage** or **personal injury** which is caused directly or indirectly by or which arises from, during the course of, or in connection with any destructive act. This includes acts directed against civilians, or military or governmental personnel or property by any domestic or foreign person(s), organization(s), entity or entities, government or any quasi-governmental body. This exclusion includes, but is not limited to, war, undeclared war, civil war, terrorism, insurrection, rebellion and revolution, all whether or not by military or paramilitary personnel, and includes any direct or indirect consequence of these, including **contamination**. This applies even if

the loss or damage is sustained by persons or property not intended or expected.

19. Fungus, Noxious Substance, Nuclear Substance, Pathogen or Pollutant.

We do not cover **bodily injury**, **property damage** or **personal injury** which is caused by, results from, or is in connection with or arising from any **fungus**, **noxious substance**, **nuclear substance**, **pathogen** or pollutant, all whether combined with, caused by or resulting from **water**.

This includes, but is not limited to:

- a. the actual, alleged or threatened discharge, dispersal, seepage, release, migration, trespass or escape of any **fungus**, **noxious substance**, **nuclear substance**, **pathogen** or pollutant:
 - (1) from any premises, site or location; or
 - (2) during transportation, handling, storage, treatment, disposal or processing;
- b. **contamination** or **remediation**;
- c. any supervision, instruction, disclosure, failure to disclose, recommendation, warning;
- d. advice given or which allegedly should have been given, in connection with any **fungus**, **noxious substance**, **nuclear substance**, **pathogen** or pollutant, or **remediation** activities;
- e. any claim of nuisance concerning or related to any **fungus**, **noxious substance**, **nuclear substance**, **pathogen**, or pollutant;
- f. all costs, expenses or damages arising out of any order, claim, suit or threat of liability by or on behalf of a governmental authority or any other person or entity for injury, damages or injunctive relief because of or arising out of **contamination** or for **remediation**;
- g. anguish, distress, or fear of any person of **bodily injury** or **property damage** which may be caused by, arise out of or result from alleged, actual or threatened infection with, exposure to, absorption of or **contamination** by or with any **fungus**, **noxious substance**, **nuclear substance**, **pathogen**, or pollutant;
- h. actual, alleged, constructive or threatened diminution or loss of value of any property from the actual or alleged presence of any **fungus**, **noxious substance**, **nuclear substance**, **pathogen** or pollutant, including, but not limited to, loss of equity, loss of rents, loss of use or feared or actual economic loss; or

- i. sums an **insured** is required to expend in equity for or relief from **bodily injury, property damage or personal injury**.

This applies whether a **noxious substance, nuclear substance, pathogen** or pollutant:

- a. was used legally, normally or intentionally for the purpose for which it was intended;
- b. has any function with respect to your property;
- c. was a localized event; or
- d. was confined within the general area of its intended use.

20. **Illegal or Controlled Substance.**

We do not cover **bodily injury, property damage or personal injury** which arises from, during the course of, or in connection with the use, sale, growth, manufacture, distribution, delivery, transfer or possession of any substance which is illegal or is a controlled substance under either federal or state law. Such substances include, but are not limited to: cocaine, LSD, methamphetamines, marijuana and all narcotic drugs.

This exclusion does not apply to the legal use, under both state and federal law, of prescription drugs legally prescribed by a licensed physician.

21. **Punitive or Exemplary Damages, Fines, Penalties or Attorney Fees.**

We do not cover punitive or exemplary damages or any amount in the nature of a civil fine or penalty assessed or imposed under any code, statute or regulation or by any court, or any award or assessment of attorney fees. We also do not cover the cost of defense, including attorney fees, related to any such damages, fines or penalties.

22. **Workers' Compensation.**

Except as provided in Section II - Liability Extensions of Coverage, Workers' Compensation Coverage of Residence Employees, and as provided under Section II - Liability Exclusions, Any Insured or Other Residents of any Insured's Household, we do not cover **bodily injury** to any person eligible to receive benefits required to be provided or which may voluntarily be provided by an **insured** under any workers' compensation, occupational disease or non-occupational disability law.

23. **Nuclear Energy Liability Insurance.**

We do not cover **bodily injury or property damage** when any **insured** is covered under any nuclear energy liability policy. This exclusion applies even if the limits of that policy have been exhausted.

24. **Obligation to Reimburse, Share or Indemnify Damages.**

We do not cover any claim to reimburse, share with or indemnify any person or entity for damages, costs or expenses incurred by or awarded against that person or entity which arises out of or results from any type of event or activity specified in these Section II - Liability Exclusions.

25. **Statutory Liability.**

We do not cover any liability imposed by statute on any **insured** which arises out of, is connected with or results from any type of event or activity specified in these Section II - Liability Exclusions.

26. **Violation of Ordinance, Penal Law or Criminal Acts.**

We do not cover **personal injury** arising from, during the course of or in connection with a violation of any ordinance, order or penal law committed by, or with the knowledge or consent of any **insured**, or any criminal act by any **insured**.

For purposes of this exclusion, a plea of guilty, no contest, or true in a criminal proceeding, which involves the same acts or activities which are the basis of a claim for damages against any **insured**, shall conclusively bar any **personal injury** which arises or results from or is caused by such acts or activities.

27. **Employment - Personal Injury.**

We do not cover **personal injury** which arises from, during the course of, or in connection with any offense directly or indirectly related to the employment of any person by any **insured**. This applies whether the offensive activity is an employment-related practice, policy, act or omission and whether the substance or context of the offense is employment-related.

28. **Civic or Public Activities.**

We do not cover **bodily injury, property damage or personal injury** which arises from, during the course of, or in connection with civic or public activities performed for pay, not including expense reimbursement, by any **insured**.

29. **Molestation, Abuse or Corporal Punishment.**

We do not cover **bodily injury, property damage or personal injury** which arises from, during the course of, or in connection with any actual, alleged, or threatened molestation, abuse or corporal punishment of any person by anyone, including, but not limited to:

- a. any **insured**;
- b. any employee of any **insured**;

- c. any volunteer, person for hire, or any other person who is acting or who appears to be acting on behalf of any **insured**; or
- d. any **insured** or employee of an **insured** where there are allegations of negligent supervision, negligent hiring, training, or negligent entrustment or any allegation that an **insured** or employee of an **insured** failed, or allegedly failed, to train, supervise, detect, report or otherwise prevent any person from allegedly molesting, abusing or punishing, or continuing to allegedly molest, abuse or punish any person.

We have no duty to defend or settle any molestation, abuse or corporal punishment claim or any claim of negligent supervision, negligent hiring, failure to report, failure to prevent or negligent entrustment suit against any **insured** or any other person.

This exclusion applies even if:

- a. any **insured** or any other person mistakenly believes he or she has the right to engage in certain conduct;
- b. the injury is sustained by persons not intended or expected by an **insured**;
- c. the injury is different or greater or of a different quality than that intended or expected;
- d. any **insured** or any other person did not understand that injury may result; or
- e. any **insured** or any other person knew the acts or failure to act was a violation of any penal law, whether or not an **insured** is actually charged with or convicted of a crime.

For purposes of this exclusion, a plea of guilty, no contest, or true in a criminal proceeding, which involves the same acts or activities which are the basis of a claim for damages against any **insured** or any other person, shall conclusively bar any **bodily injury, property damage or personal injury** which arises or results from or is caused by such acts or activities.

Section II - Liability Conditions

1. Limits of Insurance.

- a. The **stated limit** for Coverage E (Personal Liability) is both the per **occurrence** and the **annual aggregate limit**. All claims which result from or arise out of any one person's **bodily injury**, including death, shall collectively be considered one **occurrence** and will be subject to the per **occurrence** limit.
- b. The **stated limit** for Coverage F (Medical Payments to Others) is the most we will pay in Coverage F for all necessary medical services for **bodily injury** to any one

person for any one **occurrence**. Payments for Coverage F are part of and subject to the Coverage E **annual aggregate limit**.

If **personal injury** coverage is purchased separately by you, then payments for **personal injury** damage are part of and subject to the Coverage E **annual aggregate limit**.

2. Separate Insurance.

This liability coverage applies separately to each **insured**. This condition will not increase our **annual aggregate limit** or our per **occurrence** limit of insurance. However, exclusions in this liability coverage as applied to any one **insured** may limit or exclude coverage as to all **insureds**.

3. Duties After Loss.

In case of an **occurrence**, an **insured** must perform the following duties:

- a. give written notice to us or our agent as soon as possible and state:
 - (1) the policy number, your name and the name of the **insured** against whom the claim is made;
 - (2) the time, place and circumstances of the **occurrence** or claimed **personal injury**; and
 - (3) names and addresses of claimants and witnesses;
- b. immediately send us any notice or demand or legal papers received relating to a claim or suit;
- c. cooperate with and assist us in any matter relating to a claim or suit;
- d. provide all information we request to investigate the claim or suit;
- e. for Damage to Property of Others, send us a sworn statement of loss within 90 days of the loss. Also show us and give us access to any damaged property which is within an **insured's** control;
- f. an **insured** will not, except at that **insured's** own cost, volunteer any payment, assume any obligation or incur any expense except First Aid Expenses;
- g. submit to examinations under oath at such times and places as we reasonably designate, separately and apart from any other person defined as you or **insured** and sign a transcript of the examination;
- h. produce representatives, employees, members of the **insured's** household or others for interviews or examinations under oath to the extent it is within the **insured's** power to do so;
- i. cooperate and assist us and not do anything to inhibit or release any right of contribution, recovery or indemnity

against any person or organization who may be liable to an **insured** for activities related to a claim or suit; and

- j. as reasonably requested, attend hearings and trials concerning the suit.

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

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

- a. give us written proof of claim as soon as possible, under oath if required; and
- b. authorize us to obtain medical reports and records.

The injured person must submit to a physical exam by a doctor we choose when and as often as we reasonably require.

5. **Suit Against Us.**

No action can be brought against us unless there has been full compliance with the terms and conditions of this policy. No one has any right to make us a party to a suit to determine the liability of a person we insure or to make us a party to any action against an **insured**. We may not be sued in Coverage E (Personal Liability) until the obligation of an **insured** has been determined by final judgment after actual trial or by agreement signed by us. In Coverage F (Medical Payments to Others), no action can be brought until 30 days after the required proofs of claim have been filed with us.

6. **Bankruptcy of an Insured.**

Bankruptcy or insolvency of an **insured** or of an **insured's** estate will not relieve us of our duties in this policy.

7. **Other Insurance - Coverage E (Personal Liability).**

This insurance is excess over any other valid and collectible insurance. If any applicable insurance other than this policy is issued to you by us or any other member company of the Farmers Insurance Group of Companies[®], the total amount payable among all such policies shall not exceed the **stated limit** or other limit of insurance of the single policy providing the highest limit of insurance.

Other Insurance - Section II - Liability Extensions of Coverages, Workers' Compensation Coverage of Residence Employees.

This insurance does not apply to any loss with respect to which other valid and collectible Workers' Compensation insurance applies.

8. **Workers' Compensation.**

- a. We will be directly and primarily liable to any **residence employee** of an **insured** entitled to the benefits of the Workers' Compensation Law under this policy.
- b. When a **residence employee** sustains **bodily injury** and notifies you, this shall be deemed notice of knowledge on our part. You must notify us immediately when you are notified of **bodily injury** to a **residence employee**.
- c. The jurisdiction of an **insured** will, for the purpose of the law imposing liability for compensation, be our jurisdiction.
- d. We will be bound by and subject to the orders, findings, decisions or awards rendered against an **insured** under the provisions of the law imposing liability for compensation, subject to the provisions, conditions and limitations of the policy. This policy shall govern as between an **insured** and us as to payments by either in discharge of an **insured's** liability for compensation.

General Conditions - Applying to the Entire Policy

1. **Entire Contract - Waiver or Change of Policy Provisions.**

This policy, including the Declarations and any endorsements, include all the agreements between you and us and any of our agents relating to this insurance. The terms, conditions, and exclusions of this policy may not be changed or waived by any oral agreement and may only be changed or waived by endorsement issued by us.

We may change this policy or replace it to conform to the policy form and coverage we then currently use. The change or new policy will be delivered to you or mailed to you pursuant to the Policy Notices condition in accordance with state law before its effective date. Our request for an appraisal or examination under oath will not waive any of our rights.

2. **Policy Period.**

This policy applies only to covered loss or damage in Section I and to **bodily injury, property damage** or **personal injury** which occurs during the policy period stated in the Declarations.

3. **Joint Obligations.**

The terms of this policy are joint obligations of all persons defined as an **insured**. This means that the responsibilities, acts, and failures to act of any **insured** will be binding upon any other **insured**. To the extent an **insured**, other than you, is a direct beneficiary of coverage by this policy, that

insured is also responsible for complying with the duties and responsibilities set forth in this policy.

4. **Misrepresentation, Concealment or Fraud.**

- a. We reserve the right to deny coverage for any loss or damage or claim for injury or damage or, as permitted by law, to void this policy, including but not limited to from its inception, if you or any **insured** has, at any time either before or after a claim or loss:
 - (1) negligently or fraudulently concealed, omitted or misrepresented any material fact or circumstance:
 - i. in the application for, change to or renewal of this insurance; or
 - ii. in the presentation of a claim or loss; or
 - iii. during our investigation of a claim or loss; or
 - (2) engaged in fraudulent conduct with respect to a claim or loss.
- b. If we make any payments pursuant to this policy and we later apply this condition, you must indemnify us for all payments made.
- c. We do not provide coverage for any loss or damage or claim for injury or damage if you or any **insured**, in connection with or related to any insurance provided in this policy:
 - (1) intentionally caused or arranged for the loss or damage or claim;
 - (2) caused the loss or damage while engaged in committing or concealing a felony; or
 - (3) had knowledge of the loss or damage or claim prior to the inception of this insurance.

5. **Liberalization Clause.**

If we make a change which broadens coverage in this edition of our policy without additional premium charge, that change will automatically apply to your policy 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.

This 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:

- a. a subsequent edition of this policy; or
- b. an amendatory endorsement.

6. **Initial Premium Payment.**

If any initial policy premium is remitted by check, draft, money order, electronic funds transfer (EFT) or credit card,

payment by such method is a conditional payment and is only accepted subject to collection. It is agreed that if the premium remittance is not honored, we may, at our option, rescind (void) coverage from inception.

7. **Cancellation.**

- a. The named insured 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.
- b. We may cancel this policy by mailing or delivering written notice to you pursuant to the Policy Notices condition. The mailing or delivering of it will be sufficient proof of notice.
 - (1) 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.
 - (2) When this policy has been in effect for less than 60 days and is not a renewal with us, we may cancel the policy for any reason, by letting you know at least 20 days before the date cancellation takes effect, unless the cancellation reason is fraud, in which case we will notify 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 for non-payment of premium in accordance with subsection b.(1) above. We may also cancel for one or more of the following reasons, in which case we will notify you at least 30 days before the date cancellation takes effect, unless the reason for cancellation is fraud as referenced below in ii., in which case we shall notify you in writing at least 10 days before the date cancellation takes effect:
 - i. you have been convicted of a crime having as one of its necessary elements an act increasing any hazard insured against;
 - ii. discovery of fraud or material misrepresentation by either of the following:
 - (a) an **insured** or his or her representative in obtaining this policy; or
 - (b) you or your representative in pursuing a claim under this policy;
 - iii. discovery of grossly negligent acts or omissions by an insured or his or her representative which substantially increase any of the hazards insured against;

- iv. physical changes in the insured property which result in its becoming uninsurable; or
 - v. any other underwriting reason allowed by law.
- c. If the property described under Coverage A (**Dwelling**) is foreclosed upon under the deed of trust or through any other legal means, or if the mortgagee otherwise acquires ownership of the **dwelling**, in our sole and absolute discretion, we may comply with a request by the mortgagee to cancel this policy of insurance on behalf of all parties who have an interest insured by this policy.
- d. If there is any refund of premium due, we will tender it within 25 days after the date cancellation takes place. The return premium will be calculated pro rata. Pro rata calculation means that we keep premium only for the period of time you were insured.

8. Renewal and Refusal to Renew.

We may elect to nonrenew by delivering or mailing, pursuant to the Policy Notices condition, written notice to you at least 45 days before the expiration date of this policy. The mailing or delivering of it will be sufficient proof of notice.

This provision to nonrenew does not apply if:

- a. we indicate our willingness to renew and you fail to pay the premium by the due date; or
- b. the named insured indicates to us or our agent that you do not wish the policy to be renewed.

If we elect to renew this policy, we may condition its renewal on an increase or reduction of **stated limits** or other limits of insurance or an increase or reduction or elimination of coverages or deductibles. If we offer to renew this policy, including conditioning renewal as indicated, we will deliver or mail a written offer in accordance with state law. Such mailing or delivering will be sufficient proof of notice. This policy will automatically terminate at the end of the policy period if you do not accept our offer to renew it. Failure to pay the required renewal premium means that you have declined our offer. It is agreed that if the premium remittance is not honored, you have failed to pay the premium and have declined our offer.

For any renewal offer we make, we may, but are not obligated to, increase the Coverage A (**Dwelling**) **stated limit** based on an updated estimated reconstruction cost of the **dwelling**, an inflation factor, changes in costs of construction, or any other method or combination of methods we may use to determine the amount for which we will offer to insure the **dwelling** at renewal. Any increase of the Coverage A **stated limit** will result in the proportionate increase of the **stated limits** for all coverages for which the applicable **stated limit** is a percentage of the Coverage A **stated limit**.

If this policy is written for a period of less than one year we agree not to refuse to renew except at the end of an annual period beginning with the original or renewal effective date.

9. Assignment and Death.

Any interest you may have in this policy or benefits payable under this policy may not be assigned or transferred to another person without our written consent and is void and invalid.

If you should die, we will cover:

- a. your spouse, civil union partner or domestic partner under applicable local, state or federal law of the United States or its territories, or of another country, if a resident of the same household with you at the time of your death, or any other member of your household on the **residence premises** who is an **insured** at the time of your death, but only while a resident of the **residence premises**;
- b. your legal representative while acting as such, but only with respect to the **residence premises** and property covered by this policy at the time of your death; or
- c. any person having proper temporary custody of your insured property until your legal representative is appointed and qualified.

10. Subrogation.

When we pay for any loss or damage, an **insured's** right to recover from anyone else for that loss or damage becomes our right up to the amount we have paid. **Insureds** must protect any of these rights and help us enforce them. However, an **insured** may waive in writing before a loss, all rights of recovery against any person. An **insured** may not waive after a loss any 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. We are entitled to payment, reimbursement and subrogation regardless of whether the total amount of the recovery by an **insured** on account of the loss or damage is less than the actual loss suffered by that **insured**. Subrogation does not apply to Section II - Liability.

11. What Law will Apply.

This policy is issued in accordance with the laws of the state in which the **residence premises** is located and covers property or risks principally located in that state. The laws of the state where the **residence premises** is located shall govern any and all claims or disputes in any way related to this policy.

12. Arbitration.

Any claim or dispute related to this policy, by an **insured** against us or us against an **insured**, may be resolved by arbitration only upon mutual consent of us and the other party subject to:

- no arbitrator has the authority to award punitive damages, exemplary damages or attorney's fees;
- neither of the parties are entitled to arbitrate any claims or disputes in a representative capacity or as a member of a class; and
- no arbitrator has the authority, without the mutual consent of the parties, to consolidate claims or disputes in arbitration.

13. Conflict of Terms.

If there are terms of this policy which conflict with statutes of the state where issued, the terms are amended to conform to such statutes.

14. Where Suits May be Brought.

Any and all suits related to this policy will be brought, heard and decided only in a state court located in the judicial district in which the **residence premises** is located or in a federal court located in the state in which the **residence premises** is located. Any and all suits against persons not party to this policy but involved in the sale, administration, performance or alleged breach of this policy, shall be brought, heard and decided only in a state court located in the judicial district in which the **residence premises** is located or in a federal court located in the state in which the **residence premises** is located, provided that such persons are subject to or consent to jurisdiction in the courts specified in this paragraph.

Nothing in this section shall limit or impair any party's right to remove a state court suit to a federal court.

15. Changed Information.

You agree that if any information we use to rate or underwrite your policy changes, including but not limited to whether you qualify for discounts, or if that information is determined by you or us to be incorrect or incomplete, then we may, during the policy period or at renewal, re-underwrite this insurance, including adjusting coverage and/or premium.

16. Additional Benefits and Services.

We may work with independent merchants for enhanced value for replacement of your property. We may also work with independent merchants for other services, discounts or benefits. We may introduce you to these merchants and if you

are interested in any of the services, discounts, or benefits that they may offer, you will have to deal directly with them. You do not have to use their services. You do not have to accept any discounts or benefits that they may offer to you. We do not make any representation regarding the suitability of any such services, discounts or benefits for your specific needs. We are not obligated to expand or continue to make available any such services, discounts or benefits.

17. Policy Notices.

We will address policy notices to you at your address shown in the Declarations. We may mail or, unless prohibited by law, deliver such notices to you. If a mortgagee is named in this policy, any notices we give to the mortgagee may be mailed or delivered.

However, when mailed, we or vendors we retain may forward or address such notices to an updated address per any change of address presented to or filed with the United States Postal Service. In addition, we may update our policy records to reflect this updated address and/or address future policy notices to this address.

Except where prohibited by law, a policy notice per this Policy Notices Condition will be deemed "mailed" or "delivered" if it is delivered by electronic transmittal or facsimile.

18. Reciprocal Provisions.

This policy is made and issued in consideration of your premium payment to us. It is also issued in consideration of the information you gave to us during the application process, some of which is set out on the Declarations, and in consideration of the Subscription Agreement, which is provided to you and incorporated herein by reference. You acknowledge that you have read, understood and agree to all the terms and conditions of the Subscription Agreement. Among other things, the Subscription Agreement appoints your Attorney-in-Fact, authorizes your Attorney-in-Fact to execute interinsurance policies between you and other subscribers and to perform various functions, and addresses compensation of the Attorney-in-Fact. Membership fees which you pay as a subscriber are not part of the premium and are not returnable, unless otherwise required by state law.

We hold the Annual Meeting of the members of the Farmers Insurance Exchange at our Home Office at Los Angeles, California, on the first Monday following the 15th day of March of each year at 2:00 p.m. The Board of Governors may elect to change the time and place of the meeting. If they do so, you will be mailed a written or printed notice at your

Farmers Smart Plan Home[®] Policy California (continued)


<p>last known address at least ten (10) days before such time. Otherwise, no notice will be sent to you.</p> <p>The Board of Governors shall be chosen by subscribers from among yourselves. This will take place at the Annual Meeting or at any special meeting which is held for that purpose. The Board of Governors shall have full power and authority to</p>	<p>establish such rules and regulations for our management as are not inconsistent with the Subscription Agreement.</p> <p>Your premium for this policy and all payment made for its continuance shall be payable to us at our Home Office or such location named by us in your premium notice.</p> <p>This policy is non-assessable.</p>
---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

The company named in the Declarations has caused this policy to be signed by the officers shown below.

FARMERS INSURANCE EXCHANGE
by Farmers Underwriters Association
Attorney-in-Fact



Secretary



Vice-President

Policy Endorsements

Fair Plan Companion Endorsement - California (CA121 - 1st Edition)

Policy Number: 33667-75-00

Effective Date: 10/14/2021

For a reduction in premium, this endorsement restricts and eliminates coverage under your policy for any peril which is covered or which is available for coverage by additional purchase under a **California Fair Plan Association** policy ("the FAIR Plan policy") whether or not you actually purchase coverage for any such additional peril. **Please read this endorsement carefully.**

Section I - Coverage A (Dwelling), Coverage B (Separate Structures), Coverage C (Personal Property), Coverage D (Loss of Use), and Extensions of Coverage

You agree:

- A. Under any provision of **Section I - Property Coverage** of this policy which provides for coverage, including by way of example but not limited to under **Coverage D (Loss of Use)** and under any Extension of Coverage, that any coverage by or for any of the following named perils is deleted and eliminated. We do not insure loss, damage or expense directly or indirectly caused by, arising out of, or resulting from these perils:
- 1A.** any fire or lightning.
 - 1B.** any type of internal explosion.
 - 2.** any windstorm or hail.
 - 3.** any type of explosion.
 - 4.** any riot or civil commotion, including looting occurring during a riot or civil commotion.
 - 5.** any **aircraft**, including self-propelled missiles and spacecraft.
 - 6.** any vehicle.
 - 7.** any type of smoke, including sudden and accidental damage from smoke.
 - 8.** any volcanic eruption.
 - 9.** any **vandalism or malicious mischief**.

This exclusion applies:

- a. whether or not you actually purchase coverage for any optional peril under your FAIR Plan policy;
 - b. whether or not the loss, damage or expense directly or indirectly caused by, arising out of, or resulting from any of the perils is actually covered under your FAIR Plan policy; and
 - c. even if coverage for any of the named perils is provided under this policy as a general coverage grant or as a specific or general exception to **Uninsured Types of Loss or Damage** or to **Excluded Causes of Loss or Damage**.
- B. The policy does not provide coverage for loss, damage or expense directly or indirectly caused by, arising out of, or resulting from any of the perils named in item A. above, whether optional or not, including by way of example but not limited to:
- a. if you do not maintain your FAIR Plan policy in force, or it is cancelled or reduced; or
 - b. if coverage for loss, damage or expense under your FAIR Plan policy is not collectible.

Policy Endorsements (continued)

This policy does not serve as excess insurance or additional insurance should your FAIR Plan policy cover or partially cover loss, damage or expense arising out of any of the named perils listed in item A. above.

X

Insured's Acceptance

Date

94-2935 1st Edition 3-15

This endorsement is part of your policy. All other policy terms and conditions not in conflict with the terms of this endorsement apply.

Amendatory Endorsement - California (CA126 -2nd Edition)

It is agreed that coverage provided by this policy is modified as follows:

In Definitions:

In Insured Location, letter e. is replaced by:

- e. vacant land or land with minimal improvements, other than farm or ranch land, owned by or rented to an **insured** and shown in the Declarations;

Occurrence - in Section II - Liability means:

- a. an accident which first occurs during the policy period, and which results in bodily injury or property damage. Repeated or continuous exposure to the same general harmful conditions, whether occurring during one policy period or occurring over more than one policy period, is considered to be one occurrence; or
- b. the commission of an offense which is first committed during the policy period and which results in personal injury. A series of similar or related offenses, whether occurring during one policy period or occurring over more than one policy period, is considered to be one occurrence.

In Section I - Extensions of Coverage:

In Limited Water Coverage, the paragraph before letter c. which applies to letters a. and b. is replaced by:

All of the foregoing in a. or b. must either occur on or be on the **residence premises**, unless the damage is to covered personal property which is off the **residence premises** when damaged. For purposes of this provision only, coverage for the **residence premises** will include a sudden, abrupt and accidental discharge, eruption, overflow or release of water from a **plumbing system** within a **building structure** where the **residence premises** is located.

In Contents Replacement Cost - Coverage C, item c.(10) is replaced by:

- (10) **motor vehicle** parts if covered, equipment, machinery, furnishings or accessories not attached to or located in or upon any **motor vehicle**.

In Collapse of Building Structure or Structural Part of the Building Structure, the paragraph "For purposes of this Extension of Coverage only, a **building structure** means a structure with at least one wall, but fully covered by a roof." is changed to "For purposes of this Extension of Coverage only, a **building structure** means a structure fully covered by a roof."

In Section I Extension of Coverage, 3. Contents Replacement Cost - Coverage C., d.,(2) is removed

Policy Endorsements (continued)

In Section I - Property Conditions:

In Section I - Property Conditions, 5. How We Settle Covered Loss, a. and b. are deleted in their entirety and replaced with the following:

5. How We Settle Covered Loss.

Covered accidental direct physical loss or damage will be settled as follows.

- a. Coverage A (**Dwelling**) and Coverage B (**Separate Structures**). We will only settle covered loss or damage on the basis of use as a private residence.
- (1) Settlement for covered loss or damage to a specific **component part(s)** of the **dwelling** or **separate structures**, except for **roof materials** and fences, will be settled at reasonable and necessary replacement cost, without deduction for depreciation, for the lesser of the costs to repair or to replace the specific damaged **component part(s)**, but for no more than the lesser of the following:
- the applicable **stated limit** or other limit of insurance in this policy that applies to the damaged or destroyed **dwelling** or **separate structure(s)**;
 - the reasonable repair or replacement cost of that specific **component part(s)** damaged for equivalent construction with materials of like kind and quality on the **residence premises**, determined as of the time of loss or damage;
 - the reasonable and necessary amount actually spent to repair or replace the specifically damaged **component part(s)** of the **dwelling** or **separate structure(s)**; or
 - the loss to the interest of the **insured** in the property.

When the cost to repair or replace damaged property is more than \$2,500, we will pay no more than the **actual cash value** of the damaged specific **component part(s)** of property until actual repair or replacement is completed. If the damage to the **dwelling** should be a total loss, then the **actual cash value** payment will be no more than the **stated limit** until actual repair or replacement of the **dwelling** is completed.

If the **dwelling** or a **separate structure** is rebuilt or replaced at a different location, the costs described in subsection ii. above are limited to the costs which would have been incurred if the **dwelling** or **separate structure** had been rebuilt or replaced at its location on the **residence premises**.

Reasonable and necessary replacement cost:

- does not include damage to property otherwise uninsured or excluded in this policy; and
- may be based on discounted pricing available to you for repair or replacement.

(2) Roof Materials.

- Roof Materials at Replacement Cost. If your Declarations show that **roof materials** are settled on a replacement cost basis, the exception as it applies to **roof materials** in a.(1) is removed and covered loss or damage for **roof materials** will be settled as set forth in subsection a.(1) above. When the cost of the entire covered loss event, including damage to **roof materials**, is more than \$2,500, we will only pay the **actual cash value** for **roof materials** until repair or replacement is completed.
- Roof Materials at Actual Cash Value. If your Declarations show that roof materials are settled on an actual cash value basis, then covered loss or damage to those roof materials damaged will be paid on an actual cash value basis, subject to the applicable stated limit.

Increased costs from the enforcement of any **building law** will not be paid until incurred in accord with subsection e.

(3) Fences. Covered loss or damage to fences will be settled on an **actual cash value** basis, subject to the applicable **stated limit**.

- b. Coverage C (Personal Property).

Policy Endorsements (continued)

Unless Section I - Extensions of Coverage, Contents Replacement Cost Coverage applies, covered loss or damage to personal property will be settled for no more than the lesser of the following:

- (1) **actual cash value**;
- (2) any **stated limit** or other limit of insurance in this policy that applies to the property;
- (3) the reasonable and necessary amount actually spent to replace lost property or to repair or replace damage to the damaged part of the property; or
- (4) the loss to the interest of the **insured** in the property.

The Coverage C **stated limit** is the most we will pay regardless of the number of items of personal property which are involved in a loss event.

In Replacement Cost Settlement - Time Limitation, it is replaced by:

6. Replacement Cost Settlement - Time Limitation.

For any loss to property which may be settled on a replacement cost basis, you have 365 days from the date of our first payment toward **actual cash value** to collect any amounts due for replacement cost settlement. Additional extensions of six months shall be provided if good cause can be shown. If the loss or damage is related to an event for which a "state of emergency" as defined in Section 8558 of the California Government Code was declared, you will have 24 months from the date of our first payment toward **actual cash value** to collect replacement cost.

The property must be actually repaired or replaced by you to collect replacement cost. If you do not actually repair or replace the property within the applicable foregoing time period, then the loss or damage will only be settled at **actual cash value**.

In Appraisal, item g., the "; or" at the end of (8) is changed to a period and (9) is deleted.

In Section II - Liability Extensions of Coverage:

In Damage to Property of Others, letter c., the word "cohabits" is changed to "cohabitates".

In General Conditions - Applying to the Entire Policy:

In Cancellation, letter a., the phrase "in writing" is removed.

94-3201 2nd Edition 11-19

This endorsement is part of your policy. All other policy terms and conditions apply.

State of Emergency Amendatory Endorsement - CA (CA128 - 2nd Edition)

If a covered loss or damage is related to an event for which a "state of emergency" as defined in Section 8558 of the California Government Code has been declared, this endorsement modifies the following provisions:

In **Section I - Property Coverage, Coverage D (Loss of Use)**, 1. *Additional Living Expense* is removed in its entirety and replaced with the following:

1. **Additional Living Expense.**

If covered accidental, direct, distinct and demonstrable, physical loss or damage to the **dwelling** makes that part of the **dwelling** where you reside uninhabitable by you, we will reimburse you for the actual, reasonable and necessary increase in living expense

Policy Endorsements (continued)

incurred by you. This coverage is for you and any **insured** members of your household to maintain the normal standard of living you had at the time of the loss event. Reimbursement for additional living expense will be for the shortest time reasonably needed to: (a) repair or replace the loss or damage to the **dwelling**, or (b) permanently relocate, but in no event for more **than 24 months**. Additional living expense that raises your standard of living will not be reimbursed. Upon our request, you must provide receipts for expenses incurred. Additional living expense will be paid for only one household, regardless of the number of named insureds.

We shall grant an extension of up to 12 additional months, for a total of 36 months, if you acting in good faith and with reasonable diligence encounter a delay or delays in the reconstruction process that are the result of circumstances beyond your control. Circumstances beyond your control include, but are not limited to, unavoidable construction permit delays, lack of necessary construction materials, and lack of available contractors to perform the necessary work. Additional extensions of six months shall be provided to you for good cause.

Your Additional Living Expense coverage is also subject to a stated limit. When this stated limit is reached, Additional Living Expense coverage is exhausted even if the time limits have not expired.

In **Section I – Property Coverage, Coverage D (Loss of Use)**, 3. *Prohibited Use* is removed in its entirety and replaced with the following:

3. **Prohibited Use**

We provide Additional Living Expense as described in Section I-Property Coverage, Coverage D (Loss of Use), 1. Additional Living Expense for not more than two weeks if a civil authority prohibits you from use of the **dwelling** because of accidental, direct, distinct and demonstrable, physical damage to a neighboring premises, which damage would have been covered by this policy if the damage had occurred to the **dwelling**. A neighboring premises is a premises in close proximity to the residence premises, which because of the proximity and because of the type of damage to the neighboring premises the civil authority prohibits use of the **dwelling**.

We shall grant extensions up to 2 additional weeks, for good cause, if you are acting in good faith and with reasonable diligence.

This coverage is also subject to a stated limit. When this stated limit is reached, this coverage is exhausted even if the time limits have not expired.

Prohibited Use coverage does not apply to threatened damage or only because of area wide utility outage. For this coverage to apply, the **dwelling** must be habitable or fit to live in.

In **Section I - Extensions of Coverage**, *Extended Replacement Cost - Coverage A* is removed in its entirety and replaced with the following:

2. **Extended Replacement Cost - Coverage A.**

We will pay you up to the Extended Replacement Cost **stated limit**, if necessary, to repair, rebuild or replace covered loss or damage to the **dwelling**.

For this Extended Replacement Cost coverage to apply at the time of covered loss or damage to the **dwelling**, you must have complied with each of the following conditions, as applicable:

- you must have notified us within 60 days of any inaccuracy or change in any information you have provided us regarding the physical characteristics of your **dwelling**;
- you must have notified us within 60 days of any inaccuracy or change in any information we have provided to you regarding the physical characteristics of your **dwelling**;
- you must have notified us within 60 days of the start of any physical changes which costs or will increase the replacement cost of your **dwelling** by \$5,000 or more. This includes additions or remodeling;

Policy Endorsements (continued)

- d. you must have selected or increased the Coverage A (**Dwelling**) amount to an amount at least equal to the estimated replacement cost of the **dwelling**, or any update thereto through application of an index or inflation factor or any other method or combination of methods; and
- e. you must actually repair, rebuild or replace the loss or damage to the **dwelling**.

If you do not comply with conditions a., b., c. and d. above prior to covered loss or damage to the **dwelling** and with condition e. above after the loss or damage, then this Extension of Coverage will not apply.

You must agree to any resulting increases in the Coverage A (**Dwelling**) limit and other **stated limits** as estimated or adjusted for changes in the reconstruction cost.

This is additional insurance. It will only apply if the Coverage A **stated limit** is insufficient to repair, rebuild or replace covered loss or damage to that part of the dwelling damaged, at the same location, for the reasonable and necessary replacement cost without deduction for depreciation. If you do elect to rebuild or replace at a different location, then any Extended Replacement Cost coverage available will only be based on the costs to repair, rebuild or replace the **dwelling** as if at the same location.

When we determine whether this Extension of Coverage will apply, we will not consider any increased costs caused by or from enforcement of any building law.

In **Section I - Extensions of Coverage**, *Building Ordinance or Law*, d. is removed in its entirety and replaced with the following:

4. **Building Ordinance or Law.**

- d. If you should rebuild or replace the **dwelling** or a **separate structure** at another location, then we will only pay in this Extension of Coverage the increased costs that you would have incurred to "repair" the **dwelling** or **separate structure** at the same location.

In **Section I - Property Conditions, Replacement Cost Settlement - Time Limitation** is removed in its entirety and replaced with the following:

6. **Replacement Cost Settlement - Time Limitation.**

For any loss to property which may be settled on a replacement cost basis, you have 36 months from the date of our first payment toward **actual cash value** to collect any amounts due for replacement cost settlement. Additional extensions of six months shall be provided if good cause can be shown. The property must be actually repaired or replaced by you to collect replacement cost.

In **Section I - Property Conditions**, *Suit Against Us* is removed in its entirety and replaced with the following:

12. **Suit Against Us.**

No suit or other action can be brought against us, our agents or our representatives unless there has been full compliance with all the terms of this policy, including, but not limited to:

- a. submission to requested examinations under oath; or
- b. valuation of the **actual cash value** and/or the **incurred property damage** by appraisal, if the suit or action involves such.

Suit on or arising out of the Section I - Property Coverage of this policy must be brought within two years after inception of the loss or damage.

Policy Notices

Availability of Earthquake and Flood Insurance

Earthquake Protection

Your policy does not provide coverage against the peril of earthquake.

Earthquake Insurance is available through the California Earthquake Authority. See your Farmers[®] agent for more information.

Flood Insurance

Everyone is aware of the severe losses suffered by persons whose businesses, homes, and possessions were destroyed or damaged by recent floods.

Almost all of these people were without flood insurance, primarily because reasonably priced flood insurance has not been available.

The Federal Government, in a joint effort with the private insurance companies, has made available a subsidized flood insurance program for those areas that have qualified.

Your Farmers[®] agent can advise you if your community has qualified for the Federal Flood Insurance Program and can give you information concerning rates.

25-1015 7-04

Important Information About Your Policy

In compliance with California law, we are providing you with the address of the California Department of Insurance. However, we hope that any problem or question you may have can be solved by contacting your Farmers Agent or the Service Center servicing your policy. The Service Center addresses and phone numbers are listed below for your convenience.

California Insurance Department
Consumer Service Division
300 South Spring Street
Los Angeles, CA 90013
Telephone:
(800) 927-HELP (4357)
(213) 897-8921

Section 510 of Chapter 5.3 of the California Insurance Code states that the Department of Insurance should be contacted only after the contacts between the complainant and the insurer or its agent or other representative have failed to produce a satisfactory solution to the problem.

Policy Notices (continued)

Farmers Insurance Group
Service Operations
P. O. Box 2910
Shawnee MS, KS 66201
1-888-FARMERS

25-2191 6-17

Did You Know?

We provide this handout to let you know about discounts and surcharges that may affect your insurance premium, depending on the type of policy you have. A discount means you pay less. A surcharge means you pay more. This is for your information only and is not an offer of insurance or part of your policy.

Discounts - Here are some ways to get a discount on your premium:

- Go three years without a "qualified" loss. This is a sizable discount.
To find out what "qualified" means, see the next section.
- Have your auto, umbrella and life policies with us.
This applies when a qualifying Auto, Umbrella or Life policy is issued by a member company of the Farmers Insurance Group of Companies®.
- Have your earthquake coverage with the California Earthquake Authority.
This applies when a qualifying earthquake policy is issued by the California Earthquake Authority.
- Have automatic shut-off valves installed on all fuel lines, or own an electric / all solar home.
This applies when automatic shut-off valves are professionally installed on gas and/or propane lines, or the dwelling is all electric/all solar and has no external fuel lines.
- Buy a newly constructed house or system replacement to your old one.
This applies when your home was built within the past 13 years or renovated by a qualified contractor within the past 13 years. System replacements include heating, electrical and plumbing systems.
- Have certain types of protective devices installed in your house.
This applies, with certain restrictions, to alarms for burglar intrusion.
- Have your business policy with us.
This applies when a qualified commercial policy is issued by a member company of the Farmers Insurance Group of Companies.
- Be a non-smoker.
This applies when everyone who lives in your household has not smoked tobacco products for at least two years.

Surcharges - The following describes when you could pay a higher premium:

- You've had one or more qualified (we explain "qualified" below) losses in the past five years.
We remove the surcharge on the first renewal date after the five-year anniversary of each loss.

Do you have questions? Would you like a detailed explanation of any of these discounts and surcharges? If yes, please call your Farmers® agent.

Policy Notices (continued)

Definition of Qualified Loss

In the context of discounts and surcharges, damages paid for certain types of losses are "qualified losses." The simplest way to explain what is a qualified loss is to list what it *isn't*: Any loss paid under any property policy for damages to covered property resulting from one of the causes of loss listed below is *not* a qualified loss. In other words, any of the following losses paid under any property policy resulting from any of the following causes of loss does not count against you and does not affect discounts or surcharges:

- Earthquake
- Loss associated with a catastrophic event, as identified by the Farmers National Catastrophe Claims Center for claims filed with Farmers on or prior to June 30, 2011. For all other catastrophic claims, these are as identified by Insurance Services Office's Property Claim Services (PCS).
- Losses in which the net paid amount does not exceed \$500.
- Losses paid under the Residence Glass Endorsement, provided the loss does not exceed your policy deductible at the time of loss.
- Additional Living Expenses (ALE) paid only under Prohibited Use coverage, or similar forced evacuation provisions under any insurance policy.
- Loss paid under Identity Fraud Expense Coverage Endorsement.
- Prior owner's loss activity that occurred at the property (Location Only Losses).
- Losses paid under Equipment Breakdown coverage.
- Losses paid under Service Line coverage.
- Losses that occurred on different residential policy types.

For example, we do not count losses on a policy for a residence you own and occupy when the chargeable loss was against a policy for a residence you did not occupy, but rented or leased to another party. Similarly, we do not count losses on a policy for a residence you rent or lease to another party, when the chargeable loss was against a policy for a residence you owned and also occupied.

- Loss paid under Medical Payments to Others.
- Loss paid under the Personal Articles Floater or under the Scheduled Personal Articles Floater.
- Subrogated* losses or losses that have been assigned for possible subrogation, as long as none of the following applies;

It is determined that you were at fault; or

You are found to have been negligent; or

You did not assist us in the processing of the claim (by providing requested information, for example).

*Subrogation is defined as "substituting one person for another". When an insurance company pays the insured for a loss for which another party is responsible, the company may "subrogate" and take over the insured's right to collect from that party.

We understand this information about "qualified losses" is somewhat technical in nature. Please call your Farmers[®] agent if you have questions.

25-4768 5-19

Notice for FAIR Plan Companion Endorsement Policyholders

Thank you for choosing Farmers for your insurance needs. We appreciate your business and want to make sure you understand the coverages afforded by your California FAIR Plan Association Policy and your Farmers Smart Plan Home Policy, as endorsed with the FAIR Plan Companion Endorsement.

The FAIR Plan Companion Endorsement is intended to work with your California FAIR Plan Policy and your Farmers Smart Plan Home Policy to provide coverage for your home. Please note that although your Farmers Smart Plan Home Policy provides broad homeowners coverage with the FAIR Plan Companion endorsement, it does not provide coverage for the perils listed below that can be purchased through a California FAIR Plan Policy. It is critical to maintain both a Homeowners Policy and a California FAIR Plan Policy to be covered in the event of a claim. The California FAIR Plan Policy provides coverage for the following perils:

- Fire or Lighting
- Internal Explosion

For an additional premium the California FAIR Plan Policy provides coverage for the following perils:

- Windstorm or Hail
- Explosion
- Riot or Civil Commotion
- Aircraft including Self-Propelled Missiles and Spacecraft
- Vehicles
- Smoke
- Volcanic Eruption
- Vandalism or Malicious Mischief

We encourage you to maintain both your Farmers Smart Plan Home Policy and a California FAIR Plan Policy that provides coverage for all of the perils listed above. **Please note that whether or not you maintain coverage under a California FAIR Plan Policy, if your home is damaged by any of the perils listed above, there is no coverage provided under your Farmers Smart Plan Home Policy as endorsed with the FAIR Plan Companion Endorsement.**

If you have any questions regarding your Farmers Smart Plan Home Policy or your California FAIR Plan Policy, please contact your Farmers agent.

25-5907 4-16

Understanding your Loss Settlements

Depending upon the coverage options you purchased with your policy, covered losses for fences, personal property, wall-to-wall carpeting, and roof materials will be settled based on your property's replacement cost or actual cash value. This notice provides an overview and explanation of these different loss settlement options.

- **Replacement Cost:** This is a coverage option that pays to replace property in the event of a covered loss at replacement cost *without* deduction for depreciation. Replacement cost payments may initially be paid on an actual cash value basis until the lost or damaged property is repaired or replaced.

Policy Notices (continued)

- **Actual Cash Value (ACV):** This is defined as replacement cost less the depreciation of your property. Factors that affect depreciation include useful life expectancy, composition, age, maintenance and obsolescence. In the event of a covered loss with actual cash value coverage, we would pay no more than the depreciated amount to repair or replace your damaged property. It's important to note that failure to maintain your property could accelerate its depreciation, resulting in a lower payment in the event of a claim.

Payment under any of these loss settlement options is subject to the applicable policy deductible.

Let's look at some examples to see how these loss settlement options would work in the event of a claim:

Example #1: Carpeting loss paid on an Actual Cash Value basis

Let's assume you have covered damage to your living room carpet due to a broken water pipe. Here are the facts that will be used to determine the loss settlement:

- Your carpet was designed to last 15 years.
- It was six years old when the damage happened.
- It was average in condition.
- The cost to replace the damaged carpet with similar new carpet is \$3,000.
- Your deductible is \$500.

Because the carpet is in average condition and has been installed for 6 of its 15 useful years, it would be depreciated by 40% ($6 \div 15$), or \$1,200 ($40\% \times \$3,000$). The actual cash value of that carpet damage would be the replacement cost minus the amount of depreciation, or \$1,800 ($\$3,000 - \$1,200$). Since your deductible is \$500, you would receive \$1,300 ($\$1,800 - \500).

Example #2: Roof materials loss paid on an Actual Cash Value basis

Let's assume you have covered damage to your roof from a wind storm. Here are the facts that will be used to determine the loss settlement:

- Your roof shingles were designed to last 20 years
- They were 5 years old when the damage happened
- They were average in condition
- The cost to replace the damaged shingles and other roof materials with similar materials is \$10,000
- Your deductible for wind damage is \$1,000

Because the shingles are in average condition and have been on the roof for 5 of their 20 useful years, they would be depreciated 25% ($5 \div 20$). Multiplying the percentage of depreciation by the original cost shows the amount of depreciation, or \$2,500 ($\$10,000 \times 25\%$). The actual cash value of that roof damage would be the replacement cost minus the amount of depreciation, or \$7,500 ($\$10,000 - \$2,500$). Finally, since your deductible is \$1,000, you would receive \$6,500 ($\$7,500 - \$1,000$).

Remember, covered loss to your roof will not include wear and tear damage. Thus, if your roof had deteriorated to the point that a complete replacement was required before the wind damaged the roof, repairs or replacement of the roof would not be covered by your policy. Keeping your roof properly maintained will help you avoid this situation.

Example #3: Fence loss paid on an Actual Cash Value basis:

Let's assume that the shared wood fence that separates you and your neighbor's property is damaged by wind. Here are the facts that will be used to determine the loss settlement:

- The fence has a useful life expectancy of 20 years.

Policy Notices (continued)

- The fence was 5 years old when the damage occurred.
- It was average in condition.
- The cost to replace the damaged sections of fence is \$4000. Since this fence is shared with your neighbor, you are responsible for one half of the cost of repair, or \$2,000, as is your neighbor.
- Your wind damage deductible is \$1,000.

Because the fence had been in place for 5 of its 20 useful years, it would be depreciated by 25% ($5 \div 20$), or \$500 ($25\% \times \$2,000$). The actual cash value of the fence damage would be the replacement cost minus the amount of depreciation, or \$1,500 ($\$2,000 - \500). Finally, since your deductible is \$1,000, you would receive \$500 ($\$1,500 - \$1,000$).

Example #4: Personal property loss paid on an Actual Cash Value basis:

Suppose your television set is stolen during a burglary of your home. Here are the facts that will be used to determine the loss settlement:

- The television has a useful life expectancy of 10 years.
- The television was two years old when stolen.
- It was average in condition.
- The cost to replace the television is \$1,200.
- Your deductible is \$500.

Because the 2 year old television had a 10 year life expectancy at the time of theft, it would be depreciated 20% ($2 \div 10$) or \$240 ($20\% \times \$1,200$). The actual cash value of the television would be the replacement cost minus the amount of depreciation, or \$960 ($\$1,200 - \240). Since your deductible is \$500, you would receive \$460.00 ($\$960 - \500).

If you have any further questions about the loss settlement for a covered loss, we would invite you to contact your Farmers agent. Your Declarations will set forth the type of loss settlement found in your policy for roof materials, fences and personal property.

Understanding Your Coverage: Optional Coverage Offerings

It is important to recognize the alternate coverage options that remain available to you and how they may affect the outcome of a loss. The section below includes an explanation of several optional coverage offerings available to purchase. This is not a summary of all optional coverages available for purchase.

- **Marring to Metal Roof Materials Coverage:** This coverage option adds coverage for cosmetic marring of metal roof components of a covered loss which is otherwise excluded on the base policy contract. Marring typically does not result in a reduction in the material's effective function. Metal roof components include: gutters, flashing, downspouts, vents, drip edge, etc. This coverage is for wind or hail damage only.
- **Sewer and Drain Water Damage Coverage:** This is a coverage which pays for property damaged caused by contact with water which enters the dwelling via the plumbing or sump system, as a result of reverse flow of water originating off your property or water from below the surface of the ground. Coverage is available at various levels to accommodate individual requests.

Payment under any of the optional coverage offerings is subject to the applicable policy deductible. Let's look at some examples to see how these would work in the event of a claim:

Example #1: Marring to Metal Roof Materials Coverage

A strong winter storm caused small tree branches to break off and damage the roof of your home. As a result small dents, surface blemishes and scratches were observed on your gutters. Farmers determines that the source of the damage was a covered loss but finds

Policy Notices (continued)

that nature of the damage is entirely cosmetic and is not covered under the base contract. If purchased, the optional coverage Cosmetic Marring of Metal Roofing Components would cover this loss and pay to replace or repair the affected gutters subject to other applicable policy provisions such as your chosen deductible.

Example #2: Sewer and Drain Water Damage Coverage

The city sewer main backs into your property's lateral sewer line and backs into your house from the drains in your showers/tubs and sinks. A lot of black water and sewage damages both your flooring, walls and personal property. The optional Sewer and Drain coverage with the Extended Personal Property coverage selection would pay for the cleanup, disposal, repair and replacement of the specific property damaged by the contact with the black water up to the chosen limit for the endorsement.

Not all optional coverages are listed above. Please contact your Farmers agent to find out more information on the many coverage options available to purchase for your policy.

25-5942 3-18

Experience Rating Plan Disclosure Notice

California insurance regulations require us to let you know when we use a rating plan that takes your loss history with any insurer into account. Your loss history may include property losses of you, your spouse or domestic partner (if applicable) or prior losses at the property to be insured. Farmers® uses an experience rating plan that works like this:

Households having no qualified losses during the three-year period prior to the renewal or new business effective date receive a claims-free discount. Households with qualified losses during this period may pay a higher premium due to removal of the claims-free discount and/or addition of a surcharge. This higher premium is based primarily on:

1. the number of qualified losses during the five-year period prior to the renewal or new business effective date;
2. the length of time since the previous loss, qualified or not; and
3. the length of time the household has been insured by a Farmers® insuring entity for a property that was continuously occupied by the insured.

Definition of Qualified Loss

A qualified loss is a loss paid under any policy for damages resulting from any cause of loss except the ones listed here:

- Earthquake
- Loss associated with a catastrophic event, as identified by the Farmers National Catastrophe Claims Center for claims filed with Farmers on or prior to June 30, 2011. For all other catastrophic claims, these are as identified by Insurance Services Office's Property Claim Services (PCS).
- Losses in which the net paid amount does not exceed \$500.
- Losses paid under the Residence Glass Endorsement, provided the loss does not exceed your policy deductible at the time of loss.
- Additional Living Expenses (ALE) paid only under Prohibited Use coverage, or similar forced evacuation provisions under any insurance policy.
- Loss paid under the Identity Fraud Expense Coverage Endorsement.
- Losses that occurred on different residential policy types.

Policy Notices (continued)

For example, we do not count losses on a policy for a residence you own and occupy when the chargeable loss was against a policy for a residence you did not occupy, but rented or leased to another party. Similarly, we do not count losses on a policy for a residence you rent or lease to another party, when the chargeable loss was against a policy for a residence you owned and also occupied.

- Loss paid under Medical Payments to Others.
- Loss paid under the Personal Articles Floater or under the Scheduled Personal Articles Floater for this residence only.
- Subrogated* losses or losses that have been assigned for possible subrogation, as long as none of the following applies;
It is determined that you were at fault; or
You are found to have been negligent; or
You did not assist us in the processing of the claim (by providing requested information, for example).
- Prior owner's loss activity that occurred at the property (Location Only Losses).
- Losses paid under Equipment Breakdown coverage.
- Losses paid under Service Line coverage.

*Subrogation is defined as "substituting one person for another". When an insurance company pays the insured for a loss for which another party is responsible, the company may "subrogate" and take over the insured's right to collect from that party.

If you have any questions about the experience-rating plan, please contact your Farmers[®] agent.

25-7754 5-19

Notice of Information Practices California

Why did we send you this notice?

The State of California requires all insurance companies to tell customers about their information practices. Information practices include things companies do to gather and share information about customers. Insurance companies need information to make decisions. They make all sorts of day-to-day decisions: who to insure, how much to charge, how to handle claims, and others.

What are your rights?

Our information practices extend to applicants and policyholders (past and present). State and federal laws give you certain rights when you take part in transactions having to do with insurance for yourself, your family, or your household.

We send our customers a notice called the "Farmers Privacy Notice." The Farmers Privacy Notice does not limit any rights you may have - as a consumer, claimant, or beneficiary. Your state gives you additional protections. They are explained in this notice.

How do we collect the information?

You give us most of the information we need when you apply for insurance. Much of it is made up of common, practical facts: your employment information, your driving record, your age, where you live, and other things like that. Many times, we need more information. Or we may need to verify information you've given us. When that happens, we normally ask for a report from an outside source. That source can be a consumer reporting agency or an insurance support organization. Both provide information in the form of consumer reports. Most insurance companies use these; it's a common industry practice.

Policy Notices (continued)

Sometimes one of these outside sources needs to gather information before they can prepare an investigative consumer report. This could be done as part of a fraud investigation, for example. They might then contact you, another adult member of your household, or a neighbor by phone or in person. If this happens, you can, as the Named Insured, ask us to interview you or your spouse as well. We will make every effort to honor your request.

What types of information do we collect?

Auto - While taking your application for insurance and to service policies covering your personal vehicles, we may obtain information about

- How you use your vehicle(s), including annual mileage
- Age, personal habits, and characteristics of drivers
- Credit information
- History of accidents, driving violations, arrests or convictions, and claims
- Previous insurance experience

Property - While taking your application for insurance and to service policies covering your real and personal property, we may obtain information about

- Type of construction and square footage of dwelling
- Heating system and other physical characteristics of the property
- Care and maintenance of the property
- Credit information
- Claims history
- Previous insurance experience
- Personal habits and characteristics of the property's occupants

What do we do with the information?

We use the information we collect about you to perform insurance functions. This includes

- Underwriting and servicing your policy
- Processing claims (we may obtain information relating to health and employment)
- Investigating potential fraud
- Other activities permitted by state and federal law

Here's an example: If you ask us to set up a payment by electronic funds transfer, we may obtain financial information for a particular bank account.

We may also disclose information to other parties. The law permits us to do this without your prior authorization when the information goes, for example, to these parties:

1. Your Farmers[®] agent - to service your policy.
2. Persons who need this information to perform normal business functions for us.
3. Persons conducting actuarial or research studies on our behalf.
4. Another insurance company or an insurance support organization - to perform an insurance transaction, or to detect or prevent criminal activity or fraud in connection with an insurance transaction.

Policy Notices (continued)

5. A medical professional or medical care institution - to verify insurance coverage or benefits or to inform an individual of a medical problem the individual may not know about.
6. An insurance regulatory authority.
7. Law enforcement or other governmental authority.
8. A group policyholder - to report claims experience or conduct an audit of our operations, but only as needed to conduct the review or audit.
9. Affiliates, as permitted by law. The law allows us to share your financial information with our affiliates to market products or services to you, and does not allow customers to restrict that disclosure.
10. Persons that perform marketing services on our behalf, as permitted by law.
11. Other non-affiliated third parties, as permitted by law.
12. A party to a proposed or consummated sale, transfer, merger, or consolidation of all or part of the company underwriting your policy.

An insurance support organization that prepares a report may keep information it gathers and disclose that information to other persons, but only to the extent permitted by federal and state law.

How can you see or make corrections to your personal information?

You have these rights:

- To know what personal information about you we have in our records. That includes reports from outside sources.
- To get a copy of your personal information.
- To request that we correct, change, or remove any information you feel is incorrect.

To use these rights, you must send us a written request. Your Farmers[®] agent can give you the appropriate service center address.

If you request that we correct, change, or remove incorrect information, we'll check our records and make the changes if we can. We'll let you know in writing what we decide.

If we cannot make a change you asked for, you can file a statement. Write down the reasons you disagree with our decision. We'll include the statement in our records. That way, anyone who looks at the disputed personal information will also see your statement. From then on, if we disclose your information to another party, we'll include your statement. We will also send a copy to anyone who has gotten your personal information from us in the past two years. Just tell us who you would like us to send it to.

There are some types of information for which these rights do not apply:

- Information we collect to process an actual or anticipated claim
- Information we collect for an actual or anticipated civil or criminal proceeding
- Specific items of privileged information when an applicant or policyholder is suspected of fraud, material misrepresentation, or material nondisclosure

We'll keep you informed.

As required by law, we will keep you up to date on our information practices. We reserve the right to modify our practices at any time, when permitted by law.

If you have questions about this notice, please call your Farmers[®] agent.

Policy Notices (continued)

This notice is sent on behalf of the Farmers Insurance Group of Companies, whose members include, but are not limited to:

Farmers Insurance Exchange, Fire Insurance Exchange, Truck Insurance Exchange, Mid-Century Insurance Company, Farmers New Century Insurance Company, Farmers Insurance Company, Inc. (A Kansas Corp.), Farmers Insurance Company of Arizona, Farmers Insurance Company of Idaho, Farmers Insurance Company of Oregon, Farmers Insurance Company of Washington, Farmers Insurance of Columbus, Inc., Farmers Texas County Mutual Insurance Company, Illinois Farmers Insurance Company, Mid-Century Insurance Company of Texas, Texas Farmers Insurance Company, Civic Property and Casualty Company, Exact Property and Casualty Company, and Neighborhood Spirit Property and Casualty Company.

25-8531 10-12

Reconstruction Cost and Your Coverage A (Dwelling) Amount

Policy Number: 33667-75-00

This document contains important information about your insurance coverage. Please review this information carefully.

Do you think you have enough coverage?

Your policy provides \$341 per square foot to rebuild your home. (This does not include any additional amount added by extension or endorsement to your policy.)

Farmers® uses an estimating program, and information provided and /or confirmed by you to assist in calculating a reconstruction cost estimate for your home. This is an estimate, not a guarantee of reconstruction costs. You can use this estimate as a guide to help you choose the amount of coverage you want for your home. Please review this estimate to make sure the details about your home are correct. Let me know if you want to change any of those details or if there is anything unique about your home that would affect the estimate. Feel free to contact me at any time if you want to make a change to the amount for which your home is insured.

Your reconstruction cost estimate includes the estimated cost categories described at a) through e) below:

Amount for which your home is insured (Coverage A)	\$572,000
a. Cost of labor, materials, and supplies	\$399,158
b. Architect's Fees and Permits	\$46,410
c. Contractor Overhead and Profit	\$95,311
d. Demolition and Debris Removal	\$10,421
e. Other Fees and Taxes	\$20,568
Reconstruction Cost Estimate	\$572,000

It's important to understand that reconstruction cost is NOT the same as the market value of your home.

Policy Notices (continued)

Reconstruction Cost

Reconstruction cost is the amount it would cost to rebuild your home if it were destroyed. It includes the types of costs noted in categories (a through e) above. It is not what a buyer would pay for your home, or the amount of your mortgage. It does not include the value or cost of the land.

Vs.

Market Value

Market value is the price a buyer would pay to purchase the home, including the land and property, in its current condition. It takes into account changes in the housing market, and the economy. It does not take into account the cost to rebuild the home.

Do You Need Help?

As your Farmers Agent I am happy to help you with any questions you have. I can provide guidance as to the coverage options available, but I cannot choose your coverage amounts for you. Ultimately it is your responsibility to make sure you have purchased sufficient insurance coverage to rebuild your home and replace your personal property.

If you have questions about your coverage or the estimated reconstruction cost please contact my office, at (949) 487-9661. As your Farmers Agent, I am committed to providing you excellent service.

Sincerely,

Michael A Rey

Questions to consider when you choose how much coverage you want:

- Is the square footage accurate?
- Have you remodeled your kitchen, bathrooms or any other part of your home?
- What is the overall quality of your home? (See the Quality Grade definitions later in this document.)

Information Used to Estimate the Reconstruction Cost of your Home:

Your review of this information should start with comparing your selected Coverage A amount with the Reconstruction Cost Estimate developed by the estimating program. Keep in mind that the estimate is just that, an estimate. It is not a guarantee of reconstruction costs. Again, feel free to contact me if you want to make a change to your Coverage A amount.

ZIP Code:	90272-2153	Interior Wall Cover:	Paint
Year Built:	1973	Floor Covering:	Carpet,Plank,Ceramic Tile
Square Footage:	1,676	Kitchen:	1 Custom
Style or Number of Stories:	Single Family Attached End Unit	No. of Full Baths:	3 Custom
Dwelling Quality Grade:	Custom	No. of Half Baths:	None
Foundation Type:	Concrete Slab	No. of Rooms with Cathedral Ceilings:	None
Foundation Shape:	6-7 Corners - L Shape	No. of Rooms with Coved Ceilings:	None
Property Slope:	None (0 - 15 Degrees)	Cooling System:	None
Roof Material:	Composition Shingles	Heating System:	Forced Air
Roof Shape or Type:	Gable	Number of Fireplaces:	1
Garage Type:	2 Car Attached/Built-In	Basement:	No
Exterior Wall Cover:		Number of Units:	1
Type of Frame:	Wood Framing		
Average Wall Height:	8 feet		
Interior Wall Construction Material:	Drywall		

Policy Notices (continued)

Please note that the above information is not an all inclusive list of the individual home features that were used to develop your estimate, but they are the major contributors to the development of that estimate. Also, the features listed above may include only the predominant components but not every single component. If you desire a complete list of all the home features, including all their components, or any other information relating to your estimate, please contact me so I can provide that information. Please see below for definitions of Square Footage and Dwelling Quality Grade.

There are other coverages and/or options that may be right for you, including those that follow. Some may not be available based on your policy form and/or some may have additional underwriting requirements.

Extended Replacement Cost coverage: With this coverage and subject to its provisions, we pay to repair or replace damage from a loss covered under Coverage A up to an additional 25% or 50% of the Coverage A amount, depending on which percentage options, if any, are available in your state for your policy form. If your policy does not have this coverage, or if a higher coverage limit is available, you may consider adding or increasing this coverage for an additional premium. This coverage may provide an additional layer of protection as your policy **does not** provide Guaranteed Replacement Cost coverage.

Building Ordinance or Law coverage: Your policy has limited Building Ordinance or Law coverage to pay for costs that result from having to rebuild in compliance with updated building codes. You may be able to increase the amount of this coverage for additional premium.

Personal Property: You may also be able to purchase increased coverage for certain items of personal property. These items may include but are not limited to jewelry, watches, electronic data processing equipment, fine arts, firearms, silverware, and other collectibles.

Please contact me to discuss any of the coverages or options listed above.

Selected Definitions

Term	Definitions
Square Footage	The total square footage figure includes all floors of your home. IMPORTANT: It does NOT include any of the following: attached garage or built-in garage, carport, basement (even if fully finished), attached greenhouse, porches or decks, or any detached structures.
Dwelling Quality Grade	<p>The following "definitions" are general guidelines. Your home can have elements of more than one specific Dwelling Quality Grade. Therefore, you should determine the Quality Grade by choosing the one that comes closest to describing your home.</p> <p>Premium: Unique style and/or shape which vary from the other homes in the area. They are typically very large homes, generally at least 5,000 square feet. Vaulted ceilings (9' - 12") typically throughout. Highest grade materials used throughout (countertops, cabinets, flooring, wall coverings etc.). Contains unique features such as wall safes, built-in movie theaters, and other luxury constructions.</p> <p>Custom: These homes can be recognized by the unique style and/or shape which vary from the other homes in the area. They are typically quite large homes. Custom homes are distinguished by style and shape as well as by the finishes, though they may contain both Above Average and/or Premium quality finishes. Includes features such as highly upgraded kitchen and bath countertops, floor and wall coverings, built-in bookshelves, and wet bars.</p>

Policy Notices (continued)

Term	Definitions
	<p>Above Average: Tract style home construction with upgraded features. Home design is produced throughout the area. Many rooms, including the kitchen, bathrooms, and bedrooms have been upgraded from the standard construction design and have features that are made of higher quality materials. Typical designs include raised ceilings. Many upgraded features include the wall and floor coverings, lighting fixtures and kitchen and master bath countertops.</p> <p>Standard: Typical of common tract style home construction. Home design is produced throughout the area. Features come as part of the packaged construction design and are made of solid and quality conventional materials. Typical designs may include slightly higher ceilings with occasional vaulted ceilings. Some upgraded features but not prevalent.</p> <p>Economy: Basic home features and design. Simple construction layout and floor plan. Inexpensive fixtures and features. Lower grade, but functional, construction materials (for example: roofing, flooring, cabinets, and countertops).</p>
25-8860	1-13



Subscription Agreement Notice

Subscription Agreement Notice

(Please keep for your records)

By payment of the policy premium, you acknowledge that you have received and read the Farmers Insurance Exchange Subscription Agreement (the terms of which are provided below) and that you agree to be bound to all of the terms and conditions of the Subscription Agreement.

Under the Subscription Agreement, you appoint Farmers Underwriters Association (the "Association") to act as the attorney-in-fact. The Association has acted in this capacity since 1928. The Subscription Agreement provides for payment of compensation to the Association for its becoming and acting as attorney-in-fact. This compensation consists of a membership fee and a percentage of premiums on all policies of insurance or reinsurance issued or effected by the Exchange. These fees are included in your policy payment and are not an additional fee.

We reserve the right to request that you provide us with a signed Subscription Agreement and if you fail to do so, your coverage may be terminated.

Subscription Agreement

For and in consideration of the benefits to be derived therefrom the subscriber covenants and agrees with Farmers Insurance Exchange and other subscribers thereto through their and each of their attorney-in-fact, the Farmers Underwriters Association, to exchange with all other subscribers' policies of insurance or reinsurance containing such terms and conditions therein as may be specified by said attorney-in-fact and approved by the Board of Governors or its Executive Committee for any loss insured against, and subscriber hereby designates, constitutes and appoints Farmers Underwriters Association to be attorney-in-fact for subscriber, granting to it power to substitute another in its place, and in subscriber's name, place and stead to do all things which the subscriber or subscribers might or could do severally or jointly with reference to all policies issued, including cancellation thereof, collection and receipt of all monies due the Exchange from whatever source and disbursement of all loss and expense payments, effect reinsurance and all other acts incidental to the management of the Exchange and the business of interinsurance; subscriber further agrees that there shall be paid to said Association, as compensation for its becoming and acting as attorney-in-fact, the membership fees and twenty per centum of the Premium Deposit for the insurance provided and twenty per centum of the premiums required for continuance thereof.

The remaining portion of the Premium Deposit and of additional term payments made by or on behalf of the subscriber shall be applied to the payment of losses and expenses and to the establishment of reserves and general surplus. Such reserves and surplus may be invested and reinvested by a Board of Governors duly elected by and from subscribers in accordance with provisions of policies issued, which Board or its Executive Committee or an agent or agency appointed by written authority of said Executive Committee shall have full powers to negotiate purchases, sales, trades, exchanges, and transfers of investments, properties, titles and securities, together with full powers to execute all necessary instruments. The expenses above referred to shall include all taxes, license fees, attorneys' fees and adjustment expenses and charges, expenses of members' and governors' meetings, agents' commissions, and such other specified fees, dues and expenses as may be authorized by the Board of Governors. All other expenses incurred in connection with the conduct of the Exchange and such of the above expenses as shall from time to time be agreed upon by and between the Association and the Board of Governors or its Executive Committee shall be borne by the Association.

The principal office of the Exchange and its attorney-in-fact shall be maintained in the City of Los Angeles, County of Los Angeles, State of California.

This agreement can be signed upon any number of counterparts with the same effect as if the signatures of all subscribers were upon one and the same instrument, and shall be binding upon the parties thereto, severally and ratably as provided in policies issued. Wherever the word "subscriber" is used the same shall mean members of the Exchange, the subscriber hereto, and all other subscribers to this or any other like agreement. Any policy issued hereon shall be non-assessable.

Privacy Policy

This notice describes our privacy policies and procedures in safeguarding information about customers and former customers that obtain financial products or services for personal, family or household purposes. **Please note that if state law is more protective of an individual's privacy than federal privacy law, we will protect information in accordance with state law while also meeting federal requirements.**

Information We Collect

We may collect the following categories of information for the purposes identified below. Please note that the examples are not an exhaustive list and may fall into multiple categories. Categories and specific pieces of information collected may vary depending on the nature of your relationship with us.

Category	Purpose of Use	What may be included in this category	Some examples
Internal	Authenticate your identity; create, maintain and secure your account with us; maintain your preferences.	Knowledge and Belief, Authenticating, Preference	Passwords, PIN, mother's maiden name, individual interests
Historical	Complete a transaction or provide a service for which the personal information was collected; conduct analytics and modeling.	Personal history	Past claims, prior insurance carriers, prior addresses, medical history, criminal history
Financial	Process your billing; make payments; complete a transaction or provide a service for which the personal information was collected.	Account, Ownership, Transactional, Credit	Credit card number, bank account, records of real or personal property, credit, income, loan records, taxes
External	Identify information to verify you; complete a transaction or provide a service for which the personal information was collected; deliver product offerings that may be relevant to you; conduct analytics.	Identifying, Ethnicity, Gender, Demographic, Medical and Health, Physical Characteristics	Name, username, government issued identification, social security number, gender, browsing behavior, age range, income bracket, physical and mental health, medical records
Social	Establish your communication preferences; complete a transaction or provide a service for which the personal information was collected; process your policy, account or claim.	Professional, Criminal, Public Life, Family, Social Network, Communication	Job titles, work history, school attended, convictions, charges, marital and family status, email, telephone recordings
Tracking	Contact you; provide relevant information; provide a location-based product or service requested by you; conduct analytics.	Computer or Mobile Device, Contact, Location	IP Address, geolocation, email address, physical address, telephone number, country

We collect certain information ("nonpublic personal information") about you and the members of your household ("you") from the following sources:

- Information you provide on applications or other forms, such as your social security number, assets, income, and property information;
- Information about your transactions with us, our affiliates or others, such as your policy coverage, premiums, and payment history;

-
- Information from your visits to the websites we operate, use of our mobile sites and applications, use of our social media sites, and interaction with our online advertisements;
 - Information we receive from consumer reporting agencies or insurance support organizations, such as motor vehicle records, credit report information and insurance claims history; and
 - If you obtain a life, long-term care or disability product, information we receive from you, medical professionals who have provided care to you and insurance support organizations, regarding your health.

How We Protect Your Information

Our customers are our most valued assets. Protecting your privacy is important to us. We restrict access to personal information to those individuals, such as our employees and agents, who provide you with our products and services. We require individuals with access to your information to protect it and keep it confidential. We maintain physical, electronic, and procedural safeguards that comply with applicable regulatory standards to guard your nonpublic personal information. We do not disclose any nonpublic personal information about you except as described in this notice or as otherwise required or permitted by applicable law.

Information We Disclose

We may disclose the nonpublic personal information we collect about you, as described above, to our affiliates, to companies that perform marketing services on our behalf or to other financial institutions with which we have joint marketing agreements, and to other third parties, all as permitted by law and for our everyday business purposes, such as to process your transactions and maintain your accounts and insurance policies. Many employers, benefit plans or plan sponsors restrict the information that can be shared about their employees or members by companies that provide them with products or services. If you have a relationship with Farmers or one of its affiliates as a result of products or services provided through an employer, benefit plan or plan sponsor, we will follow the privacy restrictions of that organization.

We are permitted to disclose personal health information:

- (1) to process your transaction with us, for instance, to determine eligibility for coverage, to process claims or to prevent fraud;
- (2) with your written authorization, and
- (3) otherwise as permitted by law.

When you are no longer our customer, we continue to share your information as described in this notice.

Sharing Information with Affiliates

The Farmers Insurance Group[®] of Companies includes affiliates that offer a variety of financial products and services in addition to insurance. Sharing information enables our affiliates to offer you a more complete range of products and services.

We may disclose nonpublic personal information, as described above in **Information We Collect**, as permitted by law to our affiliates, which include:

- Financial service providers such as insurance companies and reciprocals, investment companies, underwriters and brokers/dealers.
- Non-financial service providers, such as data processors, billing companies and vendors that provide marketing services for us.

We are permitted by law to share with our affiliates information about our transactions and experiences with you. In addition, we may share with our affiliates consumer report information, such as information from credit reports and certain application information, received from you and from third parties, such as consumer reporting agencies and insurance support organizations.

IMPORTANT PRIVACY CHOICES

You have choices about the sharing of some information with certain parties. These choices may differ based on the particular affiliate(s) with which you do business.

For 21st Century customers: We are offering you an Opt-Out opportunity which is included with your policy documents. If you prefer that we not share your consumer report information with Farmers you may opt-out of such disclosures that is, you may direct us not to make those disclosures --other than as otherwise permitted by law. You may do so by following the procedure explained in the Opt-Out Form. You may opt-out only by returning the Opt-Out Form. We will implement your request within a reasonable time. If it is your decision not to opt-out and to allow sharing of your information with the Farmers affiliates, you do not need respond in any way.

For Bristol West customers: If you prefer that we not share consumer report information with our affiliates, except as otherwise permitted by law, you may use the Opt-out form included with your policy documents. Please verify that your Bristol West policy number is listed. If not, please add the policy numbers on the form and mail to the return address printed on the form. We will implement your request within a reasonable time after we receive it. Any policyholder may opt-out on behalf of other joint policyholders. An opt-out by any joint policyholder will be deemed to be an opt-out by all policyholders of the policy. If it is your decision not to opt-out and to allow sharing of your information with our affiliates, you do not need to request an Opt-Out or respond to us in any way.

For Farmers customers: If you prefer that we not share consumer report information with our affiliates, except as otherwise permitted by law, you may request an Opt-Out Form by calling toll free, 1-800-327-6377, (please have all of your policy numbers available when requesting Opt-Out Forms). A form will be mailed to your attention. Please verify that all of your Farmers policy numbers are listed. If not, please add the policy numbers on the form and mail to the return address printed on the form. Any policyholder may opt out on behalf of other joint policyholders. An opt-out by any joint policyholder will be deemed to be an opt-out by all policyholders of the policy issued by the affiliates listed on the Farmers Privacy Notice. We will implement your request within a reasonable time after we receive the form.

If you decide not to opt-out or if you have previously submitted a request to opt-out on each of your policies, no further action is required.

Additionally, under the California Consumer Privacy Act ("CCPA"), California residents have the right to opt out of the sale of personal information to certain third parties. Although we do not currently share personal information in a manner that would be considered a sale under CCPA, you may still submit a request to opt out by calling us at 1-855-327-6548 or submitting a request through our CCPA Web Form at <https://www.farmers.com/california-consumer-privacy/> .

Modifications to our Privacy Policy

We reserve the right to change our privacy practices in the future, which may include sharing nonpublic personal information about you with other nonaffiliated third parties. Before we make any changes, we will provide you with a revised privacy notice and give you the opportunity to opt-out of, or, if applicable, to opt-in to that type of information sharing.

Website and Mobile Privacy Policy

Our Enterprise Privacy Statement includes our website and mobile privacy policies which provides additional information about website and mobile application use. Please review those notices if you transmit personal information to us over the Internet through our websites and/or mobile applications.

Recipients of this Notice

While any policyholder may request a copy of this notice, we are providing this notice to the named policyholder residing at the mailing address to which we send your policy information. If there is more than one policyholder on a policy, only the named policyholder will receive this notice. You may receive more than one copy of this notice if you have more than one policy with us. You also may receive notices from affiliates, other than those listed below.

More Information about these Laws?

This notice is required by applicable federal and state law. For more information, please contact us.

Signed

Farmers Insurance Exchange, Fire Insurance Exchange, Truck Insurance Exchange, Mid-Century Insurance Company, Farmers Insurance Company, Inc. (A Kansas Corp.), Farmers Insurance Company of Arizona, Farmers Insurance Company of Idaho, Farmers Insurance Company of Oregon, Farmers Insurance Company of Washington, Farmers Insurance of Columbus, Inc., Farmers Insurance Hawaii, Inc., Farmers New Century Insurance Company, Farmers Services Insurance Agency, Farmers Specialty Insurance Company, Farmers Texas County Mutual Insurance Company, Farmers Financial Solutions, LLC (a member of FINRA and SIPC)*, FFS Holding, LLC, Illinois Farmers Insurance Company, Mid-Century Insurance Company of Texas, Texas Farmers Insurance Company, Civic Property and Casualty Company, Exact Property and Casualty Company, and Neighborhood Spirit Property and Casualty Company, American Federation Insurance Company, 21st Century Advantage Company, 21st Century Assurance Company, 21st Century Auto Insurance Company of New Jersey, 21st Century Casualty Company, 21st Century Centennial Insurance Company, 21st Century Indemnity Insurance Company, 21st Century Insurance & Financial Services, Inc., 21st Century Insurance Company, 21st Century Insurance Company of Southwest, 21st Century North America Insurance Company, 21st Century Pacific Insurance Company, 21st Century Premier Insurance Company, 21st Century Superior Insurance Company, Hawaii Insurance Consultants Ltd., American Pacific Insurance Company, Inc., Bristol West Casualty Insurance Company, Bristol West Holdings, Inc., Bristol West Insurance Company, Bristol West Insurance Services of California, Inc., Bristol West Insurance Services, Inc. of Florida, Bristol West Preferred Insurance Company, BWIS of Nevada, Inc.; Coast National Holding Company, Coast National Insurance Company; Foremost County Mutual Insurance Company, Foremost Insurance Company Grand Rapids, Michigan, Foremost Lloyds of Texas, Foremost Property and Casualty Insurance Company, Foremost Signature Insurance Company, and Security National Insurance Company (Bristol West Specialty Insurance Company in TX).

The above is a list of the affiliates on whose behalf this privacy notice is being provided. It is not a comprehensive list of all affiliates of the companies comprising the Farmers Insurance Group of Companies.

*For more background information on Farmers Financial Solutions, LLC (“FFS”) or its registered representatives/Agents, visit FINRA’s BrokerCheck at www.finrabrokercheck.com or call the BrokerCheck toll free hotline at (800) 289-9999. You may obtain information about the Securities Investor Protection Program (SIPC) including the SIPC brochure by contacting SIPC at (202) 371-8300 or via the internet at www.sipc.org. FFS is registered with the US Securities and Exchange Commission and the Municipal Securities Rulemaking Board (MSRB). The MSRB website is accessible at www.msrb.org and includes an Investor Brochure that describes the protections that may be provided by the MSRB and how to file a complaint with the appropriate regulatory authority.



2021 Exchange Update

Dear Fellow Farmers Insurance Exchange Member:

As we close the books on 2020, Farmers Insurance Group® continues to provide its customers with coverage options to help them manage risk and meet their insurance needs. We strive to deliver the best value and experience to every customer we're privileged to serve. Farmers appreciates your business and looks forward to continuing to earn your confidence for many years to come.

Farmers Insurance Exchange is one of the insurers comprising Farmers Insurance Group®. Farmers Insurance Exchange along with Fire Insurance Exchange and Truck Insurance Exchange, and their subsidiaries and affiliates, provide automobile, homeowners, personal umbrella and business owners insurance. For more information, please visit farmers.com.

Recent Developments

- Farmers signed an agreement to acquire Metropolitan Property and Casualty Insurance Company and its subsidiaries, better known as MetLife Auto & Home®, an exciting opportunity that, once complete in 2021, will diversify our distribution and increase our revenue by roughly 15%.
- Despite the challenges of COVID-19, we achieved our highest scores around customer experience, which tells us we delivered to our customers throughout the year during a difficult time.
- During the first months of COVID-19, Farmers issued premium-reduction credits to more than 4 million auto customers in a timely and efficient manner.
- Our significant investment in Claims technology paid off during our safety-first, work-at-home environment with customers responding that they appreciated our digital and virtual claims experience.

Stronger Together

- Health and safety remained our top priority during the pandemic and employees remained productive and heard through regular townhalls and business updates.
- As the nation struggled with racial injustice, we also took time for some honest, at times difficult conversations on race, and committed ourselves to creating a more diverse and inclusive work environment at Farmers.

Your Voting Rights - WITH AN EXCITING NEW DEVELOPMENT!

As a member of Farmers Insurance Exchange, you have the important right to vote for representatives of the Exchange Board of Governors. In the past, you could only vote by attending the annual policyholder's meeting in person or by completing a paper proxy card. As a result of our ongoing efforts to modernize our processes, we are excited to inform you that going forward, you will also have the option to vote online via your Farmers.com account. Online voting will allow you to securely exercise your voting rights with just the click of a few buttons, and you will no longer need to manually complete and mail back a proxy postcard, unless you choose to do so.

Online voting period will commence on January 1, 2022 and end on March 11, 2022. To participate in the online voting process, you will need to create a Farmers.com account if you do not already have one. We strongly encourage you to have your email address on file with us as well, as an email notification will be sent out to all registered policyholders when the voting period commences.

While you continue to have the option to attend a policyholder's meeting in person or to request a paper proxy, we hope you will take advantage of the easier online voting option. Additional information on Farmers Insurance Exchange and your voting options can be found in the FAQ.

Thank you for your ongoing support and patronage.

Sincerely,

A handwritten signature in black ink, appearing to read "Alan R. Gildemeister".

Alan R. Gildemeister
Chair of the Board of Governors of Farmers Insurance Exchange

2021 Exchange Update (continued)

Frequently asked questions

As a member of Farmers Insurance Exchange, we want you to understand the basics of the operation of an Exchange because, as you will see below, you are an owner of the Exchange.

What is an Exchange?

An Exchange is an insurance organization, which operates in most ways like any other insurance company, but with a few key differences. Farmers Insurance Exchange was organized under a provision in the California Insurance Code, which allows insureds to "exchange" policies with other insureds. Because the insureds cannot practically be involved in actually issuing policies, collecting premium, paying commissions to agents, etc., they appoint a third party - called an "attorney-in-fact" (AIF) - to perform those duties on their behalf for a fee. That appointment is made through a document called a "Subscription Agreement." You were asked to sign a Subscription Agreement at the time you applied for insurance with Farmers Insurance Exchange and that is how you became a member (aka subscriber).

Who owns the Exchange?

You do. Subscribers of the Exchange are owners until such time as they no longer have insurance from the Exchange. Subscribers elect a Board of Governors which supervises the financial affairs of the Exchange and the performance of the AIF in conformity with the Subscription Agreement terms.

Why is an AIF fee paid to Farmers Underwriters Association (FUA)?

Under the Subscription Agreement mentioned above, members appoint FUA to perform certain of the tasks, such as policy issuance and collection of premium, which are involved in running an insurance operation. The Subscription Agreement specifies an AIF fee of 20 percent of premium, although FUA has taken less than that amount.

What is FUA?

FUA is a wholly owned subsidiary of Farmers Group, Inc. (FGI), which is part of the Zurich Insurance Group, Ltd (ZIG), a Swiss company. Neither FUA, FGI nor ZIG has any ownership interest in Farmers Insurance Exchange, which is owned by its subscribers (insureds).

How was your premium dollar spent by Farmers Insurance Exchange in 2020?

Your premium dollar covers Exchange costs including losses incurred, acquisition costs, taxes, license fees, the AIF fee, and any contributions to surplus. For 2020, the AIF fee was 12.8% of the premium dollar, which included the AIF profit of 6.70% of the premium dollar for that year.

Can the Exchange lose money?

If premiums collected exceed claims payments and other expenses (including the fee for the AIF), then the Exchange retains those net premium earnings (as contributions to surplus). If premiums are not sufficient to cover claims and expenses, the Exchange will lose money. That's one reason it is important to build surplus to pay future losses. The AIF does not participate in claims losses and does not enjoy any net premium earnings. Importantly, subscribers are not responsible for any losses the Exchange might suffer.

How can I exercise my right to vote?

You may exercise your voting rights in any of the following ways:

1. By attending the annual members meeting in Woodland Hills, CA on March 21, 2022 at 2 PM,
2. Electronically through your Farmers.com account (voting will be available from January 1, 2022 to March 11, 2022), or
3. Through mail by requesting a paper proxy from the Subscriber Relations Office (completed proxies must be received by March 11, 2022)

2021 Exchange Update (continued)

Where can I get more information about the Exchange, or obtain a paper proxy?

You can go to www.farmers.com/about-us for most questions. If you have additional questions or want to obtain a paper proxy along with a postage paid envelope to confidentially return your proxy, please contact:

Subscriber Relations Office
Farmers Insurance Exchange
Attn: Corporate Secretary
P.O. Box 4461
Woodland Hills, CA 91365
Subscriber.relations@farmersinsurance.com