



High Value Homeowners Policy

Your High Value Homeowners Policy - Quick Reference

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This policy is issued by Privilege Underwriters Reciprocal Exchange (PURE), a reciprocal insurance company. By purchasing this policy, you are a Subscriber to PURE. You are subject to the Subscriber's Agreement and Power of Attorney. This is a non-assessable policy consistent with section 629.261, Florida Statutes. The liability of the Subscriber to PURE is limited to the costs associated with the insurance policies only. This is a participating policy and you are entitled to dividends as may be declared by PURE. PURE may annually allocate a portion of surplus to subscriber savings accounts. Amounts allocated to subscriber savings accounts remain a part of PURE's surplus. They may be used to support the operations of PURE. Your right to the balance in the subscriber savings account is limited as set forth in the Subscriber's Agreement.

Insuring Agreement

Privilege Underwriters Reciprocal Exchange will provide the insurance described in this policy in return for payment of the premium and compliance with all applicable provisions of the policy.

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SECTION I - DEFINITIONS

In this policy, “you” and “your” refer to the “named insured” shown in the Declarations and if the “named insured” is an individual, the spouse if a resident of the same household. “We”, “us” and “our” refer to the Company providing this insurance.

In addition, certain words and phrases are defined below. When used throughout the policy the defined words will be bolded.

Aircraft

Aircraft means any device used or designed for flight. **Aircraft** does not include model or hobby craft not used or designed to carry people or cargo.

Bodily Injury

Bodily Injury means physical bodily harm, sickness or disease. This includes required care, loss of services and resulting death.

Business

Business means a trade, occupation or profession engaged in on a full-time, part-time or occasional basis. **Business** also means any activity engaged in for money or other compensation. This does not include **incidental business**.

Contents

Contents means personal property you or a **family member** own or possess. For any **residence premises** listed on your Declarations that is a condominium or cooperative, **contents** means;

- a. Personal property you or a **family member** possess;
- b. Improvements, betterments, installations or fixtures that you paid for or acquired along with the **residence premises**; and
- c. All property located within the boundaries of your unit which is your insurance responsibility under a corporation or association of property owners agreement.

Deductible

Deductible means the amount you are responsible to pay for any covered loss we pay.

Dwelling

Dwelling means the owned one or two family house at each location named on your Declarations. **Dwelling** is not a condominium or a cooperative.

Family Member

Family Member means a person that lives in your household and is related to you by blood, marriage, domestic partnership registered under State law, or adoption.

Fungi

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Fungi means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products, produced or released by **fungi**.

Hurricane

Hurricane means a storm system that has been declared a hurricane by the National Weather Service. The National Weather Service currently uses the Saffir/Simpson Hurricane Scale to categorize **hurricanes**. This scale specifies that a **hurricane** is a storm that originates in the tropics and results in either a sustained wind speed of at least 74 miles per hour or a storm surge of at least four feet above normal.

The duration of the **hurricane** includes the time period:

1. Beginning 24 hours before a declared **hurricane** makes landfall;
2. While that declared **hurricane** remains; and
3. Ending 24 hours after the declared **hurricane** is no longer present;

anywhere in the state where your **residence premises** is located.

Incidental Business

The definition of **Incidental Business** depends upon where the **incidental business** is conducted.

- a. Away from your **residence premises**.

Incidental Business means a self-employed business activity normally undertaken by persons under the age of 18 such as newspaper delivery, babysitting, caddying, and lawn care. Any of these activities must:

1. Not yield gross revenues in excess of \$10,000 in any year;
2. Have no employees subject to any workers' compensation, disability benefits, unemployment compensation or other similar laws; and
3. Conform to local, state, and federal laws; or

- b. At your **residence premises**.

Incidental Business means a business activity, other than farming, conducted in whole or in part on your **residence premises** which must:

1. Not yield gross revenues in excess of \$10,000 in any year, except for the business activity of managing one's own personal investments, regardless of where the revenues are produced;
2. Have no employees subject to any workers' compensation, disability benefits, unemployment compensation or other similar laws; and
3. Conform to local, state, and federal laws.

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Incidental Business includes the **business** of renting to others the **residence premises** listed on your Declarations.

Insured

Insured means you or a **family member**. As respects Section III Liability, an **insured** also includes any individual or other legal entity given permission by you or a **family member** to use a vehicle or **watercraft** covered under this policy with respect to their legal responsibility arising out of its use.

Landscaping

Landscaping means trees, shrubs or other plants on the grounds of your **residence premises**.

Medical Expenses

Medical Expenses includes reasonable charges for:

- a. medical;
- b. surgical;
- c. X-ray;
- d. dental;
- e. ambulance;
- f. hospital;
- g. professional nursing;
- h. prosthetic devices; and
- i. funeral services.

Occurrence

Occurrence means an accident or offense, including continuous or repeated exposure to substantially the same general harmful conditions, which results in **bodily injury** or **property damage** during the policy period.

Other Structures

Other Structures means outdoor structures on the grounds of your **residence premises** set apart from the **dwelling** by clear space. This includes structures connected to the **dwelling** by only a fence, utility line or similar connection.

Personal Injury

Personal Injury means injury or death arising out of one or more of the following:

- a. **Bodily injury**;
- b. Unlawful detention, false imprisonment or false arrest;
- c. Shock or emotional distress;
- d. Invasion of privacy;
- e. Defamation, libel or slander;
- f. Malicious prosecution;
- g. Wrongful entry or eviction; or
- h. Assault and battery when committed with the intent of protecting persons.

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Property Damage

Property Damage means physical injury to, destruction of, or loss of use of tangible property.

Reconstruction Cost

Reconstruction Cost means the lesser of the amount required at the time of the loss to repair or replace a structure at the same location with materials and workmanship of like kind and quality. **Reconstruction cost** does not include deduction for depreciation or any amount required to comply with the enforcement of any ordinance or law. It also does not include any amount required for the excavation, replacement or stabilization of land under or around a structure.

Recreational Motor Vehicle

Recreational Motor Vehicle means a motorized land vehicle designed for use off public roads, not subject to motor vehicle registration or operator licensing, and which is used solely on your **residence premises**. **Recreational Motor Vehicle** includes a golf cart used as a means of travel about your residence, your residence community or a golf course for golfing purposes or community or other private activities. **Recreational Motor Vehicle** also includes vehicles used to assist the handicapped that are not designed for or required to be registered for use on public roads.

Residence Premises

Residence Premises means any **dwelling, other structures** and grounds or any condominium unit, cooperative, or apartment which is listed on your Declarations and that you own or live in.

Watercraft

Watercraft means a boat or craft principally designed to be propelled on, over or under water. A model boat or hobby craft not used or designed to carry people is not considered a **watercraft**.

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SECTION II – PROPERTY COVERAGE

A. Perils Insured Against

We insure against all risks of sudden and accidental direct physical loss or damage to your **dwelling, contents** and **other structures** unless an exclusion applies.

B. Coverage and Loss Settlement

1. Dwelling

For a covered loss we will pay the **reconstruction cost** for your **dwelling**, even if this amount is greater than the coverage limit shown for that location on your Declarations. However, the most we will pay is the coverage limit shown for that location on your Declarations if:

- a. you do not begin to repair or rebuild your **dwelling** within two (2) years from the date of loss;
- b. if you do not maintain at least the amount of coverage for your **dwelling** as previously agreed to, including any adjustments we make based on appraisals or revaluations; or
- c. you do not repair or rebuild your **dwelling** at the same location.

2. Other Structures

For a covered loss we will pay the **reconstruction cost** for your **other structures**, even if this amount is greater than the coverage limit shown for that location on your Declarations. However, the most we will pay is the coverage limit shown for that location on your Declarations if:

- a. the coverage limit shown for this location on your Declarations for your **other structures** is less than 20% of the coverage limit for your **dwelling**;
- b. you do not begin to repair or rebuild your **other structures** within two years from the date of loss;
- c. you do not maintain at least the amount of coverage for your **other structures** as previously agreed to, including any adjustments we make based on appraisals or revaluations; or
- d. you do not repair or rebuild your **other structures** at the same location.

3. Dwelling or Other Structures under Construction

If at anytime during the policy period:

- a. You are newly constructing your **dwelling** or **other structures**;
- b. You are constructing additions, alterations or renovations to the **dwelling** or **other structures** and as a result have temporarily vacated the **residence premises**; or

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- c. You are constructing additions, alterations or renovations to the **dwelling** or **other structures** and the cost will exceed 10% of the coverage amount for your **dwelling** or **other structures**;

then the most we will pay for a covered loss is the **reconstruction cost** less depreciation, but not to exceed the coverage limit shown on your Declarations. We will pay this amount whether or not you actually repair or rebuild. You must still maintain at least the amount of coverage for your **dwelling** and **other structures** as previously agreed to, including any adjustments we make based on appraisals or revaluations. This will remain the loss settlement provision until all construction is completed, and you and we agree on the amount of coverage for your **dwelling** and **other structures**.

4. Contents

The most we will pay for a covered loss to **contents** is the lesser of the amount required to repair or replace the **contents** without application of depreciation up to the amount of coverage for **contents**. However, if the **contents** are obsolete or unusable as a result of their age or condition, depreciation will be applied.

The amount of coverage for **contents** depends on where the loss occurs. For a covered loss to **contents** that occurs;

- a. At a **residence premises** listed on your Declarations, we will pay up to the coverage limit for **contents** at that location for each covered loss. If after a covered loss to your **dwelling** and **contents** we pay more than the coverage limit for your **dwelling** because the **reconstruction cost** is higher than the insured limit, we will increase the **contents** coverage for the purposes of settling the loss, by the same percentage. This extension of coverage only applies if the **contents** limit on your Declarations is 50% of the **dwelling** limit or greater;
- b. At a **residence premises** insured under another policy, we will not pay any amount under this policy;
- c. At a **residence premises** that is not listed on your Declarations or insured under another policy, we will pay up to 10% of the **contents** limit shown on your Declarations for a loss caused by a peril other than a **hurricane**. We do not cover any loss caused by a **hurricane** in the state where the **contents** are located.

However, if the **residence premises** has been acquired within the last sixty (60) days, we will pay up to the highest **contents** limit of any single **residence premises** listed on your Declarations.

- d. Away from a **residence premises**, we will pay up to the highest **contents** limit of any single **residence premises** listed on your Declarations.

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5. Deductible

Unless otherwise noted in this policy, the base **deductible** or one of the special **deductibles** shown on your Declarations or by endorsement is the amount of a covered loss you will pay.

Hurricane Deductible

In the event of direct physical loss to property covered under this policy caused directly or indirectly by a **hurricane**, the Hurricane Deductible listed on your Declarations is the amount of the covered loss for **dwelling, other structures and contents** that you will pay. The Hurricane Deductible does not apply to coverage provided under **7. Loss of Use**. The Hurricane Deductible applies regardless of any other cause or event contributing concurrently or in any sequence to the loss.

Waiver of Deductible

For a covered loss caused by a peril other than a **hurricane** or earthquake that is greater than \$50,000, we will waive the base **deductible**. This waiver of **deductible** only applies if the base **deductible** shown on your Declarations is \$25,000 or less.

This waiver of **deductible** does not apply to special **deductibles** for **hurricane** or earthquake. This waiver of **deductible** also does not apply to a special construction **deductible**.

Construction Deductible

If at anytime during the policy period:

- a. You are newly constructing your **dwelling** or **other structures**;
- b. You are constructing additions, alterations or renovations to the **dwelling** or **other structures** and as a result have temporarily vacated the **residence premises**; or
- c. You are constructing additions, alterations or renovations to the **dwelling** or **other structures** and the cost will exceed 10% of the coverage amount for your **dwelling** or **other structures**;

then a special construction **deductible** of 5% of **dwelling** coverage will apply to each covered loss in lieu of a base **deductible**. This **deductible** applies to your **dwelling, other structures, contents**, and additional coverages. The dollar amount of this **deductible** is based on the **dwelling** coverage limit shown on your Declarations for that location at the time of the loss. This **deductible** does not eliminate any other special **deductibles** that may apply. If we otherwise give our prior written consent, the special construction **deductible** will not apply.

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6. Special Limits of Liability for Contents

These limits do not increase the amount of coverage for your **contents**. The special limit shown for each category below is the most we will pay for each covered loss to **contents** in that category.

- a. Money, bank notes, bullion, gold other than gold ware, silver other than silver ware, platinum - \$2,500.
This limit is increased to \$10,000 for bank notes, bullion, gold other than gold ware, silver other than silver ware, platinum that are stored in a locked home safe located on the **residence premises** or in a bank vault or bank safe deposit box.
- b. **Watercraft**, including their trailers, furnishings, equipment and outboard engines or motors - \$5,000.
- c. Trailers not used with **watercraft** - \$5,000.
- d. Grave markers - \$10,000.
- e. Securities, accounts, deeds, evidences of debt, letters of credit, notes other than bank notes, manuscripts, negotiable papers, passports, tickets - \$5,000.
- f. Jewelry, watches, precious stones or semi precious stones, whether set or unset, that are lost, misplaced or stolen - \$5,000.

If your **residence premises** is a:

Dwelling, this special limit is increased to \$50,000 if your Declarations show a limit for **contents** coverage that is 50% or more of the coverage for your **dwelling**. However, the most we will pay for any one article is \$25,000.

Condominium unit, cooperative, or apartment, this special limit is \$50,000. However, the most we will pay for any one article is \$25,000.

The limits described under f. do not apply if the items are stored in a bank vault or bank safe deposit box.

- g. Furs that are lost, misplaced or stolen - \$5,000.
- h. Guns that are lost, misplaced or stolen - \$5,000.
- i. Silverware, goldware, pewterware or trophies that are lost, misplaced or stolen - \$10,000.

7. Loss of Use

If a covered loss to your **dwelling** or **contents** makes the **residence premises** not fit to live in, we cover the following:

- a. Additional Living Expense:
 - (1) If the **residence premises** is your primary residence, we will pay the necessary reasonable increase in living expenses incurred by you so that your household can maintain its normal standard of living; or

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- (2) If the **residence premises** is not your primary residence, we will pay the necessary reasonable increase in living expenses incurred by you so that your household can maintain its normal standard of living for those periods of time that you had planned to use, or customarily use, the residence.

We cover this increase for the shortest reasonable amount of time required to restore your **residence premises** to a habitable condition, or if you permanently relocate, the shortest reasonable amount of time required for your household to settle elsewhere. This time period is not limited by the expiration of this policy.

b. Fair Rental Value

The amount of rent shown on a signed lease agreement less any expenses that do not continue while the **residence premises** is not fit to live in.

Payment will be for the shortest reasonable time required to restore your **residence premises** to a habitable condition. This time period is not limited by the expiration of this policy.

Civil Authority

If you are forced to evacuate your **residence premises** or a civil authority prohibits you from use of the **residence premises**, we will reimburse you for the reasonable increase in living expenses incurred by you so that your household can maintain its normal standard of living for up to 30 days. The most we will pay for this coverage is \$50,000.

C. Additional Coverages

The coverages shown below are in addition to the coverage amount shown for that location on your Declarations unless otherwise indicated. Your **deductible** applies to these coverages unless otherwise indicated. These coverages are subject to Special Limits of Liability and Exclusions. Exclusions are defined in Section **D**.

1. Loss Assessment

We will pay up to \$50,000 for your share of a loss assessment charged against you during the Policy Period by a corporation or association of property owners. This coverage applies to loss assessments charged against you during the policy period, regardless of when the loss to the corporation or association of property owners occurred. This coverage only applies when the assessment is made as a result of a covered loss to the property owned by all members collectively. We will not pay for assessments made as a result of loss caused by or resulting from earthquake. We will pay your portion of an assessment charged as a result of an ensuing covered loss due to theft, explosion, fire or glass breakage, unless another exclusion applies. A **deductible** does not apply to this coverage.

We will not pay more than \$5,000 for any assessment that results from a **deductible** in your Association's insurance coverage.

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2. Back Up of Sewers and Drains

We will pay up to the coverage limits shown on your Declarations for physical loss or damage to property caused by:

- (1) Water which backs up through sewers or drains; or
- (2) Water which overflows from a sump even if such overflow results from the mechanical breakdown of the sump pump.

These payments do not increase your coverage amount.

3. Construction Materials

We will pay for a covered loss to materials and supplies owned by you at each location shown on your Declarations for use in the repair, alteration, or construction of your **residence premises**. These payments do not increase your coverage amount.

4. Data Replacement

We will pay up to \$5,000 for expenses you incur to replace your personal data stored on a personal computer or portable computing device lost as a result of a covered loss.

5. Debris Removal

We will pay the reasonable expenses you incur to remove debris of covered property resulting from a covered loss from the **residence premises**.

If the **residence premises** is a house, these payments increase the amount of your coverage by 10% of the **dwelling** limit shown on your Declarations. If the **residence premises** is a condominium, cooperative or apartment, these payments increase the amount of your coverage by 10% of the **contents** limit shown on your Declarations.

6. Ensuing Fungi or Bacteria

For a covered loss we will not pay more than \$20,000 for each occurrence for all increased costs that are **fungi** or bacteria remediation expenses described below. This **fungi** or bacteria remediation expense limit does not increase your coverage amount.

This **fungi** or bacteria remediation expense limit does not apply to **fungi** or bacteria resulting from a covered loss caused by fire or lightning.

Fungi or bacteria remediation means the reasonable and necessary costs for:

- a. Testing and monitoring the air or property to confirm the absence, presence or level of **fungi** or bacteria whether performed prior to, during or after removal, repair, restoration or replacement. The cost of such testing will be paid only to the extent that there is a reason to believe that there is the presence of **fungi** or bacteria;

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- b. Developing a **fungi** or bacteria remediation plan; and implementing that **fungi** or bacteria remediation plan including the clean up, removal, containment, treatment, or disposal of **fungi** or bacteria;
- c. Tearing out and replacing any part of the building or other covered property as needed to gain access to the **fungi** or bacteria beyond that which is required to gain access to covered property physically damaged by a covered loss;
- d. Removing debris of covered property containing **fungi** or bacteria beyond that which is required to remove debris of the covered property physically damaged by a covered loss; and
- e. Repairing or replacing covered property containing **fungi** or bacteria beyond that which is required to repair or replace the covered property physically damaged by a covered loss.

Fungi or bacteria remediation expenses also includes up to a maximum of \$5,000 for coverage for loss of use of your **residence premises** resulting from **fungi** or bacteria.

Loss of use means:

- a. The necessary reasonable increase in living expenses incurred by you so that your household can maintain its normal standard of living while your **residence premises** is uninhabitable; and
- b. For a **residence premises** that is rented out, the amount of rent shown on a signed lease agreement, less any expenses that do not continue, while the **residence premises** is uninhabitable.

\$20,000 is the most we will pay regardless of the number of locations insured, or the number of claims. We will not make any additional payments for ensuing **fungi** or bacteria under any other part of this policy.

7. Fire Department Service Charge

We will pay the charges imposed by law or assumed in writing for fire department charges. This coverage applies when the fire department is called to save or protect a **residence premises** listed on your Declarations. Your **deductible** does not apply to this coverage.

8. Food Spoilage

We will cover food that is contained or stored in a refrigerator or freezer at your **residence premises** which spoils due to:

- a. Changes or extremes in temperature caused by an interruption of the power supply; or
- b. Caused by the mechanical or electrical breakdown of refrigeration equipment.

Food Spoilage does not include any loss to wine. These payments do not increase your coverage amount.

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9. Incidental Business Property

We will pay up to \$10,000 for a covered loss to property owned or leased by you and used for an **incidental business** conducted at a **residence premises** listed on your Declarations.

10. Land

We will pay up to 10% of the amount of a covered loss to your **dwelling** or **other structures** for the required stabilization, excavation, or replacement of land under or around your **dwelling** or **other structures**.

These payments do not increase your coverage amount for losses caused by or resulting from a **hurricane**.

11. Landscaping

We will pay for loss or damage to **landscaping** caused by:

- a. fire or lightning;
- b. explosion;
- c. riot or civil commotion;
- d. aircraft;
- e. vehicles not owned or operated by a person who lives at the **residence premises**;
- f. vandalism or malicious mischief; or
- g. theft.

We will pay up to the greater of 5% of the coverage limit for **dwellings** or **contents** shown on your Declarations for the **residence premises** at which the covered loss occurs. The most we will pay for any one tree, shrub or plant is \$5,000.

This additional coverage is only applicable if you begin to repair or replace the damaged **landscaping** within one hundred eighty (180) days of the date of loss.

12. Lock Replacement

If the keys to the **residence premises** listed on your Declarations are lost or stolen, we will pay for the cost to replace the locks to that **residence premises**. Your **deductible** does not apply to this coverage.

13. Loss by Domestic Animals

We will pay for loss to your **dwelling**, **other structures**, and **contents** caused by domestic animals.

14. Loss to a Pair or Set or Parts

For a covered loss to a pair or set, we will pay the lesser of:

- a. The cost to replace any part to restore the pair or set to its value before the loss;
- b. The cost to repair any part to restore the pair or set to its value before the loss; or

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- c. The difference between the market value of the pair or set before and after the loss.

However, if you agree to give us the remaining article(s) of the pair or set we will pay the full replacement cost of the entire pair or set.

These payments do not increase your coverage amount.

15. Mine Subsidence

We will pay for direct physical loss to your **dwelling** and **other structures** caused by mine subsidence. Mine subsidence means the lateral or vertical movement of a man-made underground mine or mine-related excavations.

16. Precautionary Repairs

We will pay the reasonable expenses incurred by you for the necessary measures taken to protect covered property that is damaged by a covered peril, from further damage.

These payments do not increase your coverage amount.

17. Property Removal

We will pay the reasonable expenses you incur to move **contents** from a **residence premises** to protect the **contents** from damage from a covered loss.

18. Property of Domestic Staff and Guests

We cover the personal property of your domestic staff and your guests located at the **residence premises** listed on your Declarations. These payments do not increase your coverage amount.

19. Rebuilding to Code

We will pay the necessary cost for you to comply with any law or ordinance requiring or regulating the:

- a. Construction;
- b. Demolition;
- c. Remodeling;
- d. Renovation; or
- e. Repair;

of a covered property damaged by a covered loss, including removal of any resulting debris. These payments do not increase your coverage amount.

This coverage only applies if you choose to repair, rebuild or replace your **dwelling**, **other structure**, or improvements and betterments at the loss location.

20. Credit Card, Electronic Fund Transfer Card or Access Device, Forgery, and Counterfeit Money

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We will pay up to \$10,000 for:

- a. The legal obligation of an **insured** to pay because of the theft or unauthorized use of credit cards issued to or registered in an **insured's** name;
- b. Loss resulting from theft or unauthorized use of an electronic fund transfer card or access device used for deposit, withdrawal or transfer of funds, issued to or registered in an **insured's** name;
- c. Loss to an **insured** caused by forgery or alteration of any check or negotiable instrument; and
- d. Loss to an **insured** through acceptance in good faith any counterfeit paper currency.

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

We may investigate and settle any claim or suit. Our duty to defend a claim or suit ends when the amount we pay for the loss equals our limit of liability. If a suit is brought against an **insured** for liability for 20.a. and 20.b. above, we will provide a defense at our expense by counsel of our choice. We have the option to defend at our expense an **insured** or an **insured's** bank against any suit for the enforcement of payment under 20.c. above.

21. Identity Fraud Expense Coverage

- a. If you are a victim of "identity fraud" we will, with your consent, appoint and pay the full cost of, an identity fraud restoration specialist to restore your credit record and identity. Provided that we select the identity fraud restoration specialist we will pay the full cost of the specialist. If you choose a different method of restoring your credit record and identity, we will pay your "identity fraud expenses" up to a maximum of \$25,000, for each individual identity fraud perpetrated. No **deductible** applies to this coverage.

"Identity Fraud" means the act of knowingly transferring or using, without lawful authority, a means of identification of an **insured**. This must be done with the intent to commit, or to aid or abet another to commit, an unlawful activity that constitutes a violation of federal law or a crime under any applicable state or local law.

- b. "Identity Fraud Expense" means:

- (1) Costs for notarizing affidavits or similar documents attesting to fraud required by financial institutions or similar credit grantors or credit agencies;
- (2) Costs for sending certified mail to law enforcement agencies, credit agencies, financial institutions or similar credit grantors;

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- (3) Lost wages as a result of time off from work to meet with law enforcement agencies, credit agencies, merchants or legal counsel or to complete fraud affidavits, up to \$500 per week for a maximum of 2 weeks;
- (4) Loan application fees for reapplying for a loan or loans when the original application is rejected solely because the lender received incorrect credit information;
- (5) Reasonable attorney fees incurred with our prior consent, as a result of “identity fraud” to:
 - i. Defend lawsuits brought against an insured by merchants, financial institutions, or their collection agencies;
 - ii. Remove any criminal or civil judgments wrongly entered against an **insured**; and
 - iii. Challenge the accuracy or completeness of any information in an **insured’s** consumer credit report.
- (6) Charges incurred for long distance telephone calls to merchants, law enforcement agencies, financial institutions or similar credit grantors or credit agencies to report or discuss an actual “identity fraud”.

This coverage does not apply to losses covered under Credit Card, Electronic Fund Transfer Card or Access Device, Forgery, and Counterfeit Money. This coverage does not apply where an **insured** or someone acting at the direction of an **insured** commits a fraudulent, dishonest or criminal act, whether acting alone or in concert with others.

22. Loss Mitigation Measures

In the event of a covered loss, for which we pay \$10,000 or more, we will also pay for the reasonable costs you incur up to \$2,500 for the installation of an approved loss mitigation measure or loss prevention device to protect your **residence premises** against a subsequent and similar loss in the future. This additional coverage does not apply to losses that result from a **hurricane**.

Examples of approved loss prevention devices include, but are not limited to, fire alarm systems, fire suppression systems, security systems, sump pumps, automatic water shut-off devices, lightning suppression systems and back-up power systems.

These payments do not increase your coverage amount.

23. Environmentally Friendly Upgrades

In the event of a covered loss that exceeds your **deductible** we will pay up to \$50,000 for additional costs incurred to use approved environmentally friendly materials,

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fixtures, appliances or methods in the necessary rebuilding, repairing or replacing of your **dwelling, other structures** or **contents**.

Examples of approved environmentally friendly materials, fixtures, appliances and methods include, but are not limited to, appliances and lighting, heating and cooling systems that meet Energy Star or equivalent levels of efficiency and building materials that are sustainably produced, responsibly harvested or composed of recycled content.

These payments do not increase your coverage amount.

24. Tree Removal

Unless covered elsewhere under this policy, we will pay up to a total of \$1,500 for each occurrence to remove trees fallen due to wind, hail, sleet or the weight of ice or snow when the tree does not damage your **residence premises**.

Your **deductible** does not apply to this coverage. This waiver of **deductible** does not apply to special **deductibles** for **hurricane** or earthquake. This waiver of **deductible** also does not apply to a special construction **deductible**.

25. Pet Injury

We will pay up to \$5,000 for each occurrence for any necessary **medical expenses** to domestic animals owned by, or in the care, custody and control of an **insured** that arises due to a covered loss. Your **deductible** does not apply to this coverage.

D. Exclusions

The following exclusions apply to **SECTION II – PROPERTY COVERAGE**.

1. Aircraft

We do not cover any loss to an **aircraft** or its parts, whether or not attached to the **aircraft**.

2. Buildings Scheduled for Demolition

We do not cover loss to **dwellings** or **other structures** that are scheduled for demolition, deconstruction or destruction. However, we will pay the cost of debris removal. A building is considered scheduled for demolition, deconstruction or destruction if a contract has been entered into, whether written or verbal, or plans have been drawn up to demolish the building within the next one hundred eighty (180) days.

3. Business Property

We do not cover any loss to **business** property, except **incidental business** property as defined in **C. Additional Coverages**.

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4. **Governmental Action**

We do not cover any loss caused by governmental action. Governmental action means the destruction, confiscation or seizure by order of any government or public authority. This exclusion does not apply to such acts ordered by any governmental or public authority that are taken to prevent the spread of fire.

5. **Dishonest Acts**

We do not cover any loss caused by any dishonest or criminal act by you or a **family member**, or by a person directed by you or a **family member**.

6. **Earth Movement**

We do not cover any loss to your **dwelling** or **other structures** caused by earth movement. Earth movement means:

- a. Earthquake, including land shock waves or tremors, before, during or after a volcanic eruption;
- b. Landslides;
- c. Mudflows;
- d. Mudslides; and
- e. the sinking, rising, or shifting of land.

However, we do insure ensuing covered loss due to theft, fire, glass breakage or explosion unless another exclusion applies.

7. **Faulty, Inadequate or Defective Planning**

We do not cover any loss caused by faulty, inadequate or defective:

- a. Planning, zoning, development, surveying, siting;
- b. Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
- c. Materials used in repair, construction, renovation or remodeling; or
- d. Maintenance;

of part or all of any property whether on or off the **residence premises**.

8. **Fungi, Wet or Dry Rot, or Bacteria**

We do not cover any loss caused by the presence, growth, proliferation, spread or any activity of **fungi**, wet or dry rot, or bacteria. This includes the cost to test for, monitor, clean up, move, remediate, contain, treat, detoxify, neutralize or in any way respond to, or assess the effects of **fungi**, wet or dry rot, or bacteria.

This exclusion does not apply to:

- a. Coverage provided under **SECTION II – PROPERTY COVERAGE, C. Additional Coverages, 6. Ensuing Fungi or Bacteria**;

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- b. **Fungi** or bacteria resulting from fire or lightning unless another exclusion applies;
or
- c. Ensuing covered loss unless another exclusion applies.

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

We do not cover any loss caused by:

- a. wear and tear, marring, deterioration;
- b. warping, rust or, other corrosion;
- c. wet or dry rot;
- d. mechanical breakdown;
- e. latent defect;
- f. inherent vice; or
- g. any quality in property that causes it to damage or destroy itself.

However, we do insure ensuing covered loss unless another exclusion applies.

10. **Intentional Loss**

We do not cover intentional loss. An intentional loss means any loss arising out of any act an **insured** commits or conspires to commit with the intent to cause a loss. This exclusion only applies to an **insured** who commits or conspires to commit an act with the intent to cause a loss.

11. **Loss by Birds, Vermin, Rodents or Insects**

We do not cover any loss caused by birds, vermin, rodents or insects. However, we do insure ensuing covered loss unless another exclusion applies.

12. **Loss to Fish, Birds or Animals**

We do not cover any loss to fish, birds or other animals.

This exclusion does not apply to the extent coverage is provided under **SECTION II – PROPERTY COVERAGE, C. Additional Coverages, 25. Pet Injury**.

13. **Motorized Land Vehicles**

We do not cover any loss to a motorized land vehicle, other than a **recreational motor vehicle**.

14. **Nuclear Hazard**

We do not cover any loss caused directly or indirectly by nuclear hazard. Nuclear hazard means any nuclear reaction, radiation, or radioactive contamination, all whether controlled or uncontrolled or however caused, or any consequence of any of these. However, we do cover ensuing covered loss due to fire resulting from a nuclear hazard unless another exclusion applies.

15. **Pollution or Contamination**

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We do not cover any loss caused directly or indirectly, regardless of cause or event, whether contributing concurrently or in any sequence to the loss, caused by the:

- a. Discharge;
- b. Dispersal;
- c. Seepage
- d. Migration;
- e. Release; or
- f. Escape

of “pollutants”. “Pollutants” mean any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

16. Property of Others

We do not cover any loss to property of roomers, boarders, or other tenants. This exclusion does not apply to property of roomers or boarders related to an **insured**.

17. Renovations and Repairs

We do not cover any loss caused by renovating, refinishing or repairing any kind of **contents**. This exclusion does not apply to jewelry, watches, and furs.

18. Structural Movement

We do not cover any loss caused by the settling, shrinking, bulging or expansion, including resultant cracking, of the following:

- a. Bulkheads;
- b. Pavements, patios;
- c. Footings, foundations; or
- d. Walls, floors, roofs or ceilings.

However, we do insure ensuing covered loss unless another exclusion applies.

19. War

We do not cover any loss caused directly or indirectly by war. War includes the following and any consequence(s) of any of the following:

- a. Undeclared war, civil war, insurrection, rebellion or revolution;
- b. Warlike act by a military force or military personnel; or
- c. Destruction, seizure or use for a military purpose

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

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20. Watercraft

We do not cover any loss caused by the stranding, swamping or sinking of a **watercraft** or its trailer, or outboard motor. We also do not cover any loss caused by collision of a **watercraft** other than collision with a land vehicle unless another exclusion applies. We also do not cover any loss that results from a **hurricane** damaging a **watercraft**.

21. Surface and Ground Water

We do not cover any loss by surface or ground water. Surface or ground water means:

- a. Flood, surface water, waves, tidal water, overflow of a body of water, or spray from any of these, whether or not driven by wind; or
- b. Water or water-borne material below the surface of the ground. This includes water which exerts pressure on, or seeps or leaks through a building, sidewalk, driveway, foundation, swimming pool or **other structure**.

This exclusion does not apply to **contents** away from any **residence premises** or ensuing covered loss unless another exclusion applies.

22. Temperature, Dampness or Humidity

We do not cover any loss caused by extremes of temperature, dampness, humidity or dryness of atmosphere, or water vapor to your **dwelling, other structures** or **contents**. This exclusion does not apply to:

- a. Loss caused directly by rain, sleet, snow or hail; or
- b. Coverage provided under **SECTION II – PROPERTY COVERAGE, C. Additional Coverages, 8. Food Spoilage**.

23. Water Damage to Specific Other Structures

We do not cover loss to specific **other structures** caused by:

- a. Freezing;
- b. Thawing;
- c. Pressure or weight of water or ice, whether driven by wind or not.

This exclusion applies to:

- a. fences, pavements, patios or tennis courts;
- b. swimming pools, hot tubs or septic systems;
- c. footings, foundations, bulkheads, retaining walls, or any structure or device that supports all or part of a building, or **other structure**; or
- d. piers, wharves, docks or bridges.

However, we do insure ensuing covered loss unless another exclusion applies.

24. Water Damage as a Result of Failure to Maintain Heat

We do not cover any loss caused by water freezing in plumbing, heating or air conditioning system or household appliance if you have not used reasonable care to maintain heat in your residence. This includes closing and draining the water system or appliances if the home is vacant, unoccupied or being constructed.

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SECTION III – LIABILITY COVERAGE

A. Personal Liability

If a claim is made or a suit is brought against an **insured** for damages because of **personal injury** or **property damage** caused by an **occurrence** anywhere in the world to which this coverage applies, we will:

1. Pay up to the liability coverage limit shown on your Declarations for damages for which an **insured** is legally liable. We will not pay more than the liability coverage limit shown on your Declarations for any single **occurrence** regardless of the number of **insureds**, claims made or persons injured. Damages include prejudgment interest awarded against an **insured**; and
2. Provide a defense at our expense even if the suit is groundless, false or fraudulent. You may choose counsel from a panel of firms that we have selected. We reserve the right to assign counsel if a panel has not been selected in the jurisdiction that the suit is brought or the claim is made. We may investigate and settle any claim or suit at our discretion. Our duty to settle or defend ends when our liability coverage limit for the occurrence has been exhausted by payment of a judgment or settlement. Costs of providing a defense, other than settlement payments, are in addition to the liability coverage limit.

B. Medical Payments to Others

We will pay the necessary **medical expenses** that are incurred or medically ascertained within three (3) years from the date of an accident causing **bodily injury**. The most we will pay is \$10,000 per person. This coverage does not apply to you or a **family member**. This coverage applies only:

1. To a person on a **residence premises** with liability coverage listed on your Declarations with the permission of you or a **family member**; or
2. To a person off the **residence premises** if the **bodily injury**:
 - a. Arises out of a condition at a **residence premises**, or the ways immediately adjoining a **residence premises**, listed on your Declarations with liability coverage;
 - b. Is caused by the activities of an **insured**;
 - c. Is caused by a domestic worker in the course of his or her employment by an **insured**; or
 - d. Is caused by an animal owned by or in the care of an **insured**.

C. Additional Coverages

We cover the following in addition to the liability coverage limit, unless stated otherwise:

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1. Claims Expenses

We will pay:

- a. Expenses we incur and court costs taxed against an **insured** in any suit we defend;
- b. Reasonable expenses incurred by an **insured** at our request. This includes actual loss of earnings (but not loss of other income) up to a total of \$10,000, for assisting us in the investigation or defense of a claim or suit;
- c. Premiums on bonds required in a suit we defend. This does not apply to bond amounts more than the liability coverage limit shown on your Declarations. We need not apply for or furnish any bond; and
- d. Interest on the entire judgment which accrues after entry of the judgment and before we pay or tender, or deposit in court, that part of the judgment which does not exceed the liability coverage limit.

2. Damage to Property of Others

We will pay up to \$10,000 per **occurrence** to repair or replace the property of others damaged by an **insured**. If your **residence premises** is a condominium, cooperative or apartment unit we will pay up to \$25,000 per **occurrence** to repair or replace the property of others damaged by an **insured**.

D. Exclusions

We do not provide coverage for damages, defense costs or any other cost or expense for:

1. Motorized Land Vehicles

Personal injury or property damage arising out of the:

- a. ownership;
- b. maintenance;
- c. operation;
- d. loading or unloading

of any motorized land vehicle. This exclusion does not apply to **recreational motor vehicles** except when they are used for participation in or practice for competitive racing.

2. Aircraft

Personal injury or property damage arising out of the:

- a. ownership;
- b. maintenance;
- c. operation;
- d. use;
- e. loading;
- f. unloading; or
- g. towing

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of any **aircraft**.

3. **Watercraft**

Personal injury or **property damage** arising out of the ownership, maintenance, operation, use, loading or unloading, or towing of any **watercraft**:

- a. That is over 26 feet in length or has more than 50 horsepower, other than **watercraft** furnished or rented to an **insured** for less than 30 days;
- b. Used for any **business** or commercial purpose; or
- c. Used for participation in or practice for competitive racing (this does not apply to sailing vessels less than 26 feet in length).

4. **Workers' Compensation or Disability**

Any damages or benefits an **insured** is legally obligated to provide under any:

- a. workers' compensation;
- b. disability benefits;
- c. Jones Act or General Maritime Law;
- d. unemployment compensation;
- e. occupational disease; or
- f. similar law.

5. **Directors Errors or Omissions**

Personal injury or **property damage** arising out of an **insured's** actions, errors or omissions as a director or officer of any corporation or organization. This exclusion does not apply to **personal injury** or **property damage** arising out of an **insured's** activities;

- a. For a Condominium or Cooperative Association; or
- b. For a not for profit corporation or organization.

6. **Property in Your Care**

Property damage to property owned by, or in the custody, care or control of, an **insured**. This exclusion does not apply to **property damage**:

- a. Caused by fire, smoke or explosion; or
- b. To a residence that you rent to live in.

7. **Insured**

Personal injury to you or an **insured** under this policy.

8. **Discrimination**

Personal injury or **property damage** arising out of actual, alleged or threatened discrimination or harassment due to:

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- a. Age;
- b. race;
- c. national origin;
- d. color;
- e. sex;
- f. creed;
- g. handicapped status;
- h. sexual preference; or
- i. any other discrimination.

9. Sexual Molestation, Corporal Punishment or Physical or Mental Abuse

Personal injury or **property damage** arising out of sexual molestation, corporal punishment or physical or mental abuse.

10. Communicable Disease

Personal injury or **property damage** which arises out of the transmission of a communicable disease by an **insured**.

11. Business

Personal injury or **property damage** arising out of or in connection with an **insured's business** property or **business** pursuits. However, this exclusion does not apply to:

Incidental business property or **incidental business** pursuits; or

- a. **Personal injury** or **property damage** arising out of the physical condition of your **residence premises** when **business** or professional activities are legally conducted by any **insured** at that **residence premises** and;
- b. There are no employees conducting **business** activities at your **residence premises** who are subject to workers' compensation or other similar disability laws;
- c. You are not a home day care provider; and
- d. There is no other valid collectible insurance.

12. Professional Services

Personal Injury or **property damage** arising out of the rendering of or failure to render professional services.

13. War

Personal injury or **property damage** caused directly or indirectly by war, including any consequence of any of the following:

- a. Undeclared war, civil war, insurrection, rebellion or revolution
- b. Warlike act by a military force or military personnel; or
- c. Destruction, seizure or use for a military purpose

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

14. Claims Settled Without Our Consent

Any claim settled with a third party without our written consent regardless of the cause of loss, or any related expenses such as:

- a. court costs;
- b. legal expense; or
- c. judgment,

when such settlement prejudices our rights to recovery.

15. Nuclear Hazard

Personal Injury or **property damage** caused directly or indirectly by nuclear hazard.

Nuclear hazard means:

- a. any nuclear reaction;
- b. radiation; or
- c. radioactive contamination

all whether controlled or uncontrolled or however caused. We do cover subsequent loss due to fire resulting from a nuclear hazard unless another exclusion applies.

16. Expected or Intended Injury

Personal injury or **property damage** resulting from any criminal, willful, intentional, or malicious act or omission by any **insured** which is intended to result in, or would be expected by a reasonable person to cause **personal injury** or **property damage**. This exclusion applies even if the injury or damage is of a different kind or degree, or is sustained by a different person than expected or intended. This exclusion does not apply to **bodily injury** if the **insured** acted with reasonable force to protect any person or property.

17. Wrongful Employment Act

Personal injury arising out of wrongful termination of employment.

18. Controlled Substances

Personal injury or **property damage** arising out of the:

- a. Use;
- b. Sale;
- c. Manufacture;
- d. Delivery; or
- e. Transfer or possession

by any person of a controlled substance as defined under federal law.

Substances include but are not limited to cocaine, LSD, marijuana, and all narcotic drugs.

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However, this exclusion does not apply to:

- a. The legitimate use of prescription drugs by a person following the order of a licensed physician; or
- b. The **insured(s)** who have no knowledge of the involvement with a controlled substance(s). An **insured's** knowledge of such involvement must be shown by us by competent evidence of such knowledge.

19. Contract or Agreement

Personal Injury or **property damage** arising from any contract or agreement entered into by an **insured**. However, this exclusion does not apply to any contracts:

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

20. Assessments

Any assessment charged against an **insured** as a member of an association, corporation or community of property owners.

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SECTION IV– GENERAL PROVISIONS

A. Insurable Interest

Even if more than one person or party has an insurable interest in the property covered under this policy, we will not be liable in any one loss:

1. To an **insured** for more than the amount of such **insureds** interest at the time of loss; or
2. For more than the applicable limit of liability.

B. Your Duties After a Loss

In the event of a loss for which coverage may be provided under this policy, you or an **insured** or someone acting for an **insured** must:

1. Give prompt notice to us, any of our agents in this state or your agent. Any written notice given by any claimant to us or any of our agents in this state, containing particulars sufficient to identify the **insured**, will be deemed notice to us;
2. Notify the police in case of loss by theft;
3. Notify the credit card or electronic fund transfer card or access device company in case of loss under Credit Card, Electronic Fund Transfer Card or Access Device, Forgery, and Counterfeit Money coverage;
4. Protect the property from further damage. If repairs to the property are required, you must:
 - a. Make reasonable and necessary repairs to protect the property; and
 - b. Keep an accurate record of repair expenses;
5. Cooperate with us in the investigation of a claim, settlement or the defense of any claim or suit;
6. Prepare an inventory of damaged property. Show the quantity, description and amount of loss. Attach all bills, receipts and related documents that justify the figures in the inventory;
7. As often as we reasonably require:
 - a. Show the damaged property;
 - b. Provide us with records and documents we request and permit us to make copies; and
 - c. Submit to separate examination under oath;
8. Send to us, within sixty (60) days of our request, your signed, sworn proof of loss. The proof of loss must set forth, to the best of your knowledge and belief:

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- a. The time and cause of loss;
 - b. The interest of all **insureds** and all others in the property involved and all liens on the property;
 - c. Other insurance which may cover the loss;
 - d. Changes in title or occupancy of the property during the term of the policy;
 - e. Specifications of damaged buildings and detailed repair estimates;
 - f. The inventory of damaged **contents** described in 6. above;
 - g. Receipts for additional living expenses incurred and records that support the fair rental value loss; and
 - h. Evidence or affidavit that supports a claim under Credit Card, Electronic Fund Transfer Card or Access Device, Forgery and Counterfeit Money coverage, stating the amount and cause of loss;
9. Provide us with the names and addresses of any claimants and witnesses;
10. Promptly forward to us every notice, demand, summons or other process relating to the loss.
11. At our request, assist us:
- a. To make settlement;
 - b. To enforce any right of contribution or indemnity against any person or organization who may be liable to an **insured**;
 - c. With the conduct of suits and attend hearings and trials; and
 - d. To secure and give evidence and obtain the attendance of witnesses; and
12. No **insured** shall, except as such **insured's** own cost, voluntarily make payment, assume obligation or expense other than for first aid to others at the time of an loss.

C. Policy Term

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

D. Recovered Property

In the event we pay for a covered loss to property and the property is recovered, we will offer you an opportunity to buy it back.

E. Assignment

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

F. Waiver or Change of Policy Provisions

A waiver or change of a provision of this policy must be in writing by us to be valid. Our request for an appraisal or examination will not waive any of our rights.

G. Concealment or Fraud

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

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- a. Intentionally concealed or misrepresented any material fact or circumstance;
- b. Engaged in fraudulent conduct; or
- c. Made false statements;

relating to this insurance.

H. Conformity to Law

If any part of this policy conflicts with state or local law, this policy is amended to conform to those laws.

I. Liberalization Clause

If a change is made which broadens coverage under this edition of our policy without any premium charge, the change will automatically apply to your policy as of the date we made the change in your state.

J. Bankruptcy

Bankruptcy or insolvency of an **insured** will not relieve us of our duties under this policy.

K. Death of an Insured

In the event of the death of an **insured**, this policy will cover the legal representative of the deceased for the remainder of the Policy Period unless cancelled. We will cover the legal representative of the deceased only with respect to the premises and property of the deceased covered under this policy at the time of death.

L. Suit Against Us

No action can be brought against us unless there has been full compliance with all of the terms of this policy. The action must be brought against us within five years after the date of loss. You may not bring any action until thirty days after proof of loss has been filed and the amount of loss has been determined.

M. Mediation or Appraisal

If you and we fail to agree on the amount of loss, either may:

1. Demand mediation of the claim, prior to taking legal action. The request must state:
 - a. Why mediation is being requested; and
 - b. The issues in dispute which are to be mediated.

Only one mediation may be requested for each claim, unless all parties agree to further mediation. A party demanding mediation shall not be entitled to demand or request mediation after a suit is filed relating to the same facts already mediated.

The parties must jointly appoint a mutually acceptable mediator. If the parties are unable to agree upon the appointment of a mediator within seven (7) days after a party has given notice of a demand to mediate the dispute, any party may apply to the JAMS

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Mediation Service, or such other organization or person agreed to by the parties in writing, for appointment of a mediator.

The mediator will notify the parties of the date, time and place of the mediation conference. This conference will be held within forty-five (45) days of the mediation request. If feasible, the conference may be held by telephone.

The mediation shall be conducted as an informal process and formal rules of evidence and procedure need not be observed. Participants must:

- (1) Have authority to make a binding decision; and
- (2) Mediate in good faith.

If the mediator determines that both parties have mediated in good faith, the costs of the mediation shall be shared equally by both parties.

2. Demand an appraisal of the loss. In this event, each party will choose a competent impartial appraiser with no financial interest in the outcome of the decision within twenty (20) days after receiving a written request from the other. The two appraisers will choose an umpire. If they cannot agree upon an umpire within fifteen (15) days, you or we may request that the choice be made by a judge of a court of record in the state where the **residence premises** is located. The appraisers will separately set the amount of the loss. If the appraisers submit a written report of an agreement to us, the amount agreed upon will be the amount of the loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will set the amount of the loss.

Each party will:

- a. Pay its own appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If, however, we demanded the mediation and either party rejects the mediation results, you are not required to submit to, or participate in, any appraisal of the loss as a precondition to action against us for failure to pay the loss.

N. Other Insurance and Service Agreement

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

1. Other insurance; we will pay only the proportion of the loss that the limit of liability that applies under this policy bears to the total amount of insurance covering the loss; or
2. A service agreement; this insurance is excess over any amounts payable under any such agreement. Service agreement means a service plan, property restoration plan, home

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warranty or other similar service warranty agreement, even if it is characterized by insurance.

If your **residence premises** is a condominium or cooperative and there is other insurance in the name of the condominium or cooperative association covering the same property we insure, the coverage afforded by this policy will be excess over the amount recoverable from that other insurance.

We will not pay for any loss for an item of jewelry, watch, or precious stone that is specifically scheduled and insured under another policy.

O. Mortgage Clause

1. If a mortgagee is named in this policy, any covered loss under **dwelling** or **other structures** coverages will be paid to the mortgagee and you, as interests appear. If more than one mortgagee is named in this policy, the order of payment will be the same as the order of precedence of the mortgages.
2. If we deny your claim that denial will not apply to a valid claim of the mortgagee, if the mortgagee:
 - a. Notifies us of any change in ownership, occupancy or substantial change in risk of which the mortgagee is aware;
 - b. Pays any premium due under this policy on demand if you have neglected to pay the premium; and
 - c. Submits a signed, sworn statement of loss within sixty (60) days after receiving notice from us of your failure to do so.
3. If we decide to cancel or not renew this policy, we will notify the mortgagee at least thirty (30) days before the date cancellation or non-renewal takes effect.
4. If we pay the mortgagee for any loss and deny payment to you:
 - a. We are subrogated to all the rights of the mortgagee granted under the mortgage on the property; or
 - b. At our option, we may pay to the mortgagee the whole principal on the mortgage plus any accrued interest. In this event, we will receive a full assignment and transfer of the mortgage and all securities held as collateral to the mortgage debt.
5. Subrogation will not impair the right of the mortgagee to recover the full amount of the mortgagee's claim.

P. Cancellation

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1. You may cancel this policy at any time by returning it to us or by letting us know in writing of the date cancellation is to take effect.
2. We may cancel this policy only for the reasons stated below by letting you know in writing of the date cancellation takes effect. This cancellation notice may be delivered to you, or mailed to you at your mailing address shown in the Declarations. Proof of mailing will be sufficient proof of notice.
 - a. When you have not paid the premium, we may cancel at any time by letting you know at least ten (10) days before the date cancellation takes effect.
 - b. When this policy has been in effect for less than sixty (60) days and is not a renewal with us, we may cancel for any reason by letting you know at least ten (10) days before the date cancellation takes effect.
 - c. When this policy has been in effect for sixty (60) days or more, or at any time if it is a renewal with us, we may cancel:
 - (1) If there has been a material misrepresentation of fact which if known to us would have caused us not to issue the policy; or
 - (2) If the risk has changed substantially since the policy was issued.

This can be done by letting you know at least thirty (30) days before the date cancellation takes effect.
 - d. When this policy is written for a period of more than one (1) year, we may cancel for any reason at anniversary by letting you know at least thirty (30) days before the date cancellation takes effect.
3. When this policy is canceled, the premium for the period from the date of cancellation to the expiration date will be refunded pro rata.
4. If the return premium is not refunded with the notice of cancellation or when this policy is returned to us, we will refund it within a reasonable time after the date cancellation takes effect.

Q. Nonrenewal

We may elect not to renew this policy. We may do so by delivering to you, or mailing to you at your mailing address shown in the Declarations, written notice at least thirty (30) days before the expiration date of this policy. Proof of mailing will be sufficient proof of notice.

R. No Benefit to Bailee

We will not recognize any assignment or grant any coverage that benefits a person or organization holding storing or moving property for a fee regardless of any other provision in this policy.

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S. Subrogation

1. We may require an assignment of rights of recovery for a loss to the extent that payment is made by us.
2. If an assignment is sought, an **insured** must sign and deliver all related papers and cooperate with us.
3. Subrogation does not apply to **SECTION III - LIABILITY COVERAGE, B. Medical Payments to Others**, or to **SECTION III - LIABILITY COVERAGE, C. 2. Damage to Property of Others**.
4. If the **residence premises** is a condominium, we will waive any rights of recovery against the condominium association that operates the community in which the **residence premises** is located.

T. Abandonment of Property

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

SPECIMEN

High Value Homeowners Policy

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Privilege Underwriters Reciprocal Exchange

In witness whereof, we have caused this policy to be executed and attested, and if required by state law this policy shall not be valid unless countersigned by our authorized representative.

Attorney-in-fact

If you would like to obtain information about your coverage or if you need assistance in resolving an issue relating to your insurance policies with us, please contact us at:

Privilege Underwriters Reciprocal Exchange
1 N. Lexington Ave., Suite 1450
White Plains, NY 10601
(888) 813-PURE

Please include your name and policy number in any correspondence.

SPECIMEN



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This endorsement changes the policy. Please read it carefully.

The Policy together with the Declarations Page and Endorsements, if any, is a legal contract between the policyholder and the Company.

Read your policy carefully

SECTION I - DEFINITIONS

The Definition of **Reconstruction Cost** is replaced by the following:

Reconstruction Cost

Reconstruction Cost means the lesser of the amount required at the time of the loss to repair or replace a structure at the same location with materials and workmanship of like kind and quality. **Reconstruction cost** does not include deduction for depreciation. It also does not include any amount required to comply with the enforcement of any ordinance or law, except to the extent provided under **SECTION II – PROPERTY COVERAGE, C. Additional Coverages, 19. Rebuilding to Code**. It also does not include any amount required for the excavation, replacement or stabilization of land under or around a structure.

The following definitions are added:

Cosmetic Damage

Cosmetic damage means:

- a. Marring;
- b. Denting;
- c. Pitting; or
- d. Other superficial damage;

that alters the appearance of the property, but does not prevent the property from continuing to function to the same extent as it did before the damage occurred.

Residence employee

Residence employee means:

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

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

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Roof Covering

Roof covering means:

- a. Shingles or tiles;
- b. Cladding; and
- c. Metal or synthetic sheeting or similar materials covering the roof.

This includes all materials used in securing the roof surface and all materials applied to or under the roof surface for moisture protection, including flashing.

SECTION II – PROPERTY COVERAGE

A. Perils Insured Against is revised by adding the following:

We insure for all loss caused by fire or any damage caused by lightning.

B. Coverage and Loss Settlement, 1. Dwelling, and 2. Other Structures are revised by adding the following:

1. Paragraphs **B.1.c.** and **B.2.d.** do not apply if the **dwelling** or **other structures** must be relocated because of zoning or land use requirements of state or local government.
2. These Loss Settlement provisions do not apply to loss to **roof covering** caused by or resulting from hail.

B. Coverage and Loss Settlement, 4. Contents, the first paragraph is replaced by the following:

The most we will pay for a covered loss to **contents** is the lesser of the amount required to repair or replace the **contents** without application of depreciation up to the amount of coverage for **contents**. The amount of coverage for **contents** depends on where the loss occurs. For a covered loss to **contents** that occurs;

B. Coverage and Loss Settlement, is revised by adding the following:

Loss to Roof Covering Due to Hail

- a. For a covered loss to the **roof covering** of your **dwelling** or **other structures** caused by or resulting from hail, we will pay the **reconstruction cost** of the **roof covering**. In no event will we pay more than the coverage limits shown for that location on your Declarations.
- b. We will settle the loss as described in a. above once you provide us with a fully executed roofing contract with a licensed contractor evidencing that the repair or replacement of the **roof covering** has begun and will be completed.

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- c. If you do not provide us with the roofing contract described in b. above, we will only pay the cost of the damaged **roof covering** less deduction for depreciation. We will make no payment for labor costs until such costs are incurred by you or you are contracted to make such repairs as described in b. above

If within 180 days of the date of loss you provide us with a fully executed roofing contract with a licensed contractor evidencing that the repair or replacement of the damaged property has begun and will be completed, we will settle the loss in accordance with a. above.

- d. If we pay in accordance with a. above and you do not complete or properly complete as agreed to the repair or replacement of the damaged **roof covering** due to the covered loss caused by hail, you will reimburse us to the extent the amount we paid exceeds the amount we would have paid under c. above.
- e. For a covered loss to the **roof covering** of your **dwelling** or **other structures**, we will pay any additional amount to repair or replace undamaged property in order to achieve a reasonably uniform appearance. However, we will not pay this additional amount if:
- (1) a reasonably uniform appearance will be achieved over time;
 - (2) the repaired or replaced property or the existing undamaged property can be made to achieve a reasonably uniform appearance;
 - (3) a reasonably uniform appearance was not present at the time of loss;
 - (4) a reasonably uniform appearance has been achieved within the same line of sight;
- or
- (5) you do not actually repair or replace the damaged **roof covering**.
- f. If all the **roof covering** on your **dwelling** or **other structures** must be replaced due to a covered loss caused by hail we will pay up to \$2,500 for any additional cost necessarily incurred to replace your **roof covering** with hail resistant **roof covering**. Hail resistant **roof covering** is **roof covering** that is Certified UL Standard 2218, Class 4.

This additional benefit only applies if:

1. The age of your **roof covering** is ten (10) years old or less; and
2. You actually replace the damaged **roof covering**.

B. Coverage and Loss Settlement, 5. Deductible is replaced by the following:

5. Deductible

Unless otherwise noted in this policy, the base **deductible** or one of the special **deductibles** shown on your Declarations is the amount of a covered loss you will pay.

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Windstorm or Hail Deductible

In the event of direct physical loss to property covered under this policy caused directly or indirectly by windstorm or hail, the Windstorm or Hail Deductible listed on your Declarations is the amount of the covered loss that you will pay. The Windstorm or Hail deductible applies regardless of any other cause or event contributing concurrently or in any sequence.

Waiver of Deductible

For a covered loss caused by a peril other than windstorm or hail or earthquake that is greater than \$50,000, we will waive the base **deductible**. This waiver of **deductible** only applies if the base **deductible** shown on your Declarations is \$25,000 or less.

This waiver of **deductible** does not apply to special **deductibles** for windstorm or hail or earthquake. This waiver of **deductible** also does not apply to a special construction **deductible**.

Construction Deductible

If at any time during the policy period:

- a. You are newly constructing your **dwelling** or **other structures**;
- b. You are constructing additions, alterations or renovations to the **dwelling** or **other structures** and as a result have temporarily vacated the **residence premises**; or
- c. You are constructing additions, alterations or renovations to the **dwelling** or **other structures** and the cost will exceed 10% of the coverage amount for your **dwelling** or **other structures**;

then a special construction **deductible** of 5% of **dwelling** coverage will apply to each covered loss in lieu of a base **deductible**. This **deductible** applies to your **dwelling**, **other structures**, **contents**, and additional coverages. The dollar amount of this **deductible** is based on the **dwelling** coverage limit shown on your Declarations for that location at the time of the loss. This **deductible** does not eliminate any other special **deductibles** that may apply. If we otherwise give our prior written consent, the special construction **deductible** will not apply.

Waiver of Deductible for Total Loss

We agree that, in the event of a total loss to a building covered under **SECTION II**, no deductible applies to the loss to that building.

However, loss to property covered under **SECTION II**, other than a building, will be subject to a deductible unless otherwise specified.

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C. Additional Coverage, 14. Loss to a Pair or Set or Parts is revised by adding the following:

This Additional Coverage **14.** only applies to **contents**.

C. Additional Coverage, 22. Loss Mitigation Measures is revised by adding the following:

This Additional Coverage **22.** does not apply to loss caused by or resulting from hail.

D. Exclusions, 10. Intentional Loss is revised by adding the following:

This exclusion does not apply, with respect to loss to covered property caused by fire, to an **insured** who does not commit, or conspires to commit, any act that results in loss by fire. We cover such **insured** only to the extent of that **insured's** legal interest, but not exceeding the applicable limit of liability.

We may apply reasonable standards of proof to claims for such loss.

D. Exclusions is amended by adding the following:

Cosmetic Damage

We do not cover **cosmetic damage** caused by or resulting from hail to any **roof covering** that is metal.

SECTION III – LIABILITY COVERAGE

A. Personal Liability, Paragraph 1. is replaced by the following:

1. Pay up to the liability coverage limit shown on your Declarations for damages for which an **insured** is legally liable. We will not pay more than the liability coverage limit shown on your Declarations for any single **occurrence** regardless of the number of **insureds**, claims made or persons injured; and

In compliance with Minnesota Statutes 340A.90, damages include loss caused by an intoxicated person to whom an **insured** had either furnished alcohol or purchased alcohol for such person or had control over the premises and, being in a reasonable position to prevent the consumption of alcoholic beverages by that person, knowingly permitted that consumption and the consumption caused the intoxication of that person.

C. Additional Coverages, 1. Claims Expenses is revised by adding the following:

- e. prejudgment interest awarded against an **insured**.

D. Exclusions, 4. Workers' Compensation or Disability is replaced by the following:

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4. Workers' Compensation or Disability

Any damages or benefits an **insured** is legally obligated to provide under any:

- a. workers' compensation law. If an **insured** pays wages to a **residence employee** of \$1,000 or more in cash in any three-month period during the current calendar year or during the preceding calendar year, then the **insured** is required by Minnesota Statute 176.181, Subd. 2, to purchase a standard workers' compensation policy;
- b. disability benefits;
- c. Jones Act or General Maritime Law;
- d. unemployment compensation;
- e. occupational disease; or
- f. similar law.

SECTION IV– GENERAL PROVISIONS

B. Your Duties After a Loss is revised by replacing paragraphs 7. and 8. With the following:

7. As often as we reasonably require:
 - a. Show the damaged property;
 - b. Provide us with records and documents reasonably related to the loss, or certified copies if the originals are lost, and permit us to make copies; and
 - c. Submit to examination under oath, while not in the presence of another **insured**, and sign the same, within a reasonable time of our request, after having been informed:
 - (1) Of your right to counsel; and
 - (2) That your answers may be used against you in later civil or criminal proceedings.
8. Send to us, within 60 days after our request, your signed, sworn proof of loss which sets forth, to the best of your knowledge and belief:
 - a. The time and cause of loss;
 - b. The interest of all **insureds** and all others in the property involved and all liens on the property;
 - c. Other insurance which may cover the loss;
 - d. Receipts for additional living expenses incurred and records which support the fair rental value loss; and
 - e. Evidence or affidavit that supports a claim under the Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money Coverage, stating the amount and cause of loss.

In no event will failure to comply with Paragraphs d. and e. above within 60 days of our request invalidate the remaining portions of the claim.

The following Paragraph 13. is added:

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13. Send to us, within a reasonable time after our request, the following:
 - a. Changes in title or occupancy of the property during the term of the policy;
 - b. Specifications of damaged buildings and detailed repair estimates; and
 - c. The inventory of damaged personal property described in B.6. above.

G. Concealment or Fraud is replaced by the following:

G. Concealment or Fraud

With respects to **SECTION II – PROPERTY COVERAGE**, the following applies:

1. With respect to loss caused by fire, we do not provide coverage to the **insured** who has:
 - a. Before a loss, willfully; or
 - b. After a loss, willfully and with intent to defraud;

concealed or misrepresented any material fact or circumstance relating to this insurance.

2. With respect to loss caused by a peril other than fire, we provide coverage to no **insureds** under this policy if an **insured** has:
 - a. Before a loss, willfully; or
 - b. After a loss, willfully and with intent to defraud;

concealed or misrepresented any material fact or circumstance relating to this insurance.

With respects to **SECTION III – LIABILITY COVERAGE**, the following applies:

We do not provide coverage to an **insured** who has:

1. Before a loss, willfully; or
2. After a loss, willfully and with intent to defraud;

concealed or misrepresented any material fact or circumstance relating to this insurance.

J. Bankruptcy is replaced by the following:

J. Bankruptcy

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

O. Mortgage Clause is replaced by the following:

O. Mortgage Clause

1. The word "mortgagee" includes contract for deed vendor.

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2. If a mortgagee is named in this policy:
 - a. Loss payable to property insured under Dwellings or, if applicable, Other Structures or by separate endorsement 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; and
 - b. We will notify the mortgagee of such property of changes to this policy that result in a substantial reduction in coverage.
3. If we deny your claim, that denial will not apply to a valid claim of the mortgagee, if the mortgagee:
 - a. Pays any premium due under this policy on demand if you have neglected to pay the premium; and
 - b. Submits a signed, sworn statement of loss within 60 days after receiving notice from us of your failure to do so. Policy conditions relating to Appraisal, Suit Against Us and Loss Payment apply to the mortgagee.
4. If we decide to cancel or not to renew this policy, the mortgagee will be notified in writing at least 10 days before the date cancellation or nonrenewal takes effect.
5. If we pay the mortgagee for any loss and deny payment to you:
 - a. We are subrogated to all the rights of the mortgagee granted under the mortgage on the property; or
 - b. At our option, we may pay to the mortgagee the whole principal on the mortgage plus any accrued interest. In this event we will receive a full assignment and transfer of the mortgage and all securities held as collateral to the mortgagee debt.
6. Subrogation will not impair the right of the mortgagee to recover the full amount of the mortgagee's claim.

P. Cancellation, Paragraphs C.2. and C.4. are deleted and replaced by the following:

2. We may cancel this policy only for the reasons stated below by letting you know in writing of the date cancellation takes effect. This cancellation notice may be delivered to you, or mailed to you at your mailing address shown in the Declarations.

Proof of mailing will be sufficient proof of notice.

- a. When you have not paid the premium, we may cancel at any time by providing notice to you at least 20 days before the date cancellation takes effect.
- b. When this policy has been in effect for less than 60 days and is not a renewal with us, we may cancel for any reason by providing notice to you at least 20 days before the date cancellation takes effect.

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c. When this policy has been in effect for 60 days or more, or at any time if it is a renewal with us, we may cancel for one or more of the following reasons:

- (1) Misrepresentation or fraud made by you or with your knowledge in obtaining the policy or in pursuing a claim thereunder;
- (2) An act or omission by you which materially increases the risk originally accepted;
- (3) Physical changes in the insured property which are not corrected or restored within a reasonable time after they occur and which result in the property becoming uninsurable.

This can be done by letting you know at least 30 days before the date cancellation takes effect.

4. If we cancel, any return premium will be refunded as follows:

- a. If your premium was paid by your agent and debited to that agent's account with us, any return premium will be credited to that account upon cancellation;
- b. If your premium was paid directly to us, return premium due will be:
 - (1) Returned to you with the notice of cancellation; or
 - (2) Delivered or mailed to you so that you receive it no later than the effective date of cancellation.

If you cancel, any return premium will be refunded within 30 days after our receipt of your request for cancellation.

Q. Nonrenewal is replaced with the following:

Q. Nonrenewal

We may elect not to renew this policy. We may do so by giving you written notice of our intent not to renew at least 60 days before the expiration date of this policy. This nonrenewal notice will contain the reasons for nonrenewal and may be delivered to you, or mailed to you at your mailing address shown in the Declarations. Proof of mailing is sufficient proof of notice.

S. Subrogation is revised by adding the following:

5. If we pay an innocent **insured** for a loss caused by another **insured** who commits, or conspires to commit, any act that results in loss by fire, the rights of the innocent **insured** to recover damages from the **insured** who committed, or conspired to commit, such an act are transferred to us to the extent of our payment. The innocent **insured** may not waive such rights.

In addition, our rights under this condition do not apply against:

1. An **insured**; or

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2. Any person or organization insured under another policy issued by us with respect to the same loss;

provided the loss was not intentionally caused by such **insureds**.

U. Loss Payment is added:

U. Loss Payment

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

Loss is payable within five working days:

1. From the receipt of the agreement by us or, if later, from the date of your performance of any conditions set by such agreement; or
2. After there is an entry of a final judgment; or
3. After there is a filing of an appraisal award with us.

V. Valuation Clause is added:

V. Valuation Clause

We agree that, in the event of a total loss to a building covered under **SECTION II**, the limit of liability for the building represents the total value of the building.

The following provision is added:

Previously damaged property

Any payment that we make for a covered loss to covered property will be reduced by the amount paid by any insurer, including us, for a previous loss to the same covered property if you failed to properly repair or replace the covered property.

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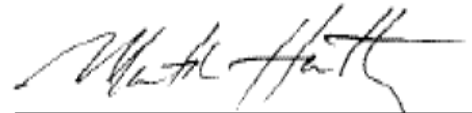
The Witness Section on the last Page of the High Value Homeowners Policy is replaced by the following:

Privilege Underwriters Reciprocal Exchange

In witness whereof, we have caused this policy to be executed and attested, and if required by state law this policy shall not be valid unless countersigned by our authorized representative.



President and CEO, Attorney-in-fact



Secretary, Attorney-in-fact

This endorsement is issued as part of Policy [XXXXXXXX]. Except as it expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsements, (iii) extend the Policy Expiration Date, or (iv) increase the amount of insurance. To the extent a provision of the policy or a previous endorsement is inconsistent with an express provision of this endorsement, this endorsement controls. Otherwise, this endorsement is subject to all of the terms and provisions of the policy and of any prior endorsements.