

LIABILITY COVERAGE SECTION

PRINCIPAL COVERAGES— LIABILITY AND MEDICAL PAYMENTS TO OTHERS

Coverage L - Personal 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 **bodily injury** covered by this policy. 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 LIABILITY COVERAGES

These coverages are subject to all the **terms** of Coverages L and M. They do not increase the **limit** stated for the Principal Coverages, except for Claims and Defense Expense Coverage and First Aid Expense Coverage.

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 practicable, 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. We do not pay for damage to property:

- a. owned by, rented to or leased to an **insured**, 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.
2. **Contracts and Agreements Coverage**— 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. This coverage does not apply to a contract in connection with **business** activities of an **insured**.
 3. **Claims and Defense Cost Coverage**— 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.); and
 - 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 policy applies. (We are not required to apply for or furnish bonds.)

4. **First Aid Expense Coverage**— We pay the expenses incurred by an **insured** for first aid to persons, other than **insureds**, for **bodily injury** covered by this policy.
5. **Incidental Motorized Vehicle Coverage**— 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;
 - 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 as insured for personal liability;
 - 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. **Incidental Business Coverage**— 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.);
 - c. the rental of a part of the **insured premises** for use as a school, studio, office or private garage;
 - d. the incidental activities that are usually performed by minors; or
 - e. the activities which are related to **business** and are usually viewed as **non-business** in nature.

EXCLUSIONS THAT APPLY TO COVERAGES L AND M

This policy does not apply to liability 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 by an **insured** of **motorized vehicles** or watercraft, except:
 - a. for **bodily injury** to a person in the course of performing duties as a **domestic employee**; or
 - b. if coverage is provided for by an Incidental Liability 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. the rendering of or the failing to render a professional service;
6. activities related to the **business** of an **insured**, except as provided for by an Incidental Liability Coverage;
7. 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**;

8. an intentional act of an **insured** or an act done at the direction of an **insured**;
9. 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
10. the discharge, dispersal, release or the escape of smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids or gases, waste materials or other irritants, contaminants or pollutants into or upon land, the atmosphere or a water course, body of water, bog, marsh, swamp or wetland, except if such discharge, dispersal, release or escape is sudden and accidental.

EXCLUSIONS THAT APPLY ONLY TO COVERAGE L

Coverage L does not apply to liability:

1. for **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. which is assumed under a contract or an agreement, except as provided for by an Incidental Liability Coverage;
3. for damage to the property owned by an **insured**;

4. for damage to the property that is rented to, occupied by, used by, or in the care of an **insured**, except for the **property damage** to the **insured premises** that is caused by fire, smoke or explosion;
5. for 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. for **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.

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.