

DWELLING PROPERTY 2 – BROAD FORM

AGREEMENT

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

DEFINITIONS

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

In this policy, including the reference found in Form SFP-1, “Actual Cash Value” means the cost to repair or replace covered property with material of like kind and quality less deduction for physical deterioration, depreciation and obsolescence. Actual cash value applies to the valuation of covered property regardless of whether that property has sustained either partial or total loss or damage. The actual cash value of the damaged property may be significantly less than its replacement cost.

With respect to coverage provided under this policy, “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.

In this policy, including the reference found in form SFP-1, “Vacancy” means containing no contents usual or incidental to the occupancy as a dwelling and “Unoccupancy” means the absence of use as a dwelling place by human beings.

DEDUCTIBLE

Unless otherwise noted in this policy, the following deductible provision applies:

Subject to the policy limits that apply, we will pay only that part of the total of all loss payable that exceeds the deductible amount shown in the Declarations.

COVERAGES

This insurance applies to the Described Location, Coverages for which a Limit of Liability is shown and Perils Insured Against for which a Premium is stated.

A. Coverage A – Dwelling

1. We cover:

- a. The dwelling on the Described Location shown in the Declarations, used principally for dwelling purposes, including structures attached to the dwelling;
- b. Materials and supplies located on or next to the Described Location used to construct, alter or repair the dwelling or other structures on the Described Location; and
- c. If not otherwise covered in this policy, building equipment and outdoor equipment used for the service of and located on the Described Location.

2. We do not cover land, including land on which the dwelling is located.

B. Coverage B – Other Structures

1. We cover other structures on the Described Location, set apart from the dwelling by clear space. This includes structures connected to the dwelling by only a fence, utility line or similar connection.

2. We do not cover:

- a. Land, including land on which the other structures are located;
- b. Other structures rented or held for rental to any person not a tenant of the dwelling, unless used solely as a private garage;
- c. Other structures used in whole or in part for commercial, manufacturing or farming purposes. However, we do cover a structure that contains commercial manufacturing or farming property solely owned by you or a tenant of the dwelling provided that such property does not include gaseous or liquid fuel, other than

fuel in a permanently installed fuel tank of a vehicle or craft parked or stored in the structure; or

d. Gravemarkers, including mausoleums.

C. Coverage C – Personal Property

1. Covered Property

We cover personal property, usual to the occupancy as a dwelling and owned or used by you or members of your family residing with you while it is on the Described Location. After a loss and at your request, we will cover personal property owned by a guest or servant while the property is on the Described Location.

2. Property Not Covered

We do not cover;

a. Accounts, bank notes, bills, bullion, coins, currency, deeds, evidences of debt, gold other than goldware, letters of credit, manuscripts, medals, money, notes other than bank notes, passports, personal records, platinum other than platinumware, securities, silver other than silverware, tickets, stamps, scrip, stored value cards and smart cards;

b. Animals, birds or fish;

c. Aircraft meaning any contrivance used or designed for flight including any parts whether or not attached to the aircraft.

We do cover model or hobby aircraft not used or designed to carry people or cargo;

d. Hovercraft and parts. Hovercraft means a self-propelled motorized ground effect vehicle and includes, but is not limited to, flarecraft and air cushion vehicles;

e. Motor vehicles or all other motorized land conveyances.

(1) This includes:

(a) Their accessories, equipment and parts; or

(b) Any device or instrument for the transmitting, recording, receiving or reproduction of sound or pictures which is operated by power from the electrical system of motor vehicles and all other motorized land conveyances, and its accessories. Accessories include antennas, tapes, wires, records, discs or other media that can be used with any device or instrument described above.

The exclusion of property described in (a) and (b) above applies only while such property is in or upon the vehicle or conveyance.

(2) We do cover motor vehicles or other motorized land conveyances not required to be registered for use on public road or property which are:

(a) Used solely to service the Described Location; or

(b) Designed to assist the handicapped;

f. Watercraft of all types, other than rowboats and canoes;

g. Data, including data stored in:

(1) Books of account, drawings or other paper records; or

(2) Computers and related equipment;

We do cover the cost of blank recording or storage media, and of prerecorded computer programs available on the retail market;

h. Credit cards, electronic fund transfer cards or access devices used solely for deposit, withdrawal or transfer of funds;

i. Water or steam; or

j. Gravemarkers, including mausoleums.

3. Property Removed To A Newly Acquired Principle Residence

If you remove personal property from the Described Location to a newly acquired principal residence, the Coverage C limit of liability will apply at each residence for the 30 days immediately after you begin to move the property

there. This time period will not extend beyond the termination of this policy. Our liability is limited to the proportion of the limit of liability that the value at each residence bears to the total value of all personal property covered by this policy.

D. Coverage D – Fair Rental Value

1. If a loss to property described in Coverage **A**, **B** or **C** by a Peril Insured Against under this policy makes that part of the Described Location rented to others or held for rental by you unfit for its normal use, we cover the fair rental value of that part of the Described Location rented to others or held for rental by you less any expenses that do not continue while that part of the Described Location rented or held for rental is not fit to live in.

Payment will be for the shortest time required to repair or replace that part of the Described Location rented or held for rental.

2. If a civil authority prohibits you from use of the Described Location as a result of direct damage to a neighboring location by a Peril Insured Against in this policy, we cover the Fair Rental Value loss for no more than two weeks.
3. The periods of time referenced above are not limited by the expiration of this policy.
4. We do not cover loss or expense due to cancellation of a lease or agreement.

E. Coverage E – Additional Living Expense

1. If a loss to property described in Coverage **A**, **B** or **C** by a Peril Insured Against under this policy makes the Described Location unfit for normal use, we cover any necessary increase in living expenses incurred by you so that your household can maintain its normal standard of living.

Payment will be for the shortest time required to repair or replace the Described Location, or, if you permanently relocate, the shortest time required for your household to settle elsewhere.

This payment will not exceed a 12 month period from the date of loss.

2. If a civil authority prohibits you from use of the Described Location as a result of direct damage to a neighboring location by a Peril Insured Against in this policy, we cover the Additional Living Expense loss for no more than two weeks.
3. The periods of time referenced above are not limited by the expiration of this policy.
4. We do not cover loss or expense due to cancellation of a lease or agreement.

F. Other Coverages

1. Other Structures

You may use up to 10% of the Coverage **A** limit of liability for loss by a Peril Insured Against to other structures described in Coverage **B**.

This coverage is additional insurance.

2. Debris Removal

We will pay your reasonable expense for the removal of:

- a. Debris of covered property if a Peril Insured Against causes the loss; or
- b. Ash, dust or particles from a volcanic eruption that has caused direct loss to a building or property contained in a building.

This expense is included in the limit of liability that applies to the damaged property.

3. Improvements, Alterations And Additions

If you are a tenant of the Described Location, you may use up to 10% of the Coverage **C** limit of liability for loss by a Peril Insured Against to improvements, alterations and additions, made or acquired at your expense, to that part of the Described Location used only by you.

This coverage is additional insurance.

4. World-Wide Coverage

You may use up to 10% of the Coverage **C** limit of liability for loss by a Peril Insured Against to property covered under Coverage

C except rowboats and canoes, while anywhere in the world.

Use of this coverage reduces the Coverage **C** limit of liability for the same loss.

5. Rental Value And Additional Living Expense

You may use up to 20% of the Coverage **A** limit of liability for loss of both fair rental value as described in Coverage **D** and additional living expense as described in Coverage **E**.

This coverage is additional insurance.

6. Reasonable Repairs

a. In the event that covered property is damaged by a Peril Insured Against, we will pay the reasonable cost incurred by you for necessary measures taken solely to protect against further damage.

b. If the measures taken involve repair to other damaged property, we will pay for those measures only if that property is covered under this policy and the damage to that property is caused by a Peril Insured Against. This coverage does not:

(1) Increase the limit of liability that applies to the covered property; or

(2) Relieve you of your duties, in case of a loss to covered property, as set forth in Condition **D.2**.

7. Property Removed

We insure covered property against direct loss from any cause while being removed from a premises endangered by a Peril Insured Against and for not more than 30 days while removed.

This coverage does not change the limit of liability that applies to the property being removed.

8. Trees, Shrubs And Other Plants

We cover trees, shrubs, plants or lawns, on the Described Location for loss caused by the following Perils Insured Against.

a. Fire or lightning;

b. Explosion;

c. Riot or civil commotion;

d. Aircraft;

e. Vehicles not owned or operated by you or a resident of the Described Location; or

f. Vandalism or malicious mischief, including damage during a burglary or attempted burglary, but not theft of property.

The limit of liability for this coverage will not be more than 5% of the Coverage **A** limit of liability, or more than \$500 for any one tree, shrub or plant. We do not cover property grown for commercial purposes.

This coverage is additional insurance.

9. Fire Department Service Charge

We will pay up to \$500 for your liability assumed by contract or agreement for the department charges incurred when the fire department is called to save or protect covered property from a Peril Insured Against. We do not cover the fire department service charges if the property is located within the limits of the city, municipality or protection district furnishing the fire department response.

This coverage is additional insurance. No deductible applies to this coverage.

10. Fungi, Wet or Dry Rot, or Bacteria

a. We will pay up to a total of \$5,000 for:

(1) The total of all direct physical loss to covered property caused by fungi, wet or dry rot, or bacteria;

(2) The cost to remove fungi, wet or dry rot, or bacteria from covered property;

(3) The cost to tear out and replace any part of the building or other covered property as needed to gain access to the fungi, wet or dry rot, or bacteria; and

(4) The cost of testing or air or property to confirm the absence, presence or level of fungi, wet or dry rot, or bacteria whether performed prior to, during or after

removal, repair, restoration or replacement. The cost of such testing will be provided only to the extent that there is reason to believe that there is a presence of fungi, wet or dry rot, or bacteria.

- b.** The coverage described in **10.a.** only applies when such loss or costs are a result of a Peril Insured Against that occurs during the policy period and only if all reasonable means were used to save and preserve the property from further damage at and after the time the Peril Insured Against occurred.
- c.** \$5,000 is the most we will pay for the total of all loss or costs payable under this Other Coverage regardless of the number of claims made.
- d.** If there is covered loss or damage to covered property, not caused, in whole or in part, by fungi, wet or dry rot, or bacteria, loss payment will not be limited by the terms of this Other Coverage, except to the extent that fungi, wet or dry rot, or bacteria causes an increase in the loss. Any such increase in the loss will be subject to the terms of this Other Coverage.

This coverage does not increase the limit of liability that applies to the damaged covered property.

11. Collapse

a. With respect to this Other Coverage:

- (1)** Collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its current intended purpose.
- (2)** A building or any part of a building that is in danger of falling down or caving is in not considered to be in a state of collapse.
- (3)** A part of a building that is standing is not considered to be in a state of collapse even if it has separated from another part of the building.
- (4)** A building or any part of a building that is standing is not considered to be in a

state of collapse even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

b. We insure for direct physical loss to covered property involving collapse of a building or any part of a building if the collapse was caused by one or more of the following:

- (1)** The Perils Insured Against in this policy;
- (2)** Decay that is hidden from view, unless the presence of such decay is known to you prior to collapse;
- (3)** Insect or vermin damage that is hidden from view, unless the presence of such damage is known to you prior to collapse;
- (4)** Weight of contents, equipment, animals or people;
- (5)** Weight of rain which collects on a roof; or
- (6)** Use of defective material or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation.

- c.** Loss to an awning, fence, patio, deck, pavement, swimming pool, underground pipe, flue, drain, cesspool, septic tank, foundation, retaining wall, bulkhead, pier, wharf or dock is not included under **b.(2)** through **(6)** above unless the loss is a direct result of the collapse of a building or any part of a building,
- d.** This coverage does not increase the limit of liability that applies to the damaged covered property.

12. Glass Or Safety Glazing Material

a. We cover:

- (1)** The breakage of glass or safety glazing material which is part of a covered building, storm door or storm window;

- (2) The breakage of glass or safety glazing material which is part of a covered building, storm door or storm window when caused directly by earth movement; and
- (3) The direct physical loss to covered property caused solely by the pieces, fragments or splinters of broken glass or safety glazing material which is part of a building, storm door or storm window.

b. This coverage does not include loss:

- (1) To covered property which results because the glass or safety glazing material has been broken, except as provided in a.(3) above; or
- (2) On the Described Location if the dwelling has been vacant for more than 60 consecutive days immediately before the loss, except when the breakage results directly from earth movement as provided for in a.(2) above. A dwelling being constructed is not considered vacant.

c. This liability does not increase the limit of liability that applies to the damaged property.

13. Ordinance Or Law

a. The Ordinance Or Law limit of liability determined in **b.** or **c.** below will apply with respect to the increased costs you incur due to the enforcement of any ordinance or law which requires or regulates:

- (1) The construction, demolition, remodeling, renovation or repair of that part of a covered building or other structure damaged by a Peril Insured Against;
- (2) The demolition and reconstruction of the undamaged part of a covered building or other structure, when that building or other structure must be totally demolished because of damage by a Peril Insured Against to another part of that covered building or other structure; or
- (3) The remodeling, removal or replacement of the portion of the undamaged part of a covered building or other structure

necessary to complete the remodeling, repair or replacement of that part of the covered building or other structure damaged by a Peril Insured Against.

b. If you are an owner of a Described Location, and that location:

- (1) is insured for Coverage **A** or Unit-Owners Building Items, you may use up to 10% of the limit of liability that applies to Coverage **A** or Unit-Owners Building Items at each Described Location; or
- (2) is not insured for Coverage **A** or Unit-Owners Building Items, you may use up to 10% of the total limit of liability that applies to Coverage **B** at each Described Location.

c. If you are a tenant of a Described Location, you may use up to 10% of the limit of liability that applies to Improvements, Alterations And Additions at each Described Location. Also, the words "covered building" used throughout this Other Coverage **13. Ordinance Or Law**, refer to property at such a Described Location covered under Other Coverage **3. Improvements, Alterations And Additions**.

d. You may use all or part of this ordinance or law coverage to pay for the increased costs you incur to remove debris resulting from the construction, demolition, remodeling, renovation, repair or replacement of property as stated in **a.** above.

e. We do not cover:

- (1) The loss in value to any covered building or other structure due to the requirements of any ordinance or law; or
- (2) The costs to comply with any ordinance or law which requires you or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, pollutants in or on any covered building or other structure.

Pollutants means 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.

This coverage is additional insurance.

PERILS INSURED AGAINST

We insured for direct physical loss to the property covered caused by a peril listed below unless the loss is excluded in the General Exclusions.

1. Fire Or Lightning

2. Windstorm Or Hail

This peril does not include loss:

a. To the inside of a building or the property contained in a building caused by rain, snow, sleet, sand or dust unless the direct force of wind or hail damages the building causing an opening in a roof or wall and the rain, snow, sleet, sand or dust enters through this opening; or

b. To the following property when outside of the building:

(1) Awnings, signs, radio or television antennas or aerials including lead-in wiring, masts or towers;

(2) Canoes and rowboats; or

(3) Trees, shrubs, plants or lawns.

3. Explosion

4. Riot or Civil Commotion

5. Aircraft

This peril includes self-propelled missiles and spacecraft.

6. Vehicles

This peril does not include loss to a fence, driveway, or walk caused by a vehicle owned or operated by you or a resident of the Described Location.

7. Smoke

This peril means sudden and accidental damage from smoke, including the emission or puffback of smoke, soot, fumes or vapors from a boiler, furnace or related equipment.

This peril does not include loss caused by smoke from agricultural smudging or industrial operations.

8. Vandalism Or Malicious Mischief

This peril does not include loss:

a. By pilferage, theft, burglary or larceny; or

b. To property on the Described Location, and any ensuing loss caused by any intentional and wrongful act committed in the course of the vandalism or malicious mischief, if the dwelling has been vacant for more than 60 consecutive days immediately before the loss. A dwelling being constructed is not considered vacant.

9. Damage By Burglars

This peril means damage to covered property caused by burglars.

This peril does not include:

a. Theft of property; or

b. Damage caused by burglars to property on the Described Location if the dwelling has been vacant for more than 60 consecutive days immediately before the damage occurs. A dwelling being constructed is not considered vacant.

10. Falling Objects

This peril does not include loss:

a. To the inside of a building or property contained in the building unless the roof or an outside wall of the building is first damaged by a falling object.

b. To outdoor radio and television antennas and aerials including the lead-in wiring, masts and towers, outdoor equipment, awnings and fences.

Damage to the falling object itself is not covered.

11. Weight Of Ice, Snow Or Sleet

This peril means weight of ice, snow or sleet which causes damage to a building or property contained in the building.

This peril does not include loss to an awning, fence, patio, pavement, swimming pool, foundation, retaining wall, bulkhead, pier, wharf or dock.

12. Accidental Discharge Or Overflow Of Water Or Steam

a. This peril means accidental discharge or overflow of water or steam from within a plumbing, heating, air conditioning or automatic fire protective sprinkler system or from a household appliance. We also pay to tear out and replace any part of a building, or other structure, on the Described Location, but only when necessary to repair the system or appliance from which the water or steam escaped. However, such tear out and replacement coverage only applies to other structures if the water or steam causes actual damage to a building on the Described Location.

b. This peril does not include loss:

- (1) To a building caused by constant or repeated seepage or leakage over a period of weeks, months or years;
- (2) On the Described Location, if the dwelling has been vacant for more than 60 consecutive days immediately before the loss. A dwelling being constructed is not considered vacant;
- (3) To the system or appliance from which the water or steam escaped;
- (4) Caused by or resulting from freezing except as provided in Peril Insured Against **14. Freezing** below; or
- (5) On the Described Location caused by accidental discharge or overflow which occurs off the Described Location.

c. In this peril, a plumbing system or household appliance does not include a sump, sump

pump or related equipment or a roof drain, gutter, downspout or similar fixtures or equipment.

d. General Exclusion **3. Water Damage**, Paragraphs **a.** and **c.** that apply to surface water and water below the surface of the ground do not apply to loss by water covered under this peril.

13. Sudden And Accidental Tearing Apart, Cracking, Burning or Bulging

This peril means sudden and accidental tearing apart, cracking, burning or bulging of a steam or hot water heating system, an air conditioning or automatic fire protective sprinkler system, or an appliance for heating water.

This peril does not include loss caused by or resulting from freezing except as provided in Perils Insured Against **14. Freezing** below.

14. Freezing

a. This peril means freezing of a plumbing, heating, air conditioning or automatic fire protective sprinkler system or of a household appliance but only if you have used reasonable care to:

- (1) Maintain heat in the building; or
- (2) Shut off the water supply and drain all systems and appliances of water.

However, if the building is protected by an automatic fire protective sprinkler system, you must use reasonable care to continue the water supply and maintain heat in the building for coverage to apply.

b. In this peril, a plumbing system or household appliance does not include a sump, sump pump or related equipment or a roof drain, gutter, downspout or similar fixtures or equipment.

15. Sudden And Accidental Damage From Artificially Generated Electrical Current

This peril does not include loss to tubes, transistors, electronic components or circuitry that are a part of appliances, fixtures, computers, home entertainment units or other types of electronic apparatus.

16. Volcanic Eruption

This peril does not include loss caused by earthquake, land shock waves or tremors.

GENERAL EXCLUSIONS

We do not insure for loss caused directly or indirectly by any of the following. Such loss is excluded regardless of any other cause or event contributing concurrently or in any sequence to the loss. These exclusions apply whether or not the loss event results in widespread damage or affects a substantial area.

1. Ordinance Or Law

Ordinance Or Law means any ordinance or law:

- a. Requiring or regulating the construction, demolition, remodeling, renovation or repair of property, including removal of any resulting debris. This Exclusion **1.a** does not apply to the amount of coverage that may be provided under Other Coverage **13**. Ordinance Or Law;
- b. The requirements of which result in a loss in value to property; or
- c. Requiring you or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, pollutants.

Pollutants means 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.

This Exclusion **1**. applies whether or not the property has been physically damaged.

2. Earth Movement

Earth Movement means:

- a. Earthquake, including land shock waves or tremors before, during or after a volcanic eruption;
- b. Landslide, mudslide or mudflow;
- c. Subsidence or sinkhole; or

- d. Any other earth movement including earth sinking, rising or shifting;

caused by or resulting from human or animal forces or any act of nature unless direct loss by fire or explosion ensues and then we will pay only for the ensuing loss.

3. Water

This means:

- a. Flood, surface water, waves, including tidal water and tsunami, tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind including storm surge;
- b. Water which:
 - (1) backs up through sewers or drains; or
 - (2) Overflows or is otherwise discharged from a sump, sump pump or related equipment;
- c. Water below the surface of the ground, including water which exerts pressure on, or seeps, leaks or flows through a building, sidewalk, driveway, patio, foundation, swimming pool or other structure;
- d. Waterborne material carried or otherwise moved by any of the water referred to in **3.a.** through **3.c.** of this Exclusion.

This Exclusion **(3.)** applies regardless of whether any of the above, in **3.a.** through **3.d.** is caused by an act of nature or is otherwise caused.

This Exclusion **(3.)** applies to, but is not limited to, escape, overflow or discharge, for any reason, of water or waterborne material from a dam, levee, seawall or any boundary or containment system.

However, direct loss by fire or explosion resulting from any of the above, in **3.a.** through **3.d.** is covered.

All other provisions of this policy apply.

4. Power Failure

Power Failure means the failure of power or other utility service if the failure takes place off the Described Location. But if the failure

of power or other utility service results in a loss, from a Peril Insured Against on the Described Location, we will pay for the loss caused by that Peril Insured Against.

5. Neglect

Neglect means your neglect to use all reasonable means to save and preserve property at and after the time of a loss.

6. War

War includes the following and 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;
- c. Destruction or seizure or use for a military purpose.

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

7. Nuclear Hazard

This Exclusion 7. Pertains to Nuclear Hazard to the extent set forth in the Nuclear Hazard Clause of the Conditions.

8. Intentional Loss

- a. Intentional Loss means any loss arising out of any act an "insured" commits or conspires to commit with the intent to cause a loss.

In the event of such loss, no "insured" is entitled to coverage, even "insureds" who did not commit or conspire to commit the act causing the loss.

- b. However, this exclusion will not apply to deny payment to the "insured" who did not cooperate in or contribute to the creation of the loss if the loss:

- (1) Is otherwise covered property under Coverage A, B or C of the policy; and
- (2) Arises out of abuse to that innocent "insured" by another "insured".

With respect to this provision, abuse means:

- (a) Abuse as defined in the Pennsylvania Protection From Abuse Act; or
- (b) Attempting to cause or intentionally knowingly or recklessly causing damage to covered property so as to intimidate or attempt to control the behavior of another person.

If we pay a claim under this provision, **8.b.** our payment to the "insured" is limited to that "insured's" insurable interest in the property. In no event will we pay more than the Limit of Liability.

All other provisions of this policy apply.

9. Governmental Action

Governmental Action means the destruction, confiscation or seizure of property described in Coverage A, B or C by order of any governmental or public authority.

This exclusion does not apply to such acts ordered by any governmental or public authority that are taken at the time of a fire to prevent its spread, if the loss caused by fire would be covered under this policy.

10. Fungi, Wet or Dry Rot, Or Bacteria

Fungi, Wet or Dry Rot, Or Bacteria meaning the presence, growth, proliferation, spread or any activity of fungi, wet or dry rot, or bacteria.

This exclusion does not apply:

- (1) When fungi, wet or dry rot, or bacteria results from fire or lightning; or
- (2) To the extent coverage is provided for in Other Coverages, Fungi, Wet or Dry Rot, Or Bacteria with respect to loss caused by a Peril Insured Against other than fire or lightning.

Direct loss by a Peril Insured Against resulting from fungi, wet or dry rot, or bacteria is covered.

CONDITIONS

A. Policy Period

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

B. Insurable Interest And Limit of liability

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

1. For an amount greater than the interest of a person insured under this policy at the time of loss; or
2. For more than the applicable limit of liability.

C. Concealment Or Fraud

We provide coverage to no persons insured under this policy if, whether before or after a loss, one or more persons insured under this policy have:

1. Intentionally concealed or misrepresented any material fact or circumstance;
2. Engaged in fraudulent conduct; or
3. Made false statements;

relating to this insurance.

D. Duties After Loss

In case of a loss to covered property, we have no duty to provide coverage under this policy if the failure to comply with the following duties is prejudicial to us. These duties must be performed either by you or your representative:

1. Give prompt notice to us or our agent;
2. 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;
3. Cooperate with us in the investigation of a claim;

4. Prepare an inventory of damaged personal property showing the quantity, description, actual cash value and amount of loss. Attach all bills, receipts and related documents that justify the figures in the inventory.
5. As often as 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 examination under oath, while not in the presence of another named insured and sign the same;
6. 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. Your interest and that of 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 actual cash value inventory of damaged personal property described in Paragraph **D.4.**;
 - g. Receipts for additional living expenses incurred and records that support the fair rental value loss.
7. Upon issuance of either a final payment or a letter of denial, you have a 60 day period in which you must commence active repairs to the property.

E. Loss Settlement

In this Condition **E.**, the terms "cost to repair or

replace” and “replacement cost” do not include the increased costs incurred to comply with the enforcement of any ordinance or law except to the extent that coverage for these increased costs is provided in Other Coverage **F.13**. Ordinance Or Law. Covered property losses are settled as follows:

1. Property of the following types:

- a. Personal Property;
- b. Awnings, carpeting, household appliances, outdoor antennas and outdoor equipment, whether or not attached to buildings; and
- c. Structures that are not buildings;

at actual cash value at the time of loss but not more than the amount required to repair or replace.

2. Buildings under Coverage **A** or **B** at replacement cost without deduction for depreciation, subject to the following:

- a. If, at the time of loss, the amount of insurance in this policy on the damaged building is 80% or more of the full replacement cost of the building immediately before the loss, we will pay the cost to repair or replace, after application of any deductible and without deduction for depreciation, but not more than the least of the following amounts:
 - (1) The limit of liability under this policy that applies to the building;
 - (2) The replacement cost of that part of the building damaged with material of like kind and quality and for like use; or
 - (3) The necessary amount actually spent to repair or replace the damaged building.

If the building is rebuilt at a new premises, the cost described in (2) above is limited to the cost which would have been incurred if the building had been built at the original premises.

- b. If, at the time of loss, the amount of

insurance in this policy on the damaged building is less than 80% of the full replacement cost of the building immediately before the loss, we will pay the greater of the following amounts, but not more than the limit of liability under this policy that applies to the building:

- (1) The actual cash value of that part of the building damaged; or
- (2) That proportion of the cost to repair or replace, after application of deductible and without deduction for depreciation, that part of the building damaged, which the total amount of insurance in this policy on the damaged building bears to 80% of the replacement cost of the building.

c. To determine the amount of insurance required to equal 80% of the full replacement cost of the building immediately before the loss, do not include the value of:

- (1) Excavations, footings, foundations, piers, or any other structures or devices that support all or part of the building, which are below the undersurface of the lowest basement floor;
- (2) Those supports in (1) above which are below the surface of the ground inside the foundation walls, if there is no basement; and
- (3) Underground flues, pipes, wiring and drains.

d. We will pay no more than the actual cash value of the damage until actual repair or replacement is complete. Once actual repair or replacement is complete, we will settle the loss as noted in **2.a.** and **b.** above.

However, if the cost to repair or replace the damage is both:

- (1) Less than 5% of the amount of insurance in this policy on the building; and
- (2) Less than \$2,500;

We will settle the loss as noted in **2.a.** and **b.** above whether or not actual repair or replacement is complete.

e. You may disregard the replacement cost loss settlement provisions and make claim under this policy for loss to buildings on an actual cash value basis. You may then make claim for any additional liability according to the provisions of this Condition E. Loss Settlement, provided you notify us of your intent to do so within 180 days after the date of loss.

f. We may increase the limit of liability for Coverage A to reflect changes in the cost of construction according to published construction cost factors. The percentage change will be applied at the policy renewal date.

F. Loss To A Pair or Set

In case of loss to a pair or set we may elect to:

1. Repair or replace any part to restore the pair or set to its value before the loss; or
2. Pay the difference between actual cash value of the property before and after the loss.

G. Appraisal

If you and we fail to agree on the amount of loss, either may demand an appraisal of the loss. In this event, each party will choose a competent and impartial appraiser within 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 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 Described Location is located. The appraisers will separately set the amount of loss. If the appraisers submit a written report of an agreement to us, the amount agreed upon will be the amount of 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 loss.

Each party will:

1. Pay its own appraiser; and
2. Bear the other expenses of the appraisal and umpire equally.

H. Other Insurance And Service Agreement

If property covered by this policy is also covered by:

1. Other fire insurance, we will pay only the proportion of a loss caused by any peril insured against under this policy that the limit of liability applying under this policy bears to the total amount of fire insurance covering the property; 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 warranty or similar service warranty agreement, even if it is characterized as insurance.

I. Subrogation

You may waive in writing before a loss all rights of recovery against any person. If not waived, we may require an assignment of rights of recovery for a loss to the extent that payment is made by us.

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

J. Suit Against Us.

No action can be brought against us unless there has been full compliance with all of the terms under this policy and the action is started within one year after the date of loss.

K. Our Option

We may repair or replace any part of the damaged property with material or property of like kind and quality if we give you written notice of our intention to do so within 15 working days after we receive your signed, sworn proof of loss.

L. 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 will be payable 60 days after we receive your proof of loss and:

1. Reach an agreement with you;
2. There is an entry of a final judgment; or
3. There is a filing of an appraisal award with us.

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.

M. Abandonment Of Property

We need not accept any property abandoned by you.

N. Mortgage Clause

1. If a mortgagee is named in this policy, any loss payable under Coverage **A** or **B** 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.
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 60 days after receiving notice from us of your failure to do so. Policy conditions relating to Paragraphs **G**, **J**, **Suit Against Us** and **L**, **Loss Payment** also apply to the mortgagee.
3. If we decide to cancel or not to renew this policy, the mortgagee will be notified at least 10 days before the date cancellation or nonrenewal 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.

O. 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 of this policy.

P. Cancellation

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 by notifying you in writing at least thirty days before the date of cancellation takes effect. This cancellation may be delivered to you, or mailed to you at your mailing address shown in the Declarations. Proof of mailing shall be sufficient proof of notice.
3. If you are an owner-occupant of the dwelling insured or the policy covers only household furniture in private living quarters, we may cancel this policy for only the reasons stated in this condition.
 - a. When this policy has been in effect for less than 60 days and is not a renewal with us, we may cancel for any reason by notifying the insured named in the Declarations at least 30 days before the date cancellation takes effect.
 - b. 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 only for one or more of the following reasons by notifying the insured named in the Declarations at least 30 days prior to the proposed cancellation date:
 - (1) this policy was obtained through material misrepresentation, fraudulent statements, omissions or

concealment of fact material to the acceptance of the risk or to the hazard assumed by us;

- (2) there has been a substantial change or increase in hazard in the risk assumed by us subsequent to the date the policy was issued;
- (3) there is a substantial increase in hazard insured against by reason of willful or negligent acts or omissions by the insured;
- (4) the insured has failed to pay the premium by the due date, and/or complete a renewal application;
- (5) for any other reason approved by the Pennsylvania Insurance Commissioner.

This provision shall not apply if the named insured has demonstrated by some overt action to us that the insured wishes the policy to be cancelled.

This cancellation notice may be delivered to or mailed to the insured named in the Declarations at the mailing address shown in the policy or at a forwarding address.

Proof of mailing will be sufficient proof of notice.

Delivery of such written notice by us to the insured named in the Declarations at the mailing address shown in the policy or at a forwarding address shall be equivalent to mailing.

4. When this policy is cancelled, the premium from the date of cancellation to the expiration date will be refunded. When the policy is cancelled, the return premium will be pro rata.
5. We will refund the return premium within a reasonable time after the date of cancellation takes effect.

Q. Non-Renewal

We will not refuse to renew this policy except for one of the reasons referred to in the Cancellation Provision of this endorsement. We may refuse to renew for one of the listed reasons

by mailing to the insured named in the Declarations at the mailing address shown in the policy or at a forwarding address, written notice at least 30 days prior to the expiration date of this policy. Delivery of such written notice by us to the insured named in the Declarations at the mailing address shown in the policy or at a forwarding address shall be equivalent to mailing.

This provision does not apply if:

1. We have indicated our willingness to renew and the insured has failed to pay the premium by the due date; or
2. The named insured has indicated to us or our agent that the insured does not wish the policy to be renewed.

R. Liberalization Clause

If we make a change with broadens coverage under this edition of our policy without additional premium charge, that change will automatically apply to your insurance as of the date we implemented the change in your state, provided that this implementation date falls within 60 days prior to or during the policy period stated in the Declarations.

This Liberalization Clause does not apply to changes implemented with a general program revision that includes both broadenings and restrictions in coverage, whether that general program revision is implemented through introduction of:

1. A subsequent edition of this policy; or
2. An amendatory endorsement.

S. 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.

T. Assignment

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

U. Death

Insurance under this policy will continue as provided in paragraph 1. or 2. whichever is later:

1. For 180 days after your death regardless of the policy period shown in the Declarations, unless your property covered under the policy at the time of your death, is sold prior to that date; or
2. Until the end of the policy period shown in the Declarations, unless your property, covered under the policy at the time of your death, is sold prior to that date.

Coverage during the period of time after your death is subject to all the provisions of this policy including payment of any premium due for the policy period shown in the Declarations and any extension of that period.

V. Nuclear Hazard Clause

1. "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.
2. Loss caused by the nuclear hazard will not be considered loss caused by fire, explosion, or smoke, whether these perils are specifically named in or otherwise included within the Perils Insured Against.
3. This policy does not apply to loss caused directly or indirectly by nuclear hazard, except that direct loss by fire resulting from the nuclear hazard is covered.

W. Recovered Property

If you or we recover any property for which we have made payment under this policy, you or we will notify the other of the recovery. At your option, the property will be returned to or retained by you or it will become our property. If the recovered property is returned to or retained by you, the loss payment will be adjusted based on the amount you received for the recovered property.

X. Volcanic Eruption Period

One or more volcanic eruptions that occur within a 72-hour period will be considered as one volcanic eruption.

Y. Loss Payable Clause

If the Declarations show a loss payee for certain listed insured personal property, that person is considered an insured in this policy with respect to that property.

If we decide to cancel or not renew this policy, that loss payee will be notified in writing.

AA. Inspections and Surveys

We have the right but are not obligated to:

- a. Make inspections at any time;
- b. Give you reports on the conditions we find;
- c. Recommend changes.

Any inspections, surveys, reports or recommendations we make, relate only to the eligibility and the insurability of your property and to the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. We do not warrant that conditions:

- a. Are safe or healthful; or
- b. Comply with laws, regulations, codes or standards.

This condition applies not only to us, but also to any rating, advisory, rate service or similar service which make insurance inspections, surveys, reports or recommendations.

PENNSYLVANIA NOTICE

An insurance Company, its agents, employees, or service contractors acting on its behalf, may provide services to reduce the likelihood of injury, death or loss. The service may include the following or related services incident to the application for, insurance, renewal, or continuation of, a policy of insurance:

1. Surveys;
2. Consultation or advice; or
3. Inspections.

The "Insurance Consultation Services Exemption Act" of Pennsylvania provides that the insurance Company, its agents, employees or service contractors acting on its behalf, is not liable for damages from injury, death or loss occurring as a result of any act or omission by any person in the furnishing of or the failure to furnish these services.

The Act does not apply:

1. If the injury, death or loss occurred during the actual performance of the service and was caused by the negligence of the insurance Company, its employees or service contractors;
2. To consultation services required to be performed under written service contract not related to a policy of insurance; or
3. If any acts or omissions of the insurance Company, its agents, employees or service contractors are judicially determined to constitute a crime, actual malice or gross negligence.