

U.S. DISTRICT COURT  
EASTERN DISTRICT OF WISCONSIN  
7-17

UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF WISCONSIN

'06 FEB 15 19:41

STEVEN A. AVERY

Plaintiff,

Civil Action Case No. 04 CV 0986

vs.

MANITOWOC COUNTY, THOMAS K.  
KOCOUREK, individually and in his official  
capacity as Sheriff of Manitowoc County, and  
DENIS R. VOGEL, individually with respect only  
to his executive, administrative and advice and  
counsel functions and in his official capacity as  
District Attorney of Manitowoc County

Defendants.

**COMPLAINT FOR DECLARATORY JUDGMENT**

NOW COMES the intervening defendant, STATE FARM FIRE & CASUALTY COMPANY (State Farm), by its attorneys, MENN LAW FIRM, LTD., and as a complaint for a declaratory judgment against the defendant Thomas Kocourek and the other parties hereto, states as follows:

1. State Farm Fire & Casualty Company, is an insurance corporation authorized to do business and doing business in the State of Wisconsin.
2. The other parties in the case have been identified in the pleadings previously filed herein.
3. At all pertinent times referenced in the complaint, State Farm had a policy of homeowner's insurance which applied to the defendant, Thomas Kocourek. A copy of the policy is attached hereto.
4. On page 10 of the policy, under Coverage L - Personal Liability Coverage, State Farm's agreed to provide personal liability insurance coverage to Thomas K. Kocourek as follows:

"If a claim is made or a suit is brought against an insured for damages because of bodily injury or property damage to which this coverage applies, we will:

1. pay up to our limit of liability for the damages for which the insured is legally liable; and

2. provide a defense at our expense by counsel of our choice. We may make any investigation and settle any claim or suit that we decide is appropriate. Our obligation to defend any claim or suit ends when the amount we pay for damages resulting from the occurrence equals our limit of liability.

5. Under Section II - Exclusions, (found on page 11) State Farm's policy provides that its personal liability coverage does not apply to:

a. bodily injury or property damage which is expected or intended by an insured;

b. bodily injury or property damage arising out of business pursuits of an insured ...

6. The defendant, Thomas Kocourek, has tendered this case to State Farm, seeking a defense against the lawsuit and payment of any damages which the plaintiff may recover.

7. Steven Avery filed this complaint against Thomas K. Kocourek in his official capacity as the Sheriff of Manitowoc County, seeking damages for actions taken by Mr. Kocourek during a 1985 criminal investigation. The complaint alleges that at all times, Thomas K. Kocourek was acting within the scope of his employment as the Sheriff of Manitowoc County; and, that he acted intentionally.

8. If the allegations of the complaint were proven, State Farm would not be obligated to defend or indemnify Thomas K. Kocourek because the homeowner's policy does not apply to damages that arise out of the insured's business or profession; neither does it apply to his intentional acts.

9. There is an actual controversy between State Farm and Thomas K. Kocourek as to whether State Farm has a duty to defend him or to pay damages and the determination

of whether a company is obligated to provide insurance coverage is appropriate for declaratory judgment under Sec. 806.04, Wis. Stats.

10. State Farm has moved to intervene in this case, because its interest is adverse to all of the other parties and there is no other party to the lawsuit who is adequately protecting State Farm's interests.

WHEREFORE, State Farm respectfully asks that the court enter judgment as follows:

- a) declaring that its homeowner's policy does not provide coverage for this lawsuit to Thomas K. Kocourek;
- b) declaring that it has no obligation to defend Thomas K. Kocourek in this case;
- c) declaring that it has no obligation to pay any sums of money to which the plaintiff or any other party may be entitled to recover from Thomas Kocourek;
- d) dismissing with prejudice any claims by any party against State Farm;
- e) for costs, disbursements and attorney fees as may be allowed by law;
- f) For such other relief as the Court deems proper.

Dated at Appleton, Wisconsin, this 14 day of February, 2006.

**MENN LAW FIRM, LTD.**

By: Jane Kirkeide  
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YOUR  
STATE FARM  
**HOMEOWNERS**  
POLICY

FP-7183.1  
(8/84)



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**DECLARATIONS**

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FORM 3

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## HOMEOWNERS POLICY - SPECIAL FORM 3

### AGREEMENT

We agree to provide the insurance described in this policy. You agree to pay premiums when due and comply with the provisions of this policy.

### DEFINITIONS

"You" and "your" mean the "named insured" shown in the Declarations. Your spouse is included if a resident of your household. "We", "us" and "our" mean the Company shown in the Declarations.

Certain words and phrases are defined as follows:

1. "bodily injury" means bodily harm, sickness or disease. This includes required care, loss of services and death resulting therefrom.
  2. "business" means a trade, profession or occupation. This includes farming.
  3. "Declarations" means the policy Declarations, any amended Declarations, the most recent renewal notice or certificate, or any endorsement changing any of these.
  4. "insured" means you and if residents of your household:
    - a. your relatives;
    - b. any other person under the age of 21 who is in the care of a person described above.
- Under Section II, "insured" also means:
- c. with respect to animals or watercraft to which this policy applies, the person or organization legally responsible for them. However, the animal or watercraft must be owned by you or a person included in 4.a. or 4.b. A person or organization using or having custody of these animals or watercraft in the course of a business, or without permission of the owner is not an insured;
  - d. with respect to any vehicle to which this policy applies, any person while engaged in your employment or the employment of a person included in 4.a. or 4.b.
5. "insured location" means:
    - a. the residence premises;
    - b. the part of any other premises, other structures, and grounds, used by you as a residence. This includes premises, structures and grounds you acquire while this policy is in effect for your use as a residence;
    - c. any premises used by you in connection with the premises included in 5.a. or 5.b.;
    - d. any part of a premises not owned by an insured but where an insured is temporarily residing;
    - e. vacant land owned by or rented to an insured. This does not include farmland;
    - f. land owned by or rented to an insured on which a one or two family dwelling is being constructed as a residence for an insured;
    - g. individual or family cemetery plots or burial vaults of an insured;
    - h. any part of a premises occasionally rented to an insured for other than business purposes;
    - i. 500 acres or less of farmland (without buildings) rented to others.
  6. "motor vehicle" means:
    - a. a motorized land vehicle designed for travel on public roads or subject to motor vehicle registration. A motorized land vehicle in dead storage on an insured location is not a motor vehicle;
    - b. a trailer or semi-trailer designed for travel on public roads and subject to motor vehicle registration. A boat, camp, home or utility trailer not being towed by or carried on a vehicle included in 6.a. is not a motor vehicle;
    - c. a motorized golf cart, snowmobile, or other motorized land vehicle owned by an insured and designed for recreational use off public roads, while off an insured location. A motorized golf cart while used for golfing purposes is not a motor vehicle;
    - d. a motorized bicycle, tricycle or similar type of equipment owned by an insured while off an insured location;

- e. any vehicle while being towed by or carried on a vehicle included in 6.a., 6.b., 6.c., or 6.d.
- 7. "property damage" means physical damage to or destruction of tangible property, including loss of use of this property. Theft or conversion of property by an insured is not considered to be property damage.
- 8. "residence employee" means an employee of an insured who performs duties, including household or domestic services, in

connection with the maintenance or use of the residence premises. This includes employees who perform similar duties elsewhere for you. This does not include employees while performing duties in connection with the business of an insured.

- 9. "residence premises" means the one, two, three or four-family dwelling, other structures, and grounds or that part of any other building where you reside and which is shown in the Declarations.

## SECTION I - COVERAGES

### COVERAGE A - DWELLING

- 1. We cover:
  - a. the dwelling used principally as a private residence on the residence premises shown in the Declarations. This includes structures attached to the dwelling;
  - b. materials and supplies located on or adjacent to the residence premises for use in the construction, alteration or repair of the dwelling or other structures on the residence premises;
  - c. wall-to-wall carpeting attached to the dwelling on the residence premises; and
  - d. outdoor antennas.

We do not cover, except as provided under Additional Coverages, land or any costs required to replace, rebuild, stabilize or otherwise restore the land.

- 2. **Dwelling Extension.** We cover other structures on the residence premises, separated from the dwelling by clear space. Structures connected to the dwelling by only a fence, utility line, or similar connection are considered to be other structures.

We do not cover other structures:

- a. not permanently attached to or otherwise forming a part of the realty;
- b. used in whole or in part for business purposes; or
- c. rented or held for rental to a person not a tenant of the dwelling, unless used solely as a private garage.

### COVERAGE B - PERSONAL PROPERTY

- 1. We cover personal property owned or used by an insured while it is anywhere in the world. This includes structures not permanently attached to or otherwise forming a part of the realty. At your request, we will cover personal property owned by others while the property is on the part of the residence premises occupied exclusively by an insured. In addition, we will cover at your request, personal property owned by a guest of a residence employee, while the property is in any other residence occupied by an insured.

We cover personal property usually situated at an insured's residence other than the residence premises, for up to \$1,000 or 10% of the Coverage B limit, whichever is greater. This limitation does not apply to personal property in a newly acquired principal residence for the first 30 days after you start moving the property there. If the residence premises is a newly acquired principal residence, personal property in your immediate past principal residence is not subject to this limitation for the first 30 days after the inception of this policy.

**Special Limits of Liability.** These limits do not increase the Coverage B limit. The special limit for each of the following categories is the total limit for each occurrence for all property in that category.

- a. \$200 on money, bank notes, bullion, gold other than goldware, silver other than silverware, platinum, coins and medals.
- b. \$200 on property used or intended for use in a business, not including electronic data processing equipment or the recording or storage media used with that equipment.
- c. \$1,000 on securities, checks and other negotiable instruments, accounts, deeds, evidences of debt, letters of credit,



notes other than bank notes, manuscripts, passports, tickets and stamps;

- d. \$1,000 on watercraft and outboard motors, including their trailers, furnishings and equipment.
- e. \$1,000 on trailers not used with watercraft.
- f. \$1,000 for loss by theft of jewelry, watches, fur garments and garments trimmed with fur, precious and semi-precious stones.
- g. \$2,000 for loss by theft of firearms and related equipment.
- h. \$2,500 for loss by theft of silverware and goldware.
- i. \$3,000 on electronic data processing equipment and the recording or storage media used with that equipment while located principally on the residence premises.

**2. Property Not Covered. We do not cover:**

- a. articles separately described and specifically insured in this or any other insurance;
- b. animals, birds or fish;
- c. any engine or motor propelled vehicle or machine, including the parts, designed for movement on land. We do cover those used solely for the service of the insured location and not licensed for use on public highways;
- d. devices or instruments for the recording or reproduction of sound permanently installed in a motor vehicle. Also, we do not cover while in the vehicle tapes, wires, records or other mediums that may be used with these devices or instruments;
- e. aircraft and parts;
- f. property of roomers, boarders and other tenants, except property of roomers and boarders related to an insured;
- g. property regularly rented or held for rental to others by an insured. This exclusion does not apply to property of an insured in a sleeping room rented to others by an insured;
- h. property rented or held for rental to others away from the residence premises;
- i. any citizens band radios, radio telephones, radio transceivers, radio transmitters, radar detectors, antennas and other similar equipment. This exclusion applies only while the

property is located in or upon a motor vehicle, watercraft or aircraft, whether attached or not;

- j. books of account, abstracts, drawings, card index systems and other records. This exclusion does not apply to film, tape, disc, drum, cell and other magnetic recording or storage media for electronic data processing. We will cover the cost of blank books, cards or other blank material plus the cost of labor you incur for transcribing or copying such records;
- k. recording or storage media for electronic data processing that cannot be replaced with other of like kind and quality on the current retail market.

**COVERAGE C - LOSS OF USE**

- 1. **Additional Living Expense.** If a covered loss makes the residence premises uninhabitable, we cover the necessary increase in cost to maintain your standard of living. Payment is for the shortest time required to repair or replace the premises but not to exceed 12 months. However, if you permanently relocate, payment is for the shortest time required for your household to settle elsewhere but not to exceed 12 months. This period of time is not limited by expiration of this policy.
- 2. **Fair Rental Value.** If a covered loss makes that part of the residence premises rented to others or held for rental by you uninhabitable, we cover its fair rental value. Payment shall be for the shortest time required to repair or replace the part of the premises rented or held for rental but not to exceed 12 months. This period of time is not limited by expiration of this policy. Fair rental value shall not include any expense that does not continue while that part of the residence premises rented or held for rental is uninhabitable.
- 3. **Prohibited Use.** If a civil authority prohibits your use of the residence premises because of direct damage to a neighboring premises by a Loss Insured, we cover any resulting Additional Living Expense and Fair Rental Value. Coverage is for a period not exceeding two weeks while use is prohibited.

We do not cover loss or expense due to cancellation of a lease or agreement.

**ADDITIONAL COVERAGES**

- 1. **Debris Removal.** We will pay the reasonable expenses you incur in the removal of debris of covered property when coverage is afforded for the peril causing the loss. This expense is included in the limit applying to the damaged property. When the amount



payable for the property damage plus the debris removal expense exceeds the limit for the damaged property, an additional 5% of that limit is available for debris removal expense.

2. **Reasonable Repairs.** If damage is caused by a Loss Insured, we will pay the reasonable cost you incur of repairing damage to covered property to protect the property from further damage or loss. This coverage does not increase the limit applying to the property being repaired.
  3. **Trees, Shrubs and Other Plants.** We cover outdoor trees, shrubs, plants or lawns, on the residence premises, for loss caused by the following: Fire or lightning, Explosion, Riot or civil commotion, Aircraft, Vehicles not owned or operated by a resident of the residence premises, Vandalism or Malicious Mischief or Theft. The limit for this coverage, including the removal of debris, shall not exceed 5% of the limit applying to the dwelling. We will not pay more than \$500 for any one outdoor tree, shrub or plant, including debris removal expense. This coverage may increase the limit otherwise applicable. We do not cover property grown for business purposes.
  4. **Fire Department Service Charge** (does not apply in Arizona and New Mexico). We will pay up to \$500 for your liability assumed by contract or agreement for fire department charges. This means charges incurred when the fire department is called to save or protect covered property from a Loss Insured. No deductible applies to this coverage.
  5. **Property Removed.** Covered property, while being removed from a premises endangered by a Loss Insured is covered for direct loss from any cause. This coverage also applies to the property for up to 30 days while removed. This coverage does not increase the limit applying to the property being removed.
  6. **Credit Card, Bank Fund Transfer Card, Forgery and Counterfeit Money.**
    - a. We will pay up to \$1,000 for:
      - (1) the legal obligation of an insured to pay because of the theft or unauthorized use of credit cards and bank fund transfer cards issued to or registered in an insured's name. If an insured has not complied with all terms and conditions under which the cards are issued, we do not cover use by an insured or anyone else;
      - (2) loss to an insured caused by forgery or alteration of any check or negotiable instrument; and
      - (3) loss to an insured through acceptance in good faith of counterfeit United States or Canadian paper currency.
- No deductible applies to this coverage.
- b. We do not cover loss arising out of business pursuits or dishonesty of an insured.
  - c. Defense:
    - (1) We may make any investigation and settle any claim or suit that we decide is appropriate. Our obligation to defend claims or suits ends when the amount we pay for the loss equals our limit of liability.
    - (2) If claim is made or a suit is brought against an insured for liability under the Credit Card or Bank Fund Transfer Card coverage, we will provide a defense. This defense is at our expense by counsel of our choice.
    - (3) We have the option to defend at our expense an insured or an insured's bank against any suit for the enforcement of payment under the Forgery coverage.
7. **Power Interruption.** We cover loss caused directly or indirectly by a change of temperature which results from power interruption that takes place on the residence premises. The power interruption must be caused by a Loss Insured and the power source away from the residence premises must remain energized.
  8. **Refrigerated Products.** Coverage B is extended to cover the contents of deep freeze or refrigerated units on the residence premises for loss due to power failure or mechanical failure. If mechanical failure or power failure is known to you, all reasonable means must be used to protect the property insured from further damage or this coverage is void. Power failure or mechanical failure shall not include:
    - a. removal of a plug from an electrical outlet; or
    - b. turning off an electrical switch unless caused by a Loss Insured.
  9. **Arson Award.** We will pay \$1,000 for information which leads to an arson conviction in connection with a fire loss covered by this policy. Regardless of the number of persons providing information, our limit shall not be increased.
  10. **Land.** We will pay up to \$10,000 for cost required to replace, rebuild, stabilize or otherwise restore the land necessary to support the insured dwelling or other structures sustaining a covered

loss. This may increase the limit of liability applying to the property.

11. **Volcanic Action.** We cover direct loss to a building or property contained in a building resulting from the eruption of a volcano when the direct loss is caused by:

- a. volcanic blast or airborne shock waves;
- b. ash, dust or particulate matter; or
- c. lava flow.

We will pay for the removal of only the ash, dust or particulate matter which has caused direct loss to a building or property contained in a building.

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

#### INFLATION COVERAGE

The limits of liability shown in the **Declarations** for Coverages A, B and C will be increased at the same rate as the increase in the Inflation Coverage Index shown in the **Declarations**.

To find the limits on a given date:

- 1. divide the Index on that date by the Index as of the effective date of this Inflation Coverage provision; then
- 2. multiply the resulting factor by the limits of liability for Coverages A, B and C separately.

The limits of liability will not be reduced to less than the amounts shown in the **Declarations**.

If during the term of this policy, the Coverage A limit of liability is changed at your request, the effective date of this Inflation Coverage provision is changed to coincide with the effective date of such change.

### SECTION I - LOSSES INSURED

#### COVERAGE A - DWELLING

We insure for accidental direct physical loss to the property described in Coverage A except as provided in SECTION I - LOSSES NOT INSURED.

#### COVERAGE B - PERSONAL PROPERTY

We insure for accidental direct physical loss to property described in Coverage B caused by the following perils except as provided in SECTION I - LOSSES NOT INSURED:

- 1. Fire or lightning.
- 2. Windstorm or hail. This peril does not include loss to property contained in a building caused by rain, snow, sleet, sand or dust. This limitation does not apply when 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.  
  
This peril includes loss to watercraft and their trailers, furnishings, equipment, and outboard motors, only while inside a fully enclosed building.
- 3. Explosion.
- 4. Riot or civil commotion.
- 5. Aircraft, including self-propelled missiles and spacecraft.

6. Vehicles.

7. Smoke, meaning sudden and accidental damage from smoke.

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

8. Vandalism or malicious mischief, meaning only willful and malicious damage to or destruction of property.

9. Theft, including attempted theft and loss of property from a known location when it is probable that the property has been stolen.

This peril does not include:

- a. loss of a precious or semi-precious stone from its setting;
- b. loss caused by theft:
  - (1) committed by an insured or by any other person regularly residing on the insured location;
  - (2) in or to a dwelling under construction or of materials and supplies for use in the construction until the dwelling is completed and occupied; or
  - (3) from the part of a residence premises rented to others:

- (a) caused by a tenant, members of the tenant's household, or the tenant's employees;
  - (b) of money, bank notes, bullion, gold, goldware, silver, silverware, pewterware, platinum, coins and medals;
  - (c) of securities, checks and other negotiable instruments, accounts, deeds, evidences of debt, letters of credit, notes other than bank notes, manuscripts, passports, tickets and stamps; or
  - (d) of jewelry, watches, fur garments and garments trimmed with fur, precious and semi-precious stones;
- c. loss caused by theft that occurs away from the residence premises of:
- (1) property while at any other residence owned, rented to, or occupied by an insured, except while an insured is temporarily residing there. Property of a student who is an insured is covered while at a residence away from home;
  - (2) watercraft, including its furnishings, equipment and outboard motors; or
  - (3) trailers and campers designed to be pulled by or carried on a vehicle.
- If the residence premises is a newly acquired principal residence, property in the immediate past principal residence shall not be considered property away from the residence premises for the first 30 days after the inception of this policy.
10. **Falling objects.** This peril does not include loss to property contained in a building unless the roof or an exterior wall of the building is first damaged by a falling object. Damage to the falling object itself is not included.
11. **Weight of ice, snow or sleet** which causes damage to property contained in a building.
12. **Collapse of a building or any part of a building.** This peril does not include settling, cracking, shrinking, bulging or expansion.

13. **Sudden and accidental discharge or overflow of water or steam** from within a plumbing, heating or air conditioning or automatic fire protective sprinkler system, or from within a household appliance.

This peril does not include loss:

- a. to the appliance from which the water or steam escaped;
- b. caused by or resulting from freezing;
- c. caused by or resulting from water which backs up through sewers or drains or water which enters into and overflows from within a sump pump, sump pump well or other type system designed to remove subsurface water which is drained from the foundation area.

14. **Sudden and accidental tearing asunder, 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.**

We do not cover loss caused by or resulting from freezing under this peril.

15. **Freezing of a plumbing, heating or air conditioning or automatic fire protective sprinkler system or of a household appliance.**

This peril does not include loss on the residence premises while the dwelling is vacant, unoccupied or being constructed, unless you have used reasonable care to:

- a. maintain heat in the building; or
- b. shut off the water supply and drain the system and appliances of water.

16. **Sudden and accidental damage to electrical appliances, devices, fixtures and wiring from an increase or decrease of electrical currents artificially generated.** There is no coverage for loss to a tube, transistor, wafer, card, chip, integrated circuit or similar electronic circuitry and components.

17. **Breakage of glass,** meaning damage to personal property caused by breakage of glass which is a part of a building on the residence premises. There is no coverage for loss or damage to the glass.

## SECTION I - LOSSES NOT INSURED

1. We do not insure for loss to the property described in Coverage A either consisting of, or directly and immediately caused by, one or more of the following:
    - a. freezing of a plumbing, heating or air conditioning or automatic fire protective sprinkler system or of a household appliance, or by discharge, leakage or overflow from within the system or appliance caused by freezing. This exclusion only applies while the dwelling is vacant, unoccupied or being constructed. This exclusion does not apply if you have used reasonable care to:
      - (1) maintain heat in the building; or
      - (2) shut off the water supply and drain the system and appliances of water;
    - b. freezing, thawing, pressure or weight of water or ice, whether driven by wind or not, to a fence, pavement, patio, swimming pool, foundation, retaining wall, bulkhead, pier, wharf or dock;
    - c. theft in or to a dwelling under construction, or of materials and supplies for use in the construction until the dwelling is completed and occupied;
    - d. vandalism and malicious mischief or breakage of glass and safety glazing materials if the dwelling has been vacant for more than 30 consecutive days immediately before the loss. A dwelling being constructed is not considered vacant;
    - e. leakage or seepage of water or steam unless sudden and accidental from a:
      - (1) heating or air conditioning or automatic fire protective sprinkler system;
      - (2) household appliance; or
      - (3) plumbing system, including from or around any shower stall or other shower bath installation, bath tub or other plumbing fixture;

If loss is caused by water or steam not otherwise excluded, we will cover the cost of tearing out and replacing any part of the building necessary to repair the system or appliance. We do not cover loss to the system or appliance from which the water or steam escaped;
  - f. wear, tear, marring, deterioration, inherent vice, latent defect and mechanical breakdown;
  - g. rust, mold, wet or dry rot;
  - h. contamination, smog, smoke from agricultural smudging or industrial operations;
  - i. settling, cracking, shrinking, bulging, or expansion of pavements, patios, foundation, walls, floors, roofs, or ceilings;
  - j. birds, vermin, rodents, insects, or domestic animals.
- However, we do insure for any ensuing loss from items a. through j. unless the loss is itself a Loss Not Insured by this Section.
2. We do not insure under any coverage for loss (including collapse of an insured building or part of a building) which would not have occurred in the absence of one or more of the following excluded events. We do not insure for such loss regardless of: a) the cause of the excluded event; or b) other causes of the loss; or c) whether other causes acted concurrently or in any sequence with the excluded event to produce the loss:
  - a. **Ordinance or Law**, meaning enforcement of any ordinance or law regulating the construction, repair or demolition of a building or other structure.
  - b. **Earth Movement**, meaning any loss caused by, resulting from, contributed to or aggravated by earthquake; landslide; mudflow; sinkhole; erosion; the sinking, rising, shifting, expanding or contracting of the earth. Earth movement also means volcanic eruption, explosion or effusion, except as provided in Additional Coverages for Volcanic Action.

We do insure for direct loss by fire, explosion other than explosion of a volcano, theft, or breakage of glass or safety glazing materials resulting from earth movement.
  - c. **Water Damage**, meaning:
    - (1) flood, surface water, waves, tidal water, overflow of a body of water, or spray from any of these, whether or not driven by wind;
    - (2) water which backs up through sewers or drains or water which enters into and overflows from within a sump pump, sump pump well or other type system designed



to remove subsurface water which is drained from the foundation area; or

- (3) natural water below the surface of the ground. This includes water which exerts pressure on, or seeps or leaks through a building, sidewalk, driveway, foundation, swimming pool or other structure.

However, we do insure for direct loss by fire, explosion, or theft resulting from water damage.

- d. **Neglect**, meaning neglect of the insured to use all reasonable means to save and preserve property at and after the time of a loss, or when property is endangered.
- e. **War**, including undeclared war, or any warlike act, including destruction or seizure or use for a military purpose, or any consequence of these. Discharge of a nuclear weapon is deemed a warlike act even if accidental.
- f. **Nuclear Hazard**, meaning any nuclear reaction, radiation, or radioactive contamination, all whether controlled or uncontrolled or however caused, or any consequence of any of these. Loss caused by the nuclear hazard shall not be considered loss caused by fire, explosion, or smoke. However, we do insure for direct loss by fire resulting from the nuclear hazard.
3. We do not insure under any coverage for loss consisting of one or more of the items below:
- a. conduct, act, failure to act, or decision of any person, group, organization or governmental body whether intentional, wrongful, negligent, or without fault;

- b. defect, weakness, inadequacy, fault or unsoundness in:

- (1) planning, zoning, development surveying, siting;
- (2) design, specifications, workmanship, construction, grading, compaction;
- (3) materials used in construction or repair; or
- (4) maintenance;

of any property (including land, structures, or improvements of any kind) whether on or off the residence premises.

However, we do insure for any ensuing loss from items a. and b. unless the ensuing loss is itself a Loss Not Insured by this Section.

4. We do not insure for loss described in paragraphs 1. and 2. immediately above regardless of whether one or more of the items listed in paragraph 3. above:
- a. directly or indirectly cause, contribute to or aggravate the loss; or
- b. occur before, at the same time, or after the loss or any other cause of the loss.

However, we do insure for ensuing loss from items 3.a. and 3.b. unless the ensuing loss is itself a Loss Not Insured by this Section.

## SECTION I - CONDITIONS

1. **Insurable Interest and Limit of Liability.** Even if more than one person has an insurable interest in the property covered, we shall not be liable:
- a. to the insured for an amount greater than the insured's interest; nor
- b. for more than the applicable limit of liability.
2. **Your Duties After Loss.** After a loss to which this insurance may apply, you shall see that the following duties are performed:
- a. give immediate notice to us or our agent. Also notify the police if the loss is covered by theft. Also notify the credit card company or bank if the loss involves a credit card or bank fund transfer card;
- b. protect the property from further damage or loss, make reasonable and necessary repairs required to protect the property, keep an accurate record of repair expenditures;
- c. prepare an inventory of damaged or stolen personal property. Show in detail the quantity, description, actual cash value and amount of loss. Attach to the inventory all bills, receipts and related documents that substantiate the figures in the inventory;
- d. as often as we reasonably require:

- (1) exhibit the damaged property;
  - (2) provide us with records and documents we request and permit us to make copies;
  - (3) submit to examinations under oath and subscribe the same; and
  - (4) produce employees, members of the insured's household or others for examination under oath to the extent it is within the insured's power to do so;
- e. submit to us, within 60 days after the occurrence, your signed, sworn proof of loss which sets forth, to the best of your knowledge and belief:
- (1) the time and cause of loss;
  - (2) interest of the insured and all others in the property involved and all encumbrances on the property;
  - (3) other insurance which may cover the loss;
  - (4) changes in title or occupancy of the property during the term of this policy;
  - (5) specifications of any damaged building and detailed estimates for repair of the damage;
  - (6) an inventory of damaged or stolen personal property described in 2.c.;
  - (7) receipts for additional living expenses incurred and records supporting the fair rental value loss;
  - (8) evidence or affidavit supporting a claim under the Credit Card, Bank Fund Transfer Card, Forgery and Counterfeit Money coverage, stating the amount and cause of loss.
3. **Loss Settlement.** Covered property losses are settled as follows:
- a. Personal property and structures that are not buildings at actual cash value at the time of loss. We will not pay an amount exceeding that necessary to repair or replace;
  - b. Carpeting, domestic appliances, awnings and outdoor antennas, whether or not attached to buildings, at actual cash value at the time of loss. We will not pay an amount exceeding that necessary to repair or replace;
- c. Buildings under Coverage A at replacement cost at the time of loss without deduction for depreciation, subject to the following:
- (1) We will pay the cost of repair or replacement, without deduction for depreciation, but not exceeding the smaller of the following amounts:
    - (a) the replacement cost of that part of the building damaged for equivalent construction and use on the same premises; or
    - (b) the amount actually and necessarily spent to repair or replace the damaged building.
  - (2) We will pay the actual cash value of the damage, up to the policy limit, until actual repair or replacement is completed.
  - (3) You may disregard the replacement cost loss settlement provisions and make claim under this policy for loss or damage to buildings on an actual cash value basis and then make claim within 180 days after loss for any additional liability on a replacement cost basis.
4. **Loss to a Pair or Set.** In case of loss to a pair or set we may elect to:
- a. repair or replace any part to restore the pair or set to its value before the loss; or
  - b. pay the difference between actual cash value of the property before and after the loss.
5. **Glass Replacement.** Loss for damage to glass caused by a Loss Insured shall be settled on the basis of replacement with safety glazing materials when required by ordinance or law.
6. **Appraisal.** If you and we fail to agree on the amount of loss, either one can demand that the amount of the loss be set by appraisal. If either makes a written demand for appraisal, each shall select a competent, independent appraiser. Each shall notify the other of the appraiser's identity within 20 days of receipt of the written demand. The two appraisers shall then 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 residence premises is located to select an umpire. The appraisers shall then set the amount of the loss. If the appraisers submit a written report of an agreement to us, the amount agreed upon shall be the amount of the loss. If the appraisers fail to agree within a reasonable time,



they shall submit their differences to the umpire. Written agreement signed by any two of these three shall set the amount of the loss. Each appraiser shall be paid by the party selecting that appraiser. Other expenses of the appraisal and the compensation of the umpire shall be paid equally by you and us.

7. **Other Insurance.** If a loss covered by this policy is also covered by other insurance, we will pay only our share of the loss. Our share is the proportion of the loss that the applicable limit under this policy bears to the total amount of insurance covering the loss.
8. **Suit Against Us.** No action shall be brought unless there has been compliance with the policy provisions. The action must be started within one year after the occurrence causing loss or damage.
9. **Our Option.** We may repair or replace any part of the property damaged or stolen with equivalent property. Any property we pay for or replace becomes our property.
10. **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:
  - a. reach agreement with you;
  - b. there is an entry of a final judgment; or
  - c. there is a filing of an appraisal award with us.
11. **Abandonment of Property.** We need not accept any property abandoned by an insured.
12. **Mortgage Clause.** The word "mortgagee" includes trustee:
  - a. If a mortgagee is named in this policy any loss payable under Coverage A shall be paid to the mortgagee and you, as interests appear. If more than one mortgagee is named, the order of payment shall be the same as the order or precedence of the mortgages.
  - b. If we deny your claim, that denial shall not apply to a valid claim of the mortgagee, if the mortgagee:

- (1) notifies us of any change in ownership, occupancy or substantial change in risk of which the mortgagee is aware;

- (2) pays any premium due under this policy on demand if you have neglected to pay the premium;

- (3) submits a signed, sworn statement of loss within 60 days after receiving notice from us of your failure to do so. Policy conditions relating to Appraisal, Suit Against Us and Loss Payment apply to the mortgagee.

- c. If this policy is cancelled by us, the mortgagee shall be notified at least 10 days before the date cancellation takes effect.

- d. If we pay the mortgagee for any loss and deny payment to you:

- (1) we are subrogated 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 any 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.

- e. Subrogation shall not impair the right of the mortgagee to recover the full amount of the mortgagee's claim.

13. **No Benefit to Bailee.** We will not recognize an assignment or grant coverage for the benefit of a person or organization holding, storing or transporting property for a fee. This applies regardless of any other provision of this policy.

14. If you or any person insured under this policy causes or procures a loss to property covered under this policy for the purpose of obtaining insurance benefits then this policy is void and we will not pay you or any other insured for this loss.

## SECTION II - LIABILITY COVERAGES

### COVERAGE L - PERSONAL LIABILITY

If a claim is made or a suit is brought against an insured for damages because of bodily injury or property damage to which this coverage applies, we will:

1. pay up to our limit of liability for the damages for which the insured is legally liable; and
2. provide a defense at our expense by counsel of our choice. We may make any investigation and settle any claim or suit that we

decide is appropriate. Our obligation to defend any claim or suit ends when the amount we pay for damages resulting from the occurrence equals our limit of liability.

#### COVERAGE M - MEDICAL PAYMENTS TO OTHERS

We will pay the necessary medical expenses incurred or medically ascertained within three years from the date of an accident causing **bodily injury**. Medical expenses means reasonable charges for medical, surgical, x-ray, dental, ambulance, hospital, professional nursing, prosthetic devices and funeral services. This coverage applies only:

1. to a person on the insured location with the permission of an insured;
2. to a person off the insured location, if the **bodily injury**:

- a. arises out of a condition in the insured location or the ways immediately adjoining;
  - b. is caused by the activities of an insured;
  - c. is caused by a **residence employee** in the course of the **residence employee's** employment by an insured; or
  - d. is caused by an animal owned by or in the care of an insured; or
3. to a **residence employee** if the occurrence causing **bodily injury** occurs off the insured location and arises out of or in the course of the **residence employee's** employment by an insured.

#### SECTION II - EXCLUSIONS

1. Coverage L and Coverage M do not apply to:
  - a. **bodily injury or property damage** which is expected or intended by an insured;
  - b. **bodily injury or property damage** arising out of **business** pursuits of an insured or the rental or holding for rental of any part of any premises by an insured. This exclusion does not apply:
    - (1) to activities which are ordinarily incident to non-business pursuits;
    - (2) with respect to Coverage L to the occasional or part-time **business** pursuits of an insured who is under 19 years of age;
    - (3) to the rental or holding for rental of a residence of yours:
      - (a) on an occasional basis for the exclusive use as a residence;
      - (b) in part, unless intended for use as a residence by more than two roomers or boarders; or
      - (c) in part, as an office, school, studio or private garage;
    - (4) when the dwelling on the **residence** premises is a two, three or four-family dwelling and you occupy one part and rent or hold for rental the other part; or
    - (5) to farmland (without buildings) not in excess of 500 acres, rented or held for rental to others;
  - c. **bodily injury or property damage** arising out of the rendering or failing to render professional services;
  - d. **bodily injury or property damage** arising out of any premises owned or rented to an insured which is not an insured location. This exclusion does not apply to **bodily injury** to a **residence employee** arising out of and in the course of the **residence employee's** employment by an insured;
  - e. **bodily injury or property damage** arising out of the ownership, maintenance, use, loading or unloading of:
    - (1) an aircraft;
    - (2) a **motor vehicle** owned or operated by or rented or loaned to an insured; or
    - (3) a watercraft:
      - (a) owned by or rented to an insured if it has inboard or inboard-outdrive motor power of more than 50 horsepower;
      - (b) which is a sailing vessel, with or without auxiliary power, 26 feet or more in overall length;
      - (c) powered by one or more outboard motors with more than 25 total horsepower owned by an insured; or
      - (d) designated as an airboat, air cushion, jet ski or similar type of craft.

This exclusion does not apply to **bodily injury** to a **residence employee** arising out of and in the course of the **residence employee's** employment by an insured. Exclusion e.(3) does not apply while the watercraft is on the residence premises;

- f. **bodily injury or property damage** arising out of the entrustment by an insured to any person any of the following:
    - (1) an aircraft;
    - (2) a watercraft; or
    - (3) a **motor vehicle** or any other motorized land conveyance;
  - g. **bodily injury or property damage** caused directly or indirectly by war, including undeclared war, or any warlike act including destruction or seizure or use for a military purpose, or any consequence of these. Discharge of a nuclear weapon shall be deemed a warlike act even if accidental;
  - h. **bodily injury** to you or any insured within the meaning of part a. or b. of the definition of insured.
2. Coverage L does not apply to:
- a. liability:
    - (1) for your share of any loss assessment charged against all members of an association of property owners; or
    - (2) assumed under any unwritten contract or agreement, or by agreement, or by contract or agreement in connection with a **business of the insured**;
  - b. **property damage** to property owned by an insured;

- c. **property damage** to property rented to, occupied or used by or in the care of an insured. This exclusion does not apply to property damage caused by fire, smoke or explosion;
- d. **bodily injury** to a person eligible to receive any benefits required to be provided or voluntarily provided by an insured under a workers' compensation, non-occupational disability, or occupational disease law;
- e. **bodily injury or property damage** for which an insured under this policy is also an insured under a nuclear energy liability policy or would be an insured but for its termination upon exhaustion of its limit of liability. A nuclear energy liability policy is a policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, Nuclear Insurance Association of Canada, or any of their successors.

3. Coverage M does not apply to **bodily injury**:
- a. to a **residence employee** if it occurs off the insured location and does not arise out of or in the course of the residence employee's employment by an insured;
  - b. to a person eligible to receive any benefits required to be provided or voluntarily provided under any workers' compensation, non-occupational disability or occupational disease law;
  - c. from nuclear reaction, radiation or radioactive contamination, all whether controlled or uncontrolled or however caused, or any consequence of any of these;
  - d. to a person other than a **residence employee** of an insured, regularly residing on any part of the insured location.

## SECTION II - ADDITIONAL COVERAGES

We cover the following in addition to the limits of liability:

1. **Claim Expenses.** We pay:

- a. expenses we incur and costs taxed against an insured in suits we defend;
- b. premiums on bonds required in suits we defend, but not for bond amounts greater than the Coverage L limit. We are not obligated to apply for or furnish any bond;

- c. reasonable expenses an insured incurs at our request. This includes actual loss of earnings (but not loss of other income) up to \$50 per day for aiding us in the investigation or defense of claims or suits;
- d. interest on the entire judgment which accrues after entry of the judgment and before we pay or tender, or deposit in court that part of the judgment which does not exceed the limit of liability that applies.

2. **First Aid Expenses.** We will pay expenses for first aid to others incurred by an insured for **bodily injury** covered under this policy. We will not pay for first aid to you or any other insured.

3. **Damage to Property of Others.**

- a. We will pay for property damage to property of others caused by an insured.
- b. We will not pay more than the smallest of the following amounts:
  - (1) replacement cost at the time of loss;
  - (2) full cost of repair; or
  - (3) \$500 in any one occurrence.
- c. We will not pay for property damage:
  - (1) to property covered under Section I of this policy;
  - (2) caused intentionally by an insured who is 13 years of age or older;

(3) to property owned by or rented to an insured, a tenant of an insured, or a resident in your household; or

(4) arising out of:

- (a) business pursuits;
- (b) any act or omission in connection with a premises an insured owns, rents or controls, other than the insured location; or
- (c) the ownership, maintenance, or use of a motor vehicle; aircraft; or watercraft, including airboat, air cushion, or similar type watercraft.

**SECTION II - CONDITIONS**

1. **Limit of Liability.** The Coverage L limit is shown in the Declarations. This is our limit for all damages from each occurrence regardless of the number of insureds, claims made or persons injured. All bodily injury and property damage resulting from any one accident or from continuous or repeated exposure to substantially the same general conditions shall be considered to be the result of one occurrence.

The Coverage M limit is shown in the Declarations. This is our limit for all medical expense for bodily injury to one person as the result of one accident.

- 2. **Severability of Insurance.** This insurance applies separately to each insured. This condition shall not increase our limit of liability for any one occurrence.
- 3. **Duties After Loss.** In case of an accident or occurrence, the insured shall perform the following duties that apply. You shall cooperate with us in seeing that these duties are performed:
  - a. give written notice to us or our agent as soon as practicable, which sets forth:
    - (1) the identity of this policy and insured;
    - (2) reasonably available information on the time, place and circumstances of the accident or occurrence; and
    - (3) names and addresses of any claimants and available witnesses;

- b. forward to us every notice, demand, summons or other process relating to the accident or occurrence;
  - c. at our request, assist in:
    - (1) making settlement;
    - (2) the enforcement of any right of contribution or indemnity against a person or organization who may be liable to an insured;
    - (3) the conduct of suits and attend hearings and trials; and
    - (4) securing and giving evidence and obtaining the attendance of witnesses;
  - d. under the coverage **Damage to Property of Others**:
    - (1) submit to us within 60 days after the loss, a sworn statement of loss; and
    - (2) exhibit the damaged property if within the insured's control;
  - e. the insured shall not, except at the insured's own cost, voluntarily make payments, assume obligations or incur expenses. This does not apply to expense for first aid to others at the time of the bodily injury.
4. **Duties of an Injured Person - Coverage M.** The injured person or someone acting on behalf of that person shall:



- a. give us written proof of claim, under oath if required, as soon as practicable;
  - b. execute authorization to allow us to obtain copies of medical reports and records; and
  - c. the injured person shall submit to physical examination by a physician selected by us when and as often as we reasonably require.
5. **Payment of Claim - Coverage M.** Payment under this coverage is not an admission of liability by an insured or us.
6. **Suit Against Us.** No action shall be brought against us unless there has been compliance with the policy provisions.

No one shall have the right to join us as a party to an action against an insured. Further, no action with respect to Coverage L shall be brought against us until the obligation of the insured has been determined by final judgement or agreement signed by us.

7. **Bankruptcy of an Insured.** Bankruptcy or insolvency of an insured shall not relieve us of our obligation under this policy.
8. **Other Insurance - Coverage L.** This insurance is excess over any other valid and collectible insurance except insurance written specifically to cover as excess over the limits of liability that apply in this policy.

### SECTION I AND SECTION II - CONDITIONS

1. **Policy Period.** This policy applies only to loss under Section I or bodily injury or property damage under Section II, which occurs during the period this policy is in effect.
2. **Concealment or Fraud.** If you or any other insured under this policy has intentionally concealed or misrepresented any material fact or circumstance relating to this insurance, whether before or after a loss, then this policy is void as to you and any other insured.
3. **Liberalization Clause.** If we adopt any revision which would broaden coverage under this policy without additional premium within 60 days prior to or during the period this policy is in effect, the broadened coverage will immediately apply to this policy.
4. **Waiver or Change of Policy Provisions.** A waiver or change of any provision of this policy must be in writing by us to be valid. Our request for an appraisal or examination shall not waive any of our rights.
5. **Cancellation.**
- a. You may cancel this policy at any time by notifying us in writing of the date cancellation is to take effect.
  - b. We may cancel this policy only for the reasons stated in this condition. We will notify you in writing of the date cancellation takes effect. This cancellation notice may be delivered to you, or mailed to you at your mailing address shown in the **Declarations**. Proof of mailing shall be sufficient proof of notice:
    - (1) When you have not paid the premium, we may cancel at any time by notifying you at least 10 days before the

date cancellation takes effect. This condition applies whether the premium is payable to us or our agent or under any finance or credit plan.

- (2) 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. We may cancel by notifying you at least 10 days before the date cancellation takes effect.
- (3) 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:
  - (a) if there has been a material misrepresentation of fact which, if known to us, would have caused us not to issue this policy; or
  - (b) if the risk has changed substantially since the policy was issued.

We may cancel this policy by notifying you at least 30 days before the date cancellation takes effect.

- (4) When this policy is written for a period longer than one year, we may cancel for any reason at anniversary. We may cancel by notifying you at least 30 days before the date cancellation takes effect.
- c. When this policy is cancelled, the premium for the period from the date of cancellation to the expiration date will be refunded. When you request cancellation, the return premium will be based on our rules for such cancellation. The return premium may be less than a full pro rata refund. When we cancel, the return premium will be pro rata.

- d. The return premium may not be refunded with the notice of cancellation or when the policy is returned to us. In such cases, we will refund it within a reasonable time after the date cancellation takes effect.
6. **Non-Renewal.** We may elect not to renew this policy. We may do so by delivery to you, or mailing to you at your mailing address shown in the **Declarations**, written notice. The notice will be mailed or delivered at least 30 days before the expiration date of this policy. Proof of mailing shall be sufficient proof of notice.
7. **Assignment.** Assignment of this policy shall not be valid unless we give our written consent.
8. **Subrogation.** An insured 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, an insured shall sign and deliver all related papers and cooperate with us in a reasonable manner.

#### OPTIONAL POLICY PROVISIONS

Each Optional Provision applies only as indicated in the **Declarations**.

**Option SG - Silverware Theft.** The theft limit on silverware and goldware is increased to be the amount shown in the **Declarations** for this option.

**Option HC - Home Computer.** The limit on electronic data processing equipment and the recording or storage media used with that equipment while located principally on the residence premises is increased to be the amount shown on the **Declarations** for this option.

**Option JF - Jewelry and Furs.** Jewelry, watches, fur garments and garments trimmed with fur, precious and semi-precious stones, gold other than goldware, silver other than silverware and platinum are insured for accidental direct physical loss or damage.

The limits for this option are shown in the **Declarations**. The first amount is the limit for any one article; the second amount is the aggregate limit (per occurrence).

1. We do not cover loss or damage caused by:
  - a. mechanical breakdown; wear and tear; gradual deterioration;
  - b. insects or vermin; or
  - c. inherent vice.

Subrogation does not apply under Section II to Medical Payments to Others or Damage to Property of Others.

9. **Death.** If any person named in the **Declarations** or the spouse, if a resident of the same household, dies:
  - a. we insure the legal representative of the deceased. This condition applies only with respect to the premises and property of the deceased covered under this policy at the time of death;
  - b. insured includes:
    - (1) any member of your household who is an insured at the time of your death, but only while a resident of the residence premises; and
    - (2) with respect to your property, the person having proper temporary custody of the property until appointment and qualification of a legal representative.

2. In addition to limitations and exclusions otherwise applicable, the following also apply:

- a. our limit for loss by any Coverage B peril except theft is the limit shown in the **Declarations** for Coverage B, plus the aggregate limit;
- b. our limits for loss by theft are those shown in the **Declarations** for this option. These limits apply in lieu of the Coverage B theft limit;
- c. our limits for loss by any covered peril except those in items a. and b. are those shown in the **Declarations**.

**Option FA - Firearms.** Firearms and related equipment are insured for accidental direct physical loss or damage.

The limits for this option are shown in the **Declarations**. The first amount is the limit for any one article; the second amount is the aggregate (per occurrence) limit.

1. We do not cover loss or damage caused by:
  - a. mechanical breakdown, wear and tear, gradual deterioration;
  - b. insects or vermin;
  - c. any process or refinishing, renovating, or repairing;
  - d. dampness of atmosphere or extremes of temperatures;



- e. inherent defect or faulty manufacture; or
  - f. rust, fouling or explosion of firearms.
2. We do not cover:
- a. breakage, marring, scratching, tearing or denting unless caused by fire, thieves or accidents to conveyances; or
  - b. infidelity of an insured's employees or persons to whom the insured property may be entrusted or rented.
3. In addition to limitations and exclusions otherwise applicable, the following also apply:
- a. our limit for loss by any Coverage B peril except theft is the limit shown in the Declarations for Coverage B, plus the aggregate limit;
  - b. our limits for loss by theft are those shown in the Declarations for this option. These limits apply in lieu of the Coverage B theft limit;
  - c. our limits for loss by any covered peril except those in items a. and b. are those shown in the Declarations.

**Option A1 - Additional Insured.** The definition of insured in this policy includes the person or organization named in the Declarations as an additional insured or whose name is on file with us. Coverage is with respect to:

1. Section I - Coverage A;
2. Section II - Coverages L and M but only with respect to the residence premises. This coverage does not apply to bodily injury to an employee arising out of or in the course of the employee's employment by the person or organization.

This provision applies only with respect to the location shown in the Declarations.

**Option IO - Incidental Business.** This option applies only to the incidental business occupancy on file with us.

1. Section I: Coverage B - Personal Property is extended to include equipment, supplies and furnishings usual and incidental to this business occupancy. This does not include electronic data processing equipment or the recording or storage media used with that equipment or merchandise held as samples or for sale or for delivery after sale.

The Option IO limits are shown in the Declarations. The first limit applies to property on the residence premises. The second limit applies to property while off the residence premises. These limits are in addition to the \$200 special limit of liability on property used or intended for use in a business.

2. Section II: The residence premises is not considered business property because an insured occupies a part of it as an incidental business.
3. Exclusion 1.b. of Coverage L and Coverage M is replaced with the following:
  - b. bodily injury or property damage arising out of business pursuits of an insured or the rental or holding for rental of any part of any premises by an insured. This exclusion does not apply:
    - (1) to activities which are ordinarily incidental to non-business pursuits or to business pursuits of an insured which are necessary or incidental to the use of the residence premises as an incidental business;
    - (2) with respect to Coverage L to the occasional or part-time business pursuits of an insured who is under 19 years of age;
    - (3) to the rental or holding for rental of a residence of yours:
      - (a) on an occasional basis for exclusive use as a residence;
      - (b) in part, unless intended for use as a residence by more than two roomers or boarders; or
      - (c) in part, as an incidental business or private garage;
    - (4) when the dwelling on the residence premises is a two family dwelling and you occupy one part and rent or hold for rental the other part; or
    - (5) to farmland (without buildings) not in excess of 500 acres, rented or held for rental to others;
4. This insurance does not apply to:
  - a. bodily injury to an employee of an insured arising out of the residence premises as an incidental business other than to a residence employee while engaged in the employee's employment by an insured;
  - b. bodily injury to a pupil arising out of corporal punishment administered by or at the direction of the insured; or

- c. liability arising out of any acts, errors or omissions of an insured, or any other person for whose acts an insured is liable, resulting from the preparation or approval of data, plans, designs, opinions, reports, programs, specifications, supervisory inspections or engineering services in the conduct of an insured's incidental business involving data processing, computer consulting or computer programming.

**Option BU - Business Pursuits.**

1. Section II applies to the business pursuits of an insured who is a:
  - a. clerical office employee, salesperson, collector, messenger; or
  - b. teacher (except athletic coach), school principal or school administrator.
2. This option does not apply:
  - a. to bodily injury or property damage arising out of business pursuits of the insured in connection with a business. This exclusion applies only if the business is owned or financially controlled by the insured or by a partnership of which the insured is a partner or member;
  - b. to bodily injury or property damage arising out of the rendering of or failure to render professional services of any nature (other than teaching or school administration). This exclusion includes but is not limited to:
    - (1) architectural, engineering or industrial design services;
    - (2) medical, surgical, dental or other services or treatment conducive to the health of persons or animals; and
    - (3) beauty or barber services or treatment;
  - c. to bodily injury to a fellow employee of the insured injured in the course of employment; or
  - d. when the insured is a member of the faculty or teaching staff of a school or college:
    - (1) to bodily injury or property damage arising out of the maintenance, use, loading or unloading of:
      - (a) draft or saddle animals, including vehicles for use with them; or

- (b) aircraft, motor vehicles, recreational motor vehicles or watercraft, airboat, air cushion or similar type of craft;

owned or operated, or hired by or for the insured or employer or used by the insured for the purpose of instruction in the use thereof; or

- (2) Under Coverage M to bodily injury to a pupil arising out of corporal punishment administered by or at the direction of the insured.

**Option SA - Merchandise Samples.**

1. Our limit for business property consisting of merchandise:
  - a. held as samples;
  - b. held for sale; or
  - c. held for delivery after sale;
 is the amount shown on the Declarations for this option.
2. Coverage applies only when the property is contained:
  - a. in the described dwelling; or
  - b. in structures on the residence premises.
3. This limit is in addition to the Special Limit of Liability on business property.

**Option GR - Guaranteed Replacement Cost - Dwelling.** Under SECTION I - CONDITIONS, item c. of the Loss Settlement Condition is replaced with the following:

- c. Buildings under Coverage A and other structures under Dwelling Extension at replacement cost at the time of loss without deduction for depreciation, subject to the following:
  - (1) We will pay the cost of repair or replacement without deduction for depreciation, but not exceeding the smaller of the following amounts:
    - (a) the replacement cost of that part of the building damaged for equivalent construction and use on the same premises; or
    - (b) the amount actually and necessarily spent to repair or replace the damaged building.
  - (2) We will pay the actual cash value of the damage until actual repair or replacement is completed. This does not apply when the full cost of repair or replacement is less

than \$1,000 or less than 5% of the whole amount of insurance applicable to the building or other structure for the peril causing the loss.

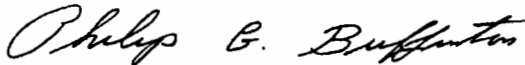
- (3) You may disregard the replacement cost loss settlement provisions and make claim under this policy for loss or damage to buildings on an actual cash value basis and then make claim within 180 days after loss for any additional liability on a replacement cost basis.

You must notify us within 90 days of the start of any new building valued at \$5,000 or more or any additions to or remodeling of buildings which increase their values by \$5,000 or more and pay any additional premium due for the increase in value. If you fail to notify us within 90 days, our payment will not exceed the limit of liability applying to the building.

**Option RC - Replacement Cost - Contents.** Under **SECTION I - CONDITIONS**, items a. and b. of the Loss Settlement Condition are replaced with the following:

- a. (1) The following personal property at actual cash value at the time of loss:
- (a) antiques, fine arts, paintings, statuary and similar articles which by their inherent nature cannot be replaced with new articles;
  - (b) articles whose age or history contribute substantially to their value including but not limited to, memorabilia, souvenirs and collectors items;

IN WITNESS WHEREOF, this Company has executed and attested these presents; but this policy shall not be valid unless countersigned by the duly authorized Agent of this Company at the agency hereinbefore mentioned.



Secretary



President

The Board of Directors, in accordance with Article VI(c), of this Company's Articles of Incorporation, may from time to time distribute equitably to the holders of the participating policies issued by said Company such sums out of its earnings as in its judgment is proper.