

GENERAL POLICY TERMS

ML-20
(Ed. 9-84)
AAIS

—READ THIS ENTIRE POLICY CAREFULLY—
IT IS A LEGAL CONTRACT

The following Table of Contents shows how the policy is organized. It will help **you** locate particular sections of the policy.

TABLE OF CONTENTS

	Page	
Agreement	i	
Definitions	1	
Property Coverages		
Principal Property Coverages	2	
Incidental Property Coverages	3	
Exclusions That Apply To Property Coverages	4	
		(The perils that apply to property coverages and the liability and medical payments coverages are on separate forms attached to this policy. Refer to the Perils Section and the Liability Coverage Section.)
What You Must Do in Case of Loss	5	
How Much We Pay for Loss or Claim	6	
Payment of Loss or Claim	7	
Policy Conditions		
Conditions Applicable to All Coverages	7	
Conditions Applicable to Property Coverages Only	8	
		Starting On Page
Perils Section		P-1
Perils		
Replacement Cost Terms (only if applicable to this policy)		
Liability Coverage Section	L-1	
Principal Coverages— Liability and Medical Payments To Others		
Incidental Liability Coverages		
Exclusions		
Required state endorsements may also be part of this policy.		

AGREEMENT

This policy, subject to all of its **terms**, provides property and liability insurance and other described coverages during the policy period. In return **you** must pay the required premium. Each principal coverage described in this policy applies only if a **limit** is shown on the Declarations for that coverage.

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.
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.
4. **Credit Card** means a card, plate, coupon book or other credit device existing for the purpose of obtaining money, property, labor or services on credit. This includes debit cards or fund transfer cards used to deposit, withdraw or transfer funds.
5. **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**.
6. **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; and
 - d. **your** legal representative if **you** die while insured by this policy. This person is an **insured** only with respect to insurance on covered property and liability arising out of the property. An **insured** at the time of **your** death remains an **insured** while residing on the **insured premises**;

Under Coverages L and M, **insured** also includes:

 - e. persons using or caring for watercraft or animals owned by an **insured** and 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.); and
 - f. persons in the course of performing domestic duties that relate to the **insured premises**.

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

7. Insured Premises

- a. Described Location:
 - 1) If **you** own the one- to four-family house described on the Declarations, the **insured premises** means that house, related private structures, and grounds at that location.
 - 2) If **you** own the townhouse or row house described on the Declarations, the **insured premises** means that townhouse or row house, related private structures and grounds used or occupied solely by **your** household for residential purposes at that location.
 - 3) If **you** own the one- or two-family mobile home described on the Declarations, the **insured premises** means that mobile home, related private structures and grounds at that location.
 - 4) If **you** reside in the condominium unit, cooperative apartment or rented premises described on the Declarations, the **insured premises** means the parts of the described location which are used or occupied solely by **your** household for residential purposes.
- b. Under Coverages L and M, **insured premises** also includes:
 - 1) other premises shown on the Declarations;
 - 2) that part of a residential premises acquired and to be used by **you** while this policy is in effect;
 - 3) 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;
 - 4) **your** cemetery lots and burial vaults or those of **your** resident relatives;
 - 5) that part of residential premises, not owned by an **insured**, while temporarily used by an **insured**;
 - 6) premises used by **you** in connection with the described location;
 - 7) all access ways immediately adjoining the **insured premises**; and
 - 8) that part of premises occasionally rented to an **insured** for other than **business** purposes.
8. **Limit** means the limit of liability that applies.
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. **Motorized Vehicle** means a self-propelled land or amphibious vehicle regardless of method of surface contact. This includes parts and equipment.
 11. **Occurrence** means an accident. This includes loss from repeated exposure to similar conditions.
 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. **Residence** means a one- to four-family house, a townhouse, a row house or a one- or two-family mobile home.
 15. **Terms** means all provisions, limitations, exclusions, conditions and definitions used in this policy.

PROPERTY COVERAGES

PRINCIPAL PROPERTY COVERAGES

Coverage A - Residence— We cover the **residence** on the **insured premises**. This includes additions and built-in components and fixtures and building materials and supplies located on the **insured premises** for use in construction of or to the **residence**.

We do not cover trees, plants, shrubs and lawns except as provided under Incidental Property Coverages.

Coverage B - Related Private Structures— We cover related private structures on the **insured premises** which are not attached to **your residence**. Structures that are connected to **your residence** by only a fence, a utility line or a similar connection are not considered attached.

We cover fences, driveways, sidewalks and other permanently installed outdoor fixtures, and building materials and supplies located on the **insured premises** for use in construction of or to a related private structure.

We do not cover structures used for **business**. This does not apply to structures:

1. rented to a tenant of the **residence** on the **insured premises** and not used for **business**; or

2. used solely for private garage purposes.

We do not cover trees, plants, shrubs and lawns except as provided under Incidental Property Coverages.

Coverage C - Personal Property

1. We cover personal property owned by or in the care of an **insured**. Coverage for personal property usually on residential premises of an **insured** other than the **insured premises** is limited to 10 percent of the Coverage C **limit**. This limitation does not apply to personal property in a newly acquired principal **residence** for 30 days from the date **you** begin to move. This does not extend past the date on which the policy expires.

2. At **your** option, personal property owned by a guest or **domestic employee** is covered while it is in that part of residential premises occupied by an **insured**.

3. Limitations on Certain Property— The special **limits** shown below do not increase the Coverage C **limit**. The **limit** for each class is the total **limit per occurrence** for all items in that class.

- a. \$200 on money, bank notes, bullion, gold other than goldware and gold-plated ware, silver other than silverware and silver-plated ware, platinum and numismatic property.

- b. \$1,000 on securities, stamps, philatelic property, bills, letters of credit, notes other than bank notes, tickets, accounts, deeds, evidence of debt, passports and manuscripts.

- c. \$1,500 for loss by theft of jewelry, watches, precious and semiprecious stones, gems and furs.

- d. \$2,500 for loss by theft of silverware, goldware, pewterware and items plated with gold or silver.

- e. \$2,000 for loss by theft of guns and items related to guns.

- f. \$1,000 on watercraft including their trailers, furnishings, equipment and motors.

- g. \$1,000 on trailers not otherwise provided for.

- h. **business** property of an **insured** up to the amounts shown below:

- 1) \$2,500 while on the **insured premises**;

- 2) \$250 while away from the **insured premises**.

4. Personal Property Not Covered— We do not cover:

- a. property covered by scheduled insurance;

- b. animals, birds or fish;

- c. **motorized vehicles**, unless used only to service the **insured premises** and not required to be licensed for road use;
- d. aircraft, including their parts and equipment;
- e. property of roomers and boarders who are not **insureds**;
- f. trees, plants, shrubs, and lawns except as provided under Incidental Property Coverages;
- g. electronic devices, accessories, or antennas that may be operated from the electrical system of a **motorized vehicle**, farm equipment or watercraft while in or on the **motorized vehicle**, farm equipment or watercraft. This includes films, tapes, wires, discs, records or other media for use with such devices; or
- h. loss that results from **credit cards**, except as provided under Incidental Property Coverages.

Coverage D - Additional Living Costs and Loss of Rent Coverage— We pay the necessary and reasonable increase in living costs **you** incur to maintain the normal standard of living of **your** household if a part of the **insured premises** is made unfit for use by an insured loss. We pay only for the period of time reasonably required to make the **insured premises** fit for use or to settle **your** household in new quarters, whichever is less. This period of time is not limited by the policy period.

We pay for the rent **you** lose or the fair rental value if the part of the **insured premises** rented or held for rental to others is made unfit for use by an insured loss. We only pay for the period of time reasonably required to make the **insured premises** fit for use. Loss of rent is the amount **you** would have received less the charges and expenses that do not continue while the **insured premises** is unfit for use. This period of time is not limited by the policy period.

We pay **your** additional living costs and loss of rent for up to two weeks if the premises next to the **insured premises** are damaged from a peril insured against by this policy and **you** may not, by order of civil authority, use the **insured premises**. This is not limited by the policy period.

We do not pay for loss of rent or costs due to the cancellation of a lease or an agreement.

INCIDENTAL PROPERTY COVERAGES

This policy provides the following Incidental Property Coverages. They are subject to all of the **terms** of the applicable Coverages A, B, or C. They do not increase the **limits** shown for the Principal Property Coverages unless otherwise stated.

1. Emergency Removal

We pay for loss to covered property that is moved from the **insured premises** to prevent a loss from perils insured against. The property is covered for direct physical loss not excluded, for up to 30 days. This does not extend past the date on which this policy expires.

We pay up to \$250 towing charge to move a covered mobile home that is in danger from a peril insured against.

2. **Debris Removal—** We pay to remove the debris of covered property after an insured loss. When the covered loss, plus the cost of debris removal is more than the **limit** for the damaged property, up to an extra 5 percent of this **limit** may be applied to cover debris removal.

We also pay up to \$500 to remove fallen trees which cause damage to covered property if:

- a. the falling of the tree is caused by a peril insured against under Coverage C; and
- b. coverage is not provided elsewhere by this policy.

3. **Fire Department Service Charge—** Does not apply in Arizona, New Hampshire, New Mexico or New York— We pay up to \$500 for charges **you** must pay when a fire department is called to protect the **insured premises** from a peril insured against.

4. **Credit Card, Forgery and Counterfeit Money—** We pay up to \$1,000 if an **insured**:

- a. by law must pay for the unauthorized use of **credit cards** issued or registered in the name of the **insured**;
- b. has a loss when checks, drafts, notes or negotiable instruments are forged or altered; or
- c. accepts in good faith counterfeit United States or Canadian paper money.

We do not pay for loss if:

- a. the **insured** has not complied with the rules under which the **credit card** was issued;

- b. the loss is caused by the dishonesty of an **insured**;
- c. the loss results from the **business** of an **insured**; or
- d. the loss occurs while a person who is not an **insured** has the **credit card** with the consent of an **insured**.

5. **Trees, Plants, Shrubs or Lawns**— We pay for loss to trees, plants, shrubs or lawns on the **insured premises** caused by:

- a. Fire, Lightning, Explosion, Riot, Civil Commotion, Aircraft;
- b. Vehicles if not owned or operated by an occupant of the **insured premises**; or
- c. Vandalism or Theft (if insured under this policy).

You may apply up to 10 percent of the Coverage C **limit** to cover trees, plants, shrubs or lawns. We do not pay more than \$500 for each tree, plant or shrub. This includes the cost to remove the debris of the covered item.

We do not cover trees, plants, shrubs or lawns grown for **business**.

6. **Tenant's Improvements**— If you are a tenant, we pay for loss by perils insured against to improvements on the **insured premises** made or acquired at your expense. These are permanent fixtures, alterations, decorations and additions.

We pay up to 10 percent of the Coverage C **limit**.

7. **Condominium Unit-Owner Additions**— If the **insured premises** is a condominium unit, we pay for loss caused by a peril insured against to fixtures, alterations, decorations or additions you own within your unit. This does not include parts of the building or other property in easements within the unit.

We pay up to 10 percent of the Coverage C **limit**.

EXCLUSIONS THAT APPLY TO PROPERTY COVERAGES

We do not pay for loss if one or more of the following exclusions apply to the loss, regardless of other causes or events that contribute to or aggravate the loss, whether such causes or events act to produce the loss before, at the same time as, or after the excluded causes or events.

1. **Ordinance or Law**— We do not pay for loss or increased cost which results from the enforcement of a code, ordinance or law which regulates the use, con-

struction, repair or demolition of property. When breakage of glass is covered, we pay to replace the damaged glass with safety glazing materials if required by code, ordinance or law.

2. **Civil Authority**— We do not pay for a loss which results from order of civil authority.

We pay for loss which results from acts of a civil authority to prevent the spread of fire. We do not pay if the fire was caused by an excluded peril.

3. **Nuclear Hazard**— We do not pay for loss which results from nuclear reaction, nuclear radiation or radioactive contamination (whether controlled or uncontrolled and whether caused by, contributed to or aggravated by a peril insured against). Loss caused by nuclear hazard is not considered loss caused by Fire, Explosion or Smoke. Direct loss by Fire resulting from the nuclear hazard is covered.

4. **War**— We do not pay for loss which results from declared or 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. It includes the consequences of these. Discharge of a nuclear weapon is deemed an act of war even if it is accidental.

5. **Neglect**— We do not pay for loss which results from the neglect of an **insured** to use all reasonable means to save and preserve covered property at and after the time of a loss.

6. **Earth Movement**— We do not pay for loss which results from earth movement whether the earth movement results from natural or artificial causes. Earth movement includes but is not limited to:

- a. earthquake;
- b. landslide, subsidence, sinkhole, erosion;
- c. mudflow;
- d. earth sinking, rising, shifting, expanding or contracting; or
- e. volcanic eruption or effusion including outpouring of lava or ash.

We do pay for direct loss caused by Fire, Explosion and (if covered by this policy) Theft resulting from earth movement. Explosion does not include volcanic eruption or effusion.

7. **Water Damage**— We do not pay for loss which results from:

- a. flood, surface water, waves, tidal water, overflow of a body of water or spray from these whether driven by wind or not;
- b. water which backs up through sewers or drains; or
- c. water below the surface of the ground. This includes water which exerts pressure on, or seeps or leaks through or into a building, sidewalk, driveway, foundation, swimming pool or other structure.

We pay for direct loss by Fire, Explosion and (if covered by this policy) Theft which may result. Explosion does not include volcanic eruption or effusion.

8. **Power Disruption**— We do not pay for loss which results from the disruption of power or other utility service, whether or not it is caused by a peril insured against, if the cause of the disruption is not on the **insured premises**.

We do pay for direct loss by a peril insured against which occurs on the **insured premises** as a result of the disruption of power.

9. **Business Interruption**— We do not pay for loss which results from interruption of **business**.

10. **Wear and Tear**— We do not pay for loss which results from marring, deterioration, inherent vice, latent defect, mechanical breakdown, rust, wet or dry rot, corrosion, mold, contamination or smog unless caused by a peril insured against.

11. **Intentional Acts**— We do not pay for loss which results from an act committed by or at the direction of an **insured** and with the intent to cause a loss.

12. **Errors, Omissions and Defects**— We do not pay for loss which results from one or more of the following:

- a. an act, error or omission (negligent or not) relating to:
 - 1) land use;
 - 2) the design, specification, construction, workmanship, installation or maintenance of property;
 - 3) planning, zoning, development, surveying, siting, grading compaction; or
 - 4) maintenance of property (including land, structures or improvements);whether on or off the **insured premises**;

b. a defect, a weakness, the inadequacy, a fault or unsoundness in materials used in construction or repair whether on or off the **insured premises**.

We do pay for an ensuing loss unless the ensuing loss itself is excluded.

WHAT YOU MUST DO IN CASE OF LOSS

1. **Notice**— In case of a loss, the **insured** must:

- a. give **us** or **our** agent prompt notice (**We** may request written notice.);
- b. give notice to the police when the act that causes the loss is a crime; and
- c. give notice to the **credit card** company if the loss involves a **credit card**.

The notice to **us** must state:

- a. the name of the **insured**, the policy number and the time, place and the details of the loss; and
- b. names and addresses of all claimants and all witnesses.

2. **Cooperation**— The **insured** must cooperate with **us**.

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 policy.

4. **Other Duties - Property Coverages**— The **insured** must take all reasonable steps to protect covered property at and after an insured loss to avoid further loss. **We** pay for the costs. The **insured** must keep an accurate record of such costs. This does not increase **our limit**.

The **insured** must give to **us** a statement of loss (under oath if **we** request) within 60 days after the loss.

At **our** request the **insured** must:

- a. give **us** a proof of loss, within 60 days after **our** request, that shows:
 - 1) the time, place and the details of the loss;
 - 2) the interest of the **insured** and of all others in the property. This includes all mortgages and liens;
 - 3) other policies that may cover the loss;
 - 4) changes in title or use;
 - 5) available plans and specifications of buildings;
 - 6) detailed estimates for repair; and
 - 7) in detail, the quantity, description, cost, amount of loss and actual cash value of the personal property involved in the loss. The **insured** must give **us** copies

of all bills, receipts and related documents to confirm these.

- b. submit to examination under oath in matters that relate to the loss or claim as often as **we** reasonably request;
- c. show the damaged property as often as **we** reasonably request;
- d. show records, including tax returns and bank records of all cancelled checks that relate to the value, loss and costs, and permit copies to be made of them as often as **we** reasonably request;
- e. assist **us** to enforce the right of recovery which the **insured** may have against a party causing the loss;
- f. show records that prove loss of rents and show receipts for additional living costs; and
- g. submit evidence or affidavit supporting a claim under Credit Card, Forgery and Counterfeit Money Coverage stating the amount and cause of loss.

5. Other Duties - Personal Liability Coverage— In case of an **occurrence** which might result in a claim, the **insured** must promptly give **us** copies of all notices, demands or legal papers that relate to the **occurrence** or the 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 against parties who may be liable to an **insured**;
- d. to secure and give evidence; and
- e. to obtain the attendance of all witnesses.

6. 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** as often as **we** may require.

HOW MUCH WE PAY FOR LOSS OR CLAIM

Actual cash value includes a deduction for depreciation, however caused.

1. Property Coverages (Also see the Replacement Cost Terms if made a part of this policy.)

- a. Subject to the deductible or other limitations that apply, **we** pay the lesser of:
 - 1) the **limit**;
 - 2) the amount of **your** interest in the property;
 - 3) the cost to repair or replace the property with materials of like kind and quality;
 - 4) the actual cash value of the property at the time of loss; or
 - 5) (applies only to mobile homes) the difference in the actual cash value just before the loss and the actual cash value just after the loss.

b. **Deductible** - (Shown on Declarations or endorsement)— This applies to Coverages A, B and C. It also applies to: Debris Removal; Trees, Plants, Shrubs and Lawns; Tenant's Improvements; and Condominium Unit-Owner Additions. It applies to all perils insured against unless otherwise shown.

We pay that part of the loss over the deductible. Not more than one deductible applies per **occurrence**.

- c. **Loss to a Pair or Set**— If there is loss to an item which is part of a pair or set, **we** pay only:
 - 1) to replace or repair the item; or
 - 2) the difference in the actual cash value of the pair or set just before the loss and the actual cash value just after the loss.

2. Coverage L - Personal Liability and Coverage M - Medical Payments to Others— The **limit** shown on the Declarations is the most **we** pay for loss for each **occurrence**. This applies regardless of the number of:

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

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 of this policy applies to a loss, **we** pay no more than the actual loss.

4. Insurance Under More Than One Policy— Property Coverage— If there is other collectible insurance that applies to the loss, **we** pay **our** share of the loss. **Our** share is that part of the loss that

the **limit** of this policy bears to the total amount of insurance that applies to the loss. When a loss is also covered by the master policy of a condominium association, this insurance is excess.

Coverage L - Personal Liability— This insurance is excess over other valid and collectible insurance that applies to the loss or claim.

5. **Restoration of Limits**— The loss **we** pay under this policy does not reduce the **limits**.

PAYMENT OF LOSS OR CLAIM

1. **Your Property**— **We** adjust each loss with **you**. **We** pay an insured loss within 30 days after an acceptable proof of loss is received and the amount of the loss is agreed to in writing. If **you** and **we** do not agree, **we** pay within 30 days after the filing of an appraisal award with **us**. Payment is made to **you** unless a loss payee is named.
2. **Additional Living Costs**— If the **insured premises** is made unfit for use for more than one month, covered costs are paid on a monthly basis. **You** must give **us** proof of such costs.
3. **Damage to Personal Property of Others**— At our option, an insured loss may be adjusted with and paid:
 - a. to **you** on behalf of the owner; or
 - b. to the owner. If **we** pay the owner, **we** do not have to pay an **insured**.
4. **Our Options**— **We** may:
 - a. pay the loss in money; or
 - b. rebuild, repair or replace the property. **We** must give **you** notice of **our** intent to do so within 30 days after **we** receive an acceptable proof of loss.

We may take all or part of the damaged property at the agreed or appraised value. Property paid for or replaced by **us** becomes **ours**.

5. **Liability Coverages**— 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 policy to the extent of coverage provided.

POLICY CONDITIONS

CONDITIONS APPLICABLE TO ALL COVERAGES

1. **Assignment**— This policy is void if it is assigned without **our** written consent.
2. **Cancellation and Nonrenewal**— **You** may cancel this policy by returning the policy to **us** or by giving **us** written notice and stating at what future date coverage is to stop.

During the first 60 days this policy is in effect, **we** may cancel for any reason.

If this policy has been in effect 60 days or more, or if it is a renewal of a policy issued by **us**, **we** may cancel or not renew only at the anniversary date unless:

- a. the premium has not been paid when due;
- b. the policy was obtained through fraud, material misrepresentation or omission of fact which, if known by **us**, would have caused **us** not to issue the policy; or
- c. there has been a material change or increase in hazard of the risk.

We will give **you** notice at least 10 days before cancellation is effective if **we** cancel this policy for nonpayment of premium. Otherwise, **we** will give **you** notice at least 30 days in advance of cancellation or nonrenewal.

We may cancel this policy by written notice to **you** at the address shown on the Declarations.

Your return premium, if any, 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.

3. **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.
- Our** request for an appraisal or examination under oath does not waive policy **terms**.
- 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.
4. **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.

5. **Misrepresentation, Concealment or Fraud**— This policy is void if, before or after a loss:
 - a. an **insured** has willfully concealed or misrepresented:
 - 1) a material fact or circumstance 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.
6. **Inspection**— **We** may, but are not required to, inspect **your** property and operations. **Our** inspection or resulting advice or report does not warrant that **your** property or operations are safe or healthful or comply with laws, rules or regulations.
7. **Recoveries**— This applies if **we** pay for a loss and lost or damaged property is recovered, or payment is made by those responsible for the loss.
 - a. The **insured** must inform **us** or **we** must inform the **insured** if either recovers property or receives payment.
 - b. Proper costs incurred by either party are paid first.
 - c. The **insured** may keep the property. The amount of the claim paid, or a lesser amount to which **we** agree, must be returned to **us**.
 - d. If the claim paid is less than the agreed loss due to a deductible, or other limiting **terms**, the recovery is prorated between the **insured** and **us** based on the interests of each in the loss.
8. **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. If **we** pay a loss to or for an **insured** and the **insured** recovers from another party for the same loss, the **insured** must pay **us** as stated in Recoveries.
9. **Suit Against Us**— No suit may be brought against

us unless all the **terms** of this policy have been complied with and

- a. **Property Coverages**— The suit is brought within two years after the loss.
- b. **Liability Coverages**— 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 policy to join **us** or implead **us** in actions that are brought to fix the liability of an **insured**.

10. **Bankruptcy of an Insured**— Bankruptcy or insolvency of an **insured** does not relieve **us** of **our** obligations under this policy.

CONDITIONS APPLICABLE TO PROPERTY COVERAGES ONLY

11. **Abandonment of Property**— An **insured** may not abandon the property to **us** unless **we** agree.
12. **Appraisal**— If **you** and **we** do not agree on the amount of the loss, the actual cash value of the property or the cost to repair or replace the property, either party may demand that these amounts be determined by appraisal.

If either party makes a written demand for appraisal, each will select a competent independent appraiser and notify the other of the appraiser's identity within 20 days after the receipt of the written demand. The two appraisers will select a competent, impartial umpire. If the two appraisers are unable to agree upon an umpire within 15 days, **you** or **we** can ask a judge of a court of record in the state where the property is located to select an umpire.

For each building item and each item of personal property, the appraisers will determine:

- a. the amount of the loss;
- b. the actual cash value of the property; and
- c. the cost to repair or replace the property.

Each amount will be stated separately.

If the appraisers submit a written report of an agreement to **us**, the agreement will establish these amounts. If the appraisers fail to agree within a reasonable time, they will submit only their differences

to the umpire. A written agreement by two of these three will establish the amounts stated above.

Each appraiser will be paid by the party selecting that appraiser. The compensation of the umpire and other costs of the appraisal will be shared equally by **you** and **us**.

13. **No Benefit To Bailee**— Coverage under this policy will not benefit those who are paid to assume custody of the covered property.

14. **Mortgage Clause**

The word "mortgagee" includes trustee.

- a. If a mortgagee is named on the Declarations, a 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.

If **we** deny **your** claim, that denial does not apply to a valid claim of the mortgagee, if the mortgagee has:

- 1) notified **us** of change in ownership, occupancy or substantial change in risk of which the mortgagee became aware;
- 2) paid the premium due under this policy on demand if an **insured** neglected to pay the premium; and
- 3) submitted a signed, sworn proof of loss within 60 days after receiving notice from **us** if an **insured** has failed to do so.

All **terms** of this policy apply to the mortgagee unless changed by this clause.

- b. If **we** cancel this policy, **we** will notify the mortgagee at least 10 days before the date cancellation takes effect.
- c. If **we** pay the mortgagee for a loss and deny payment to **you**:
- 1) **we** are subrogated, up to the amount **we** paid for the loss, to all the rights of the mortgagee granted under the mortgage on the property; or
 - 2) at **our** option, **we** may pay to the mortgagee the whole principal on the mortgage plus the accrued interest. In this event, **we** shall receive a full assignment and transfer of the mortgage and all securities held as collateral to the mortgage debt.

Subrogation shall not impair the right of the mort-

gagee to recover the full amount of the mortgagee's claim.

15. **Secured Party Coverage**— This applies only to coverage on mobile homes and personal property. This entire clause is void unless the name of a secured party is shown on the Declarations. This clause applies only to the interest of a secured party and does not affect the **insured's** rights or duties under the policy.

- a. If a secured party is named on the Declarations, a loss payable on property subject to the security interest will be paid to the secured party and **you** as interests may appear. If there is more than one security interest in the same property, the order of payment will be the same as their order of priority.

If **we** deny **your** claim, that denial does not apply to a valid claim of a secured party if the secured party has:

- 1) notified **us** of a change in ownership, occupancy or substantial change in risk of which the secured party became aware;
- 2) paid the premium due under this policy on demand if an **insured** has neglected to pay the premium; and
- 3) submitted a signed, sworn proof of loss within 60 days after receiving notice from **us** if an **insured** has failed to do so.

All **terms** of this policy apply to the secured party unless changed by this clause.

- b. If **we** cancel this policy, **we** will notify the secured party at least 10 days before the date cancellation takes effect.
- c. If **we** pay the secured party for a loss and deny payment to **you**:
- 1) **we** are subrogated, up to the amount **we** paid for the loss, to all the rights of the secured party granted under the security agreement; or
 - 2) at **our** option, **we** may pay the secured party the remaining amount due on the security agreement plus the accrued interest. In this event, **we** shall receive full assignment of the security agreement and securities held as collateral for the agreement.

However, the secured party's interest is not covered for conversion, embezzlement or secretion by an **insured** in possession of the encumbered property, unless specifically insured against and premium paid for such.