

— THIS IS A LEGAL CONTRACT —  
PLEASE READ IT CAREFULLY

**PERSONAL LIABILITY COVERAGE**

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Endorsements may also apply. They are identified on the Declarations page.

Refer to the Definitions for words that have special meanings. These words are shown in "**bold type**".

**AGREEMENT**

Subject to all the **terms** that apply, and in return for **your** payment of the required premium, **we** provide Personal Liability Coverage during the policy period. Each principal coverage described herein applies only if a **limit** is shown on the Declarations for that coverage.

Policy **terms** that relate to changes made to the policy; inspections; examination of books; cancellation; and assignment or transfer of rights or duties also apply.

## DEFINITIONS

1. The words **you** and **your** mean the person or persons named on the Declarations and **your** spouse if a resident of **your** household. The words **we, us,** and **our** mean the company providing this insurance.

2. **Bodily Injury** means bodily harm to a person and includes sickness, disease or death. This also includes required care and loss of services.

**Bodily Injury** does not mean bodily harm, sickness, disease or death that arises out of:

- a. a communicable disease; or
- b. the actual, alleged or threatened sexual molestation of a person.

3. **Business** means a trade, a profession or an occupation including farming, all whether full or part time. This includes the rental of property to others. It does not include the occasional rental for residential purposes of the part of the **insured premises** normally occupied solely by **your** household.

**Business** includes services regularly provided by an **insured** for the care of others and for which an **insured** is compensated. A mutual exchange of like services is not considered compensation.

**Business** does not include:

- a. the incidental activities that are usually performed by minors; or
- b. activities that are related to **business**, but are usually viewed as non-business in nature.

4. **Domestic Employee** means a person employed by an **insured** to perform duties that relate to the use and care of the **insured premises**. This includes a person who performs duties of a similar nature elsewhere for an **insured**. This does not include a person while performing duties in connection with the **business** of an **insured**.

5. **Insured** means:

- a. **you**;
- b. **your** relatives if residents of **your** household;
- c. persons under the age of 21 in **your** care or in the care of **your** resident relatives;

d. **your** legal representative, if **you** die while insured by this Personal Liability Coverage. This person is an **insured** only for liability arising out of the **insured premises**. An **insured** at the time of **your** death remains an **insured** while residing on the **insured premises**;

e. persons using or caring for watercraft or animals owned by an **insured** to which this insurance applies (This does not include persons using or caring for watercraft or animals in the course of **business** or without the owner's consent.);

f. persons in the course of performing domestic duties that relate to the **insured premises**; and

g. persons in the course of acting as **your** real estate manager for the **insured premises**.

Each of the above is a separate **insured**, but this does not increase **our limit**.

6. **Insured Premises** means:

a. the one to four family dwelling shown on the Declarations. This includes structures or parts of buildings where **you** reside;

b. all other premises shown on the Declarations;

c. all vacant land owned by or rented to an **insured**. This includes land where a residence is being built for the use of an **insured**. This does not include farm land;

d. that part of a residence, acquired by **you** during the policy period, and to be used by **you**;

e. **your** cemetery lots and **your** burial vaults or those of **your** resident relatives;

f. that part of a premises not owned by an **insured** if it is temporarily used as a residence by an **insured**;

g. all premises used by **you** in connection with **your** residence;

h. all access ways adjoining the **insured premises**; and

i. that part of premises occasionally rented to an **insured** for other than **business** purposes.

7. **Limit** means the limit of liability that applies.

8. **Motorized Vehicle** means a self-propelled land or amphibious vehicle regardless of method of surface contact. This includes parts and equipment.

This does not include vehicles that are designed and used to assist the handicapped and are not required to be licensed for road use.

9. **Motor Vehicle** means a **motorized vehicle**, a trailer or a semi-trailer, and all attached machinery or equipment, if:
  - a. it is subject to **motor vehicle** registration; or
  - b. it is designed for use on public roads.
10. **Occurrence** means an accident. This includes loss from repeated exposure to similar conditions.
11. **Pollutant** means any solid, liquid, gaseous, thermal or radioactive irritant or contaminant, including acids, alkalis, chemicals, fumes, smoke, soot, vapor or waste. Waste includes materials to be disposed of, recycled, reconditioned or reclaimed.
12. **Property Damage** means physical injury to tangible property. This includes the loss of use.
13. **Recreational Motor Vehicle** means a **motorized vehicle**, a trailer, or attached equipment that is designed or is used for leisure time activities, and which is not a **motor vehicle**.
14. **Terms** means all provisions, limitations, exclusions, and definitions used in this Personal Liability Coverage.

#### PRINCIPAL PERSONAL LIABILITY COVERAGES

**Coverage L — Liability** — We pay, up to **our limit**, all sums for which an **insured** is liable by law because of **bodily injury** or **property damage** caused by an **occurrence** to which this coverage applies. We will defend a suit seeking damages if the suit resulted from **bodily injury** or **property damage** not excluded under this coverage. We may make investigations and settle claims or suits that we decide are appropriate. We do not have to provide a defense after we have paid an amount equal to **our limit** as a result of a judgment or written settlement.

**Coverage M — Medical Payments To Others** — We pay the necessary medical expenses if they are incurred or medically determined within three years from the date of an accident causing covered **bodily injury**. Medical expenses means the reasonable charges for medical, surgical, x-ray, dental, ambulance, hospital, professional nursing, funeral services, prosthetic devices and eyeglasses, including contact lenses. This applies only to:

1. a person on the **insured premises** with the permission of an **insured**; and
2. a person away from the **insured premises** if the **bodily injury**:
  - a. is a result of a condition on an **insured premises**;
  - b. is caused by an activity of an **insured**;
  - c. is caused by a person in the course of performing duties as a **domestic employee**;
  - d. is caused by an animal owned by or in the care of an **insured**; or
  - e. is sustained by a **domestic employee** and arises out of and in the course of employment.

#### INCIDENTAL PERSONAL LIABILITY COVERAGES

These coverages are subject to all the **terms** of Coverages L and M. Except for Claims and Defense Cost and First Aid Expense, they do not increase the **limit** stated for the Principal Personal Liability Coverages.

1. **Damage To Property Of Others** — Regardless of an **insured's** legal liability, we pay for property of others damaged by an **insured**, or we repair or replace the property, to the extent practical, with property of like kind and quality. **Our limit** for this coverage is \$500 per **occurrence**.

The exclusions that apply to Coverages L and M do not apply to this coverage. However, we do not pay for damage to property:

- a. owned by an **insured**, or owned by, rented to or leased to another resident of **your** household or the tenant of an **insured**;

- b. caused intentionally by an **insured** who has attained the age of 13; or
- c. resulting in whole or in part from:

- 1) activities related to a **business** of an **insured**;
- 2) premises owned, rented or controlled by an **insured**, other than an **insured premises**; or
- 3) the ownership, operation, maintenance, use, occupancy, renting, loaning, entrusting, supervision, loading or unloading of **motorized vehicles**, aircraft or watercraft. **We** do pay for **property damage** to **motorized vehicles** not subject to **motor vehicle** registration and not owned by an **insured** if the **motorized vehicle** is used only to service the premises or if it is designed for recreational use off public roads.

2. **Contracts And Agreements** — **We** pay for damages for **bodily injury** or **property damage** resulting from liability assumed by an **insured** under a written contract made before the loss. The loss causing the **bodily injury** or **property damage** must have occurred during the policy period. This coverage does not apply to a contract in connection with **business** activities of an **insured**.

3. **Claims And Defense Cost** — If **we** defend a suit, **we** pay:

- a. the costs taxed to an **insured**;
- b. the costs incurred by **us**;
- c. the actual loss of earnings by an **insured** for time spent away from work at **our** request (**We** pay up to \$50 per day.);
- d. the necessary costs incurred by **you** at **our** request;
- e. the interest which accrues after the entry of a judgment, but ending when **we** tender or pay up to **our limit**;
- f. the premiums on appeal bonds or bonds for the release of attachments up to **our limit** (**We** are not required to apply for or furnish bonds.);
- g. the premiums up to \$500 per bail bond required of an **insured** because of an accident or a traffic law violation arising out of the use of a vehicle to which this Personal Liability Coverage applies (**We** are not required to apply for or furnish bonds.); and
- h. prejudgment interest awarded against an **insured** on that part of the judgment **we** pay. If

**we** offer to pay the **limit**, **we** will not pay any prejudgment interest based on that period of time after the offer.

4. **First Aid Expense** — **We** pay the expenses incurred by an **insured** for first aid to persons, other than **insureds**, for covered **bodily injury**.

5. **Motorized Vehicles** — **We** pay for the **bodily injury** or the **property damage** which:

a. occurs on the **insured premises** and is a result of the ownership, maintenance, use, loading or unloading of:

- 1) a **motorized vehicle** if it is not subject to **motor vehicle** registration because of its type or use; or
- 2) a **recreational motor vehicle**;

b. results from:

- 1) a golf cart while used for golfing purposes;
- 2) a utility, boat, camp or mobile home trailer, except when the trailer is carried on, is towed by or is attached to a **motor vehicle** or a **recreational motor vehicle**; or
- 3) a **motorized vehicle** which is designed only for use off public roads and which is used mainly to service the **insured premises**;

c. results from an **insured's** use of a **recreational motor vehicle** which is not owned by an **insured**.

6. **Watercraft** —

a. **We** pay for the **bodily injury** or the **property damage** which results from the maintenance, use, loading or unloading of:

- 1) a watercraft while it is on the **insured premises**;
- 2) a watercraft which is not owned by or rented to an **insured** if the loss is a result of the activities of an **insured**;
- 3) a watercraft which is owned by or is rented to an **insured** and which is powered by inboard or inboard/outboard motors which total 50 horsepower or less;
- 4) a sailing vessel with or without auxiliary power which is owned by or is rented to an **insured** and is less than 26 feet in length; or
- 5) a watercraft which is powered by outboard motors which total 25 horsepower or less.

- b. **We** pay for the **bodily injury** or the **property damage** which results from the maintenance, use, loading or unloading of a watercraft that is powered by outboard motors which total more than 25 horsepower, if:
    - 1) the motors are listed on the Declarations;
    - 2) the motors are acquired by an **insured** during the policy period and a request for coverage is made within 45 days after they are acquired; or
    - 3) the motors are not owned by an **insured**.
7. **Business** — **We** pay for the **bodily injury** or the **property damage** which results from:
- a. the rental of that part of the **insured premises** that is usually occupied by **you** as a residence;
  - b. the rental of other parts of the **insured premises** for use as a residence (No family unit may include more than two roomers or boarders.); or
  - c. the rental of a part of the **insured premises** for use as a school, studio, office or private garage.
- a. for **bodily injury** to a person in the course of performing duties as a **domestic employee**; or
  - b. if coverage is provided by an Incidental Motorized Vehicle or Watercraft Coverage;
- 4. the use of a **motorized vehicle** in, or in the practice or the preparation for, racing, speed, pulling or pushing, demolition or stunt activities or contests;
  - 5. liability imposed by law on an **insured** for the use of a **motorized vehicle**, aircraft or watercraft, except if coverage is provided for by an Incidental Motorized Vehicle or Watercraft Coverage;
  - 6. the rendering of or the failing to render a professional service;
  - 7. activities related to the **business** of an **insured**, except as provided for by an Incidental Business Coverage;
  - 8. premises that are owned, rented or controlled by an **insured** and that are not the **insured premises**. **We** do pay for **bodily injury** to a person in the course of performing duties as a **domestic employee**;

**EXCLUSIONS THAT APPLY TO COVERAGES LAND M**

Personal Liability Coverage does not apply to **bodily injury** or **property damage** which results directly or indirectly from:

- 1. war (This includes undeclared war, civil war, insurrection, rebellion, revolution, warlike act by a military force or military personnel, or destruction, seizure or use of property for a military purpose. Discharge of a nuclear weapon is deemed a warlike act even if accidental.);
- 2. the ownership, operation, maintenance, use, occupancy, renting, loaning, entrusting, supervision, loading or unloading of aircraft, except for **bodily injury** to a person while performing duties as a **domestic employee** (This exclusion does not apply to model airplanes.);
- 3. the ownership, operation, maintenance, use, occupancy, renting, loaning, entrusting, supervision, loading or unloading of **motorized vehicles** or watercraft owned or operated by or rented or loaned to an **insured**. **We** do pay:
  - 9. an intentional act of an **insured** or an act done at the direction of an **insured**;
  - 10. an **occurrence** for which an **insured** is also an **insured** under a nuclear energy liability policy or would be an **insured** but for the exhaustion of its **limits** (A nuclear energy liability policy is a policy issued by the Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, Nuclear Insurance Association of Canada or their successors.); or
  - 11. the discharge, dispersal, release or the escape of **pollutants** into or upon land, water or air, except if such discharge, dispersal, release or escape is sudden and accidental. However, this exclusion does not apply to **bodily injury** or **property damage** that arises from the heat, smoke or fumes of hostile fire on the **insured premises**. Hostile fire is a fire that becomes uncontrollable or breaks out from where it was intended to be.

12. a. actual or alleged bodily injury that results directly or indirectly from the ingestion, inhalation or absorption of lead in any form;
- b. actual or alleged property damage that results directly or indirectly for any form of lead;
- c. any loss, cost or expense arising out of any request, demand or order that any Insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize or in any way respond to or assess the effects of lead; or
- d. any loss, cost or expense arising out of any claim or suit by or on behalf of any governmental authority for damages resulting from testing for, monitoring, cleaning up, removing containing, treating, detoxifying or neutralizing or in any way responding to or assessing the effects of lead.

#### ADDITIONAL EXCLUSIONS THAT APPLY ONLY TO COVERAGE L

Coverage L does not apply to:

1. bodily injury to **you**, and if residents of **your** household, **your** relatives, and persons under the age of 21 in **your** care or in the care of **your** resident relatives;
2. liability assumed under a contract or an agreement, except as provided for by Incidental Contracts and Agreements Coverage;
3. damage to property owned by an **insured**;
4. damage to property that is rented to, occupied by, used by, or in the care of an **insured**, except for **property damage** caused by fire, smoke or explosion;
5. sickness, disease or death of a **domestic employee** unless a written notice is received by **us** within 36 months after the end of the policy period in which the injury occurred; or
6. **bodily injury** to a person, including a **domestic employee**, if the **insured** has a workers' compensation policy covering the injury or if benefits are payable or are required to be provided by an **insured** under a workers' compensation, non-occupational disability, occupational disease or like law.

#### ADDITIONAL EXCLUSIONS THAT APPLY ONLY TO COVERAGE M

Coverage M does not apply to **bodily injury** to:

1. an **insured** or other person who resides on the **insured premises**, except a **domestic employee**;
2. a person who is on the **insured premises** because a **business** is conducted or professional services are rendered on the **insured premises**; or
3. a person, including a **domestic employee**, if a workers' compensation policy covers the injury or if benefits are provided under a workers' compensation, non-occupational disability, occupational disease or like law.

#### WHAT YOU MUST DO IN CASE OF LOSS

1. **Notice** — In the case of an **occurrence** (or if an **insured** becomes aware of anything that indicates that there might be a claim under this Personal Liability Coverage), the **insured** must promptly give **us** or **our** agent notice (in writing if requested).

The notice must state:

- a. the name of the **insured**; the policy number; and the time, place, and the details of the **occurrence**; and
  - b. the names and the addresses of all known potential claimants and witnesses.
2. **Cooperation** — The **insured** must cooperate with **us** in performing all acts required by this Personal Liability Coverage.
  3. **Volunteer Payments** — An **insured** must not make payments, pay or offer rewards or assume obligations or other costs except at the **insured's** own cost. This does not apply to costs that are allowed by this Personal Liability Coverage.
  4. **Other Duties — Liability Coverage** — In case of an **occurrence** which might result in a claim, the **insured** must promptly give **us** copies of all legal papers, demands and notices that relate to the **occurrence** or claim.

At **our** request, the **insured** must help **us**:

- a. to settle a claim;
- b. to conduct suits (This includes being at trials and hearings);
- c. to enforce the right of recovery or indemnification against all parties who may be liable to an **insured** for the injury or damage;
- d. in the securing of and giving of evidence; and
- e. in obtaining the attendance of all witnesses.

5. **Other Duties — Medical Payments To Others Coverage** — In case of a loss the injured person or someone acting on behalf of that person must:

- a. give **us** written proof of claim (under oath if **we** request) as soon as practical; and
- b. authorize **us** to get copies of medical records.

The injured person must submit to physical exams by doctors chosen by **us** when and as often as **we** may require.

## HOW MUCH WE PAY FOR LOSS OR CLAIM

1. **Coverage L — Liability** — The **limit** shown on the Declarations for Coverage L is the most **we** pay for loss for each **occurrence**. This applies regardless of the number of:

- a. persons **insured** under this Personal Liability Coverage;
- b. parties who sustain injury or damage; or
- c. claims made or suits brought.

2. **Coverage M — Medical Payments To Others** — The **limit** shown on the Declarations per person for Coverage M is the most **we** pay for all medical expenses payable for **bodily injury** to one person as the result of one accident.

When a **limit** is shown on the Declarations per accident for Coverage M, that **limit** is the most **we** pay for any one accident.

The payment of a claim under Coverage M does not mean **we** admit **we** are liable under Coverage L.

3. **Insurance Under More Than One Coverage** — If more than one coverage applies to a loss, **we** pay no more than the actual loss.

## Coverage L — Insurance Under More Than One Policy

— Coverage L is excess over other valid and collectible insurance that applies to the loss or claim. However, this does not apply to insurance written specifically to provide coverage in excess of the **limits** that apply in this policy.

If the other valid and collectible insurance is also excess, **we** pay only **our** share of the loss. **We** pay only that part of the loss that the applicable **limit** under this policy bears to the total amount of insurance covering the loss.

## PAYMENT OF LOSS OR CLAIM

A person who has secured a judgment against an **insured** for an insured loss or has liability established by a written agreement between the claimant, an **insured** and **us** is entitled to recover under this Personal Liability Coverage to the extent of coverage provided.

## CONDITIONS

1. **Bankruptcy Of An Insured** — Bankruptcy or insolvency of an **insured** does not relieve **us** of **our** obligations under this Personal Liability Coverage.

2. **Conformity With Statute — Terms** in conflict with the laws of the state where the premises described on the Declarations is located are changed to conform to such laws.

3. **Misrepresentation, Concealment Or Fraud** — This Personal Liability Coverage is void if, before or after a loss:

- a. an **insured** has willfully concealed or misrepresented:
  - 1) a material fact or circumstances with respect to this insurance; or
  - 2) an **insured's** interest herein.

- b. there has been fraud or false swearing by an **insured** with respect to this insurance or the subject thereof.
4. **Subrogation** — If we pay for a loss, we may require that the insured assign to us the right of recovery up to the amount we pay. We are not liable for a loss if, after the loss, an insured impairs our right to recover against others. You may waive your right to recover, in writing, before a loss occurs, without voiding coverage. Subrogation does not apply to Coverage M — Medical Payments to Others or to Damage to Property of Others under the Incidental Personal Liability Coverages.
5. **Suit Against Us** — No suit may be brought against us unless:
- a. all the **terms** of this Personal Liability Coverage have been complied with; and
  - b. the amount of an **insured's** liability has been fixed by:
    - 1) a final judgment against an **insured** which is the result of a trial; or
    - 2) a written agreement of the **insured**, the claimant and **us**.

No person has a right under this Personal Liability Coverage to join **us** or implead **us** in actions that are brought to fix the liability of an **insured**.

6. **Assignment** - This policy may not be assigned without **our** written consent.
7. **Cancellation** - Notice of Cancellation shall be 30 days except; ten (10) days to insured and mortgagee on owner-occupied dwellings and five (5) days to insured and ten (10) days to mortgagee on other than owner-occupied dwellings for the following underwriting standards or conditions:
- a. a substandard condition exists at the property;
  - b. any animal owned by any person insured under this policy, or any animal located at any location insured under this policy, has ever bitten, attached, or harmed any individual;
  - c. any structure found to be other than a one (1) or two (2) family owner occupied dwelling;
  - d. more than two (2) liability losses in a three (3) year period;

**Your** return premium, if any, will be calculated on a pro rata basis and will be refunded at the time of cancellation or as soon as practical. Payment or tender of the unearned premium is not a condition of cancellation.

8. **Change, Modification or waiver of Policy Terms** - A waiver or change of the terms of this policy must be issued by **us** in writing to be valid. If in the policy period, **we** adopt a revision which broadens coverage without an additional premium, the broadened coverage will apply.

If this policy has no expiration date, **we** may substitute or **we** may add, at each anniversary date, forms that are then authorized for use.

9. **Inspections** - **We** have the right, but are not obligated, to inspect your property and operations. This inspection may be made by **us** or may be made on **our** behalf. An inspection or its resulting advice or report does not warrant that **your** property or operations are safe, healthful or in compliance with laws, rules or regulations. Inspections or reports are for **our** benefit only.
10. **Examination of Books and Records** - **We** may examine and audit **your** books and records that relate to this policy during the policy period and within three years after the policy has expired.