

# RENTAL DWELLING POLICY

## INTRODUCTION

Please read the entire policy. Words in bold print, other than titles and headings, have the meaning given them in the DEFINITIONS section.

For the applicable limits of insurance refer to the Declarations Pages and the OTHER COVERAGES section of the policy.

## REPRESENTATIONS

By accepting the policy **you** agree that:

1. the statements on the Declarations Pages are accurate and complete;
2. those statements are based upon representations **you** made to **us**; and
3. **we** have issued the policy in reliance upon **your** representations.

## CONCEALMENT, MISREPRESENTATION OR FRAUD

**We** will not pay for any loss or damage if **you** have, or any other insured has, whether before or after a loss, intentionally concealed or misrepresented any material fact or circumstance or made false statements or engaged in fraudulent conduct relating to this insurance.

## AGREEMENT

**We** will provide the insurance described in the policy in return for the premium and compliance with all provisions of the policy including endorsements.

## 1. LIMITS OF INSURANCE

Regardless of the number of persons insured under the policy, the most **we** will pay for any one loss is:

- a. the applicable limit of insurance shown herein or on the Declarations Pages; or
- b. the insurable interest of a person listed under the policy at the time of loss.

## 2. INSURING AGREEMENT

**We** insure **you** against direct physical loss of or damage to the property listed below caused by an **accident**:

- a. While at the location(s) described on the Declarations Pages:
  - (1) **your** dwelling(s) and other structures,
  - (2) **your** personal property that is provided for use by a tenant, and
  - (3) **your** building materials intended to become integral parts of structures being constructed, renovated or repaired.
- b. At any location in the continental United States of America:
  - (1) dwelling(s) and related structures acquired or constructed by **you** or constructed for **you**, including building materials intended to become integral parts of such structures, that are not covered by other insurance. This coverage shall cease sixty (60) days after the date of acquisition or commencement of construction or on the expiration or cancellation date of the policy, whichever is first. An additional premium, computed using the rates and rules in effect for such structures at the date of acquisition, will be charged for the period of time during which **we** provide coverage;
  - (2) property insured hereunder while removed from the location described on the Declarations Pages but only if such removal is made necessary because of a covered loss or to protect the property from a covered loss and then only for thirty (30) days following such removal.

## 3. OTHER COVERAGES

Subject to the applicable limit of insurance shown on the Declarations Pages and subject to all other terms, limitations and conditions of the policy, **we** will pay as follows for the other coverages described below:

### a. LOSS OF RENTS:

**We** will pay up to twenty four (24) months loss of rents because of damage to or destruction of covered property caused by an **accident**. This includes:

- (1) Rents accrued within sixty (60) days prior to a covered loss, which become uncollectible as a result of that loss.
- (2) Rental income loss which continues beyond the time required to repair or replace the covered property at the same location and beyond the times specified in section 6. ALL SUBJECT TO THE FOLLOWING CONDITIONS, paragraph b. BASIS OF LOSS PAYMENT, provisions (4) RENTAL INCOME, for a period no greater than an additional one hundred eighty (180) days if:
  - (a) **you** have used due diligence and dispatch to complete repair and replacement; and

- (b) **you** have exercised and continue to exercise due diligence to minimize **your** loss of rents.
- (3) Rental income loss that results when a civil authority prohibits the use of the rental property at a location described on the Declarations Pages as a result of direct damage to a neighboring location by an **accident** insured under the policy. **We** will cover **your** loss of rental income that is the result of a civil authority as described above for no more than two (2) weeks.

**b. DEBRIS REMOVAL:**

**We** will pay for reasonable expenses actually and necessarily incurred by **you** in an otherwise covered loss to remove debris of covered property.

**c. OPERATION OF LAW:**

If **you** repair or replace a damaged or destroyed covered structure, then **we** will pay up to 10% of the applicable limit of insurance shown on the Declarations Pages for **your** actual incurred expenses as follows:

- (1) any increase in the cost to repair or replace a damaged or destroyed covered structure that results from the enforcement of any ordinance, law or code regulating the use, repair or construction of that structure; and
- (2) any increase in the amount of loss of rents resulting from a delay caused by the enforcement of any ordinance, law or code regulating the use, repair or construction of the damaged or destroyed covered structure.

However, \$2,500 is the most **we** will pay because of the enforcement of any ordinance, law or code in effect at the time of the loss or damage that requires compliance even in the absence of damage to the structure.

**d. FIRE DEPARTEMENT SERVICE CHARGES:**

**We** will pay fire department service charges under contract that are actually incurred when the fire department is called to save or protect the property described in the policy from covered loss.

**e. TREES, SHRUBS AND OTHER PLANTS:**

**We** will pay for the costs actually and necessarily incurred by **you** for the removal and replacement of trees, shrubs and other plants, not to exceed \$500 for any one tree, shrub or other plant, or \$15,000 in the aggregate for all loss from any one **accident** in an otherwise covered loss.

**f. DAMAGE CAUSED BY MOLD:**

**We** will pay up to \$2,500 for costs actually and necessarily incurred by **you** to clean-up or repair damage to covered property caused by mold that would not otherwise be a covered loss.

**g. DAMAGE TO TENANT'S PERSONAL PROPERTY:**

**We** will pay up to \$5,000 for loss of or damage to tenant's personal property caused by an **accident** while the property is located inside the insured dwelling or related structures at the location(s) described on the Declarations Pages. The loss or damage must be caused by one of the following perils:

- (1) Fire,
- (2) Smoke,
- (3) Explosion,
- (4) Water, which means:
  - (a) **accidental** discharge or overflow of water or steam from a plumbing, heating, air conditioning or automatic fire protective sprinkler system; and
  - (b) rain that penetrates the roof or wall of a building other than through an open door, window, or skylight.

#### **h. EXTRACTION OF POLLUTANTS:**

**We** will pay up to \$10,000 for expenses actually and necessarily incurred by **you** to extract **pollutants** from land or water at a location described on the Declarations Pages that is the result of an **accident**. **We** will pay these expenses only if reported to **us** in writing within one hundred and eighty (180) days of the **accident**. This limit of insurance is the most **we** will pay for all loss occurring in any one twelve (12) month policy period.

#### **4. PROPERTY NOT COVERED**

- a. Motor vehicles licensed for road use, including their equipment.
- b. Watercraft.
- c. Aircraft.
- d. Animals.
- e. Land and land values.

#### **5. LOSSES NOT COVERED**

**We** do not insure **you** against loss of or damage to covered property resulting directly or indirectly from any of the following, however caused:

- a. earthquake, volcanic eruption, earth movement, landslide, mudflow, and earth sinking, rising or shifting unless fire, explosion or **volcanic action** ensues and then **we** will be liable only for the ensuing direct damage from the fire, explosion or **volcanic action**;
- b. the following water related losses:
  - (1) flood, surface water, waves, including tidal wave and tsunami, tides, tidal water, overflow of any body of water, storm surge or spray from any of these, all whether or not driven by wind;
  - (2) water that backs up through or overflows from a sewer, drain or sump if such backup or overflow is caused by any of the losses stated in 5.b.(1) above;
  - (3) underground water, including water that presses on, flows or seeps through foundations, walls or floors or paved surfaces, or into unpaved basements; or
  - (4) waterborne material carried or otherwise moved by any of the water referred to in section 5 LOSSES NOT COVERED, paragraph b.(1)-(3).

These losses are not covered regardless of the cause, including but not limited to an act of nature, escape, overflow, or discharge of water or waterborne material from a dam, levee, seawall or any other boundary or containment system. However, direct loss by fire or explosion resulting from any of the above is covered.

- c. freezing of trees, shrubs and other plants;
- d. wind to trees, shrubs and other plants;
- e. vandalism and malicious mischief, theft or attempted theft if the dwelling has been vacant for more than sixty (60) consecutive days immediately before the loss unless fire or explosion ensues and then **we** will be liable only for the ensuing direct damage from the fire or explosion. A dwelling being constructed is not considered to be vacant;
- f. pollution caused by or resulting from the presence of or the release, discharge, escape, dispersal, seepage or migration of **pollutants** unless the presence, release, discharge, escape, dispersal, seepage or migration is caused by or results from damage occurring during the policy term from **accidental** fire, lightning, explosion, windstorm, hail, aircraft, vehicles, riot or civil commotion, vandalism or malicious mischief, falling objects, **volcanic action** or weight of snow, sleet or ice;
- g. constant or repeated seepage or leakage of water or steam over a period of weeks, months or years from within a plumbing, heating, air conditioning or automatic fire protective sprinkler system unless fire or explosion ensues and then **we** will be liable only for the ensuing direct damage from the fire or explosion;
- h. error in design, plans or specifications; faulty or defective workmanship or materials; mechanical breakdown; latent or patent defect, unless fire, explosion or damage from water not otherwise excluded ensues and then **we** will be liable only for the ensuing direct damage from the fire, explosion or water not otherwise excluded. **We** will pay for the expense of tearing out and replacing any part of the covered structure necessary to repair the system or appliance from which water escaped. However, **we** will not pay for the loss or damage to the system or appliance from which the water escaped;
- i. wear and tear, deterioration, rust, **organic pathogens**, wet or dry rot, insects, vermin or rodents unless fire, explosion or damage from water not otherwise excluded ensues and then **we** will be liable only for the ensuing direct damage from the fire, explosion, or water not otherwise excluded. **We** will pay for the expense of tearing out and replacing any part of the covered structure necessary to repair the system or appliance from which water escaped. However, **we** will not pay for the loss or damage to the system or appliance from which the water escaped
- j. settling, cracking, shrinking, bulging or expansion of covered structures including pavements unless fire, explosion, breakage of glass constituting an integral part of the structure, or damage from water not otherwise excluded ensues, and then **we** will be liable only for the ensuing direct damage from the fire, explosion, breakage of such glass or water not otherwise excluded. **We** will pay for the expense of tearing out and replacing any part of the covered structure necessary to repair the system or appliance from which water escaped. However, **we** will not pay for the loss or damage to the system or appliance from which the water escaped;
- k. increases in covered loss made necessary by any ordinance or law regulating the use, construction, repair or demolition of covered property except as provided for elsewhere in the policy;
- l. war, including any of the following and any resulting consequence:
  - (1) undeclared war, civil war, insurrection, rebellion or revolution;
  - (2) warlike act by a military force or military personnel; and
  - (3) destruction or seizure or use for a military purpose.
- m. nuclear reaction, nuclear radiation or radioactive contamination all whether controlled or uncontrolled, however caused, or any resulting consequence; except, direct loss by fire resulting from nuclear reaction or radiation or radioactive contamination is covered.

- n. freezing of a plumbing, heating, air conditioning, automatic fire protective sprinkler system or household appliance, or discharge, leakage or overflow from within the system or appliance caused by freezing.

This provision 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 all systems and appliances of water.

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

For purposes of this provision a plumbing system or household appliance does not include a sump, sump pump or related equipment, roof drain, gutter, downspout or similar fixture or equipment.

## 6. ALL SUBJECT TO THE FOLLOWING CONDITIONS

### a. DEDUCTIBLE

Subject to the applicable limit of insurance, **we** will pay no more than the amount by which any loss exceeds the applicable Deductible amount shown on the Declarations Pages. This provision applies to each insured location and separately occurring loss.

### b. BASIS OF LOSS PAYMENT

Subject to item 1. LIMITS OF INSURANCE, and subject to all other terms, conditions, and limitations of the policy, the amount **we** will pay is calculated as follows:

#### (1) STRUCTURES

- (a) If a damaged or totally destroyed structure is not repaired or replaced, payment shall be limited to the loss of actual cash value at the time and place of loss, but not exceeding the amount which it would cost to repair or replace the damaged or totally destroyed structure with material of like kind, quality and use at the place of and within a reasonable time after the loss.
- (b) If a damaged structure is repaired or if a totally destroyed structure is replaced at the same location, payment shall be limited to the amount actually and necessarily expended to repair the damaged structure or to replace the totally destroyed structure with a new structure of like kind, quality, use and income producing potential as the structure totally destroyed. Regardless of when **you** complete repair or replacement, the amount **we** will pay is limited to the amount required to repair or replace within a reasonable time after the loss.
- (c) **You** may replace a totally destroyed structure by building a new structure at a different location. If **you** do so, payment shall be limited to the lesser of the following:
  - i. the amount actually and necessarily expended to replace the totally destroyed structure with a new structure at a different location within a reasonable time after the loss of like kind, quality, use and income producing potential; or
  - ii. the amount that would be required to be expended to replace the totally destroyed structure with a new structure at the place of and within a reasonable time after the loss of like kind, quality, use and income producing potential.

- (d) **Certified Green Buildings:** If the damaged or totally destroyed structure was certified as a Green Building prior to the date of loss, by either the U.S. Green Building Council under their LEED® Green Building Rating System™, the Green Building Initiative's Green Globes™ rating system, or the U.S. Environmental Protection Agency's Energy Star Partner® registry system, **we** will pay the amount actually and necessarily expended to repair the damaged structure or replace the totally destroyed structure with property that meets current standards for continued certification at the highest level of certification awarded to the structure prior to the loss.
- (e) **You** may replace a totally destroyed structure by purchasing an existing structure at a different location. If **you** do so, payment shall be limited to the lesser of the following:
  - i. the amount reasonably required and actually expended to purchase a structure within a reasonable time after the loss of like kind, quality, use and income producing potential as the totally destroyed structure; or
  - ii. the amount that would be required to be expended to replace with a new structure at the place of and within a reasonable time after the loss of like kind, quality, use and income producing potential.
- (f) **You** may first make claim for the loss of actual cash value and, within one (1) year from the payment of that loss, make claim for any additional amount payable by reason of (b), (c), (d) or (e) above.
- (g) In no event will **we** pay for the value of the land.

## **(2) YOUR PERSONAL PROPERTY PROVIDED FOR USE BY YOUR TENANT**

- (a) If lost or damaged property is not repaired or replaced, payment shall be limited to the loss of actual cash value but not exceeding the amount which it would cost to repair or replace the lost or damaged property with property of like kind, quality and use.
- (b) If lost or damaged property is repaired or replaced, payment shall be limited to the amount actually and reasonably expended to repair or replace the property with new property of like kind, quality and use. Regardless of when **you** complete repair or replacement, the amount **we** will pay is limited to the amount required to repair or replace within a reasonable time after the loss.
- (c) **You** may first make claim for the loss of actual cash value and within one (1) year from the payment of that loss make claim for the additional amount payable by reason of (b) above.
- (d) In case of loss to a pair or set **we** may elect to:
  - (i) repair or replace any part to restore the pair or set to its value before the loss; or
  - (ii) pay the difference between actual cash value of the property before and after the loss.

## **(3) PERSONAL PROPERTY OF YOUR TENANTS:**

Payment shall be limited to the loss of actual cash value but not exceeding the amount which it would cost to repair or replace the lost or damaged property with property of like kind, quality and use.

#### **(4) RENTAL INCOME:**

**We** shall pay **your** net loss of rental income, including rents accrued but rendered uncollectible by reason of a covered loss. **We** shall also pay for extra expenses **you** necessarily incur to minimize **your** rental income loss, but only to the extent that the rental income loss **we** would otherwise pay is reduced. The amount **we** will pay is further limited as follows:

##### Period of Indemnity

- (a) If the damaged or totally destroyed property is not repaired or replaced, or if it is repaired or replaced at the same location, **we** will pay for no more than the time during which the property could be repaired or replaced at the same location with property of like kind, quality and use with the exercise of due diligence and dispatch.
- (b) If a covered structure is totally destroyed and is replaced at a different location by the construction or purchase of another structure of like kind, quality and use, **we** will pay for no more than the time during which the structure was replaced at a different location, so long as it does not exceed the time specified in (a) above for the replacement of property at the same location.
- (c) In no event will **we** pay for more than twenty-four (24) months of incurred net loss of rental income.

#### **(5) TREES, SHRUBS AND OTHER PLANTS:**

Payment shall be limited to the amount actually and necessarily expended to replace trees, shrubs and other plants, or, if not replaced, the amount actually and necessarily expended for the removal of the debris of such property from the covered location.

#### **c. MORTGAGEE INTERESTS AND OBLIGATIONS**

- (1) If a mortgagee is named in the policy, any loss payable for coverage provided in section 2. INSURING AGREEMENT will be paid to the mortgagee and **you**, as interests appear. If more than one mortgagee is named, the order of payment will be the same as the order of precedence of the mortgages.
- (2) If **we** deny **your** claim, then that denial will not apply to a valid claim of the mortgagee, if the mortgagee:
  - (a) Notifies **us** of any change in ownership, occupancy or substantial change in risk of which the mortgagee is aware;
  - (b) Pays any premium due under the policy on demand if **you** have neglected to pay the premium; and
  - (c) Submits a signed, sworn statement of loss within sixty (60) days after receiving notice from **us** of **your** failure to do so. Policy conditions relating to the APPRAISAL, MANDATORY ARBITRATION, OPTIONAL CLAIMS RESOLUTION, SUIT AGAINST US and LOSS PAYMENT sections below also apply to the mortgagee.
  - (d) If **we** decide to cancel or not to renew the policy, the mortgagee will be notified at least ten (10) days before the date cancellation or nonrenewal takes effect.
  - (e) If **we** pay the mortgagee for any loss and deny payment to **you**, **we** are subrogated to all the rights of the mortgagee granted under the mortgage on the property; or, at **our** option, **we** may pay to the mortgagee the whole principal on the mortgage plus any accrued interest. In the event of the latter, **we** will receive a full assignment and transfer of the mortgage and all securities held as collateral to the mortgage debt.

- (f) Subrogation will not impair the right of the mortgagee to recover the full amount of the mortgagee's claim.

**d. YOUR DUTIES FOLLOWING A LOSS**

**You** or **your** representative must, at **your** expense:

- (1) Give prompt notice of any loss to **us** or **our** agent.
- (2) Protect the property from further damage. If repairs to the property are required, **you** must:
  - (a) Make reasonable and necessary repairs to protect the property; and
  - (b) Keep an accurate record of repair expenses.
- (3) Prepare an inventory of damaged personal property, showing the quantity, description, actual cash value, and amount of loss. Attach bills, receipts and related documents that justify the figures in the inventory.
- (4) Cooperate with **us** in the investigation of a claim.
- (5) As often as **we** reasonably require:
  - (a) show **us** the damaged property;
  - (b) provide **us** with records and documents **we** request and permit **us** to make copies; and
  - (c) submit to examinations under oath, while not in the presence of another named insured, and sign the transcripts.
- (6) Send to **us**, within ninety (90) days after **our** request, **your** signed sworn proof of loss that sets forth the following to the best of **your** knowledge and belief:
  - (a) The time and cause of loss.
  - (b) **Your** interest and that of all others in the property involved and all liens on the property.
  - (c) Other insurance that may cover the loss.
  - (d) Changes in title or occupancy of the property during the term of the policy.
  - (e) Specifications of damaged buildings and detailed repair estimates.
  - (f) The inventory of damaged personal property described in section d. (3) above.
  - (g) Records that support the fair rental value loss.
  - (h) The amounts **you** claim for loss under each coverage provided by the policy and all documents necessary to support the claimed amounts.
- (7) Do all things and produce all documents reasonably required to establish values and coverage for the loss.

**e. APPRAISAL**

If **we** fail to agree with **you** on the amount of loss, either party may make a written demand on the other for an appraisal of the loss. Upon receipt of such a demand, each party has twenty (20) days to choose a competent appraiser. The two appraisers will choose an umpire. If they cannot agree upon an umpire within fifteen (15) days, either of the parties may request that the umpire be chosen by a judge of a court of record in the state where the property is located. The appraisers will separately determine the amount of loss. If the appraisers submit a written report of an agreement to **us**, the amount agreed upon will be the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will constitute the amount of the loss.

Each party will:

- (1) pay its chosen appraiser; and
- (2) bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, **we** still retain **our** right to dispute coverage. Further, all of the terms, conditions and limitations of the policy still apply to **your** loss.

**f. MANDATORY ARBITRATION**

In case **we** fail to agree with **you** as to the meaning or effect of any provision of the policy, the disagreement shall be resolved by binding arbitration in accordance with the statutory rules and procedures of the state in which the property is located. Should an arbitration under the terms of this clause result in any of the following, **we** will reimburse **you** for expenses actually incurred by **you** with respect to the arbitration, including reasonable attorney's fees, in a sum to be determined by the arbitrator(s):

- (1) a finding of coverage for claimed loss or damage for which coverage is denied by **us**;
- (2) a finding that **you** are entitled to a loss payment in accordance with the express terms of the policy and exclusive of costs or attorney's fees in an amount that exceeds the amount of any offer made by **us** in writing to settle **your** claim at any time up to thirty (30) days prior to the commencement of the arbitration.

The provisions of this clause are mandatory and may be enforced by either **you** or **us**.

**g. OPTIONAL CLAIM RESOLUTION**

At **your** option, if **we** fail to agree with **you** as to the amount payable in accordance with the express terms of the policy, **you** may have the amount of loss decided through a binding arbitration in lieu of appraisal. If **you** elect to have **your** loss resolved through binding arbitration, the amount of loss and any coverage issues will be decided at the same time pursuant to the Mandatory Arbitration provision above. **You** will get the benefits of the Mandatory Arbitration provision, as explained above, including possible reimbursement of **your** actually incurred expenses. All of the terms, conditions, and provisions of the Mandatory Arbitration provision apply to this Optional Claim Resolution provision.

**h. COMPANY'S OPTION**

It shall be **our** option to take all, or any part, of the property at the agreed or appraised value or to repair, rebuild or replace the property destroyed or damaged with other property of like kind, quality and use within a reasonable time, provided **we** give notice of **our** intention to do so within thirty (30) days after receipt of the required statement of loss.

**i. ABANDONMENT**

There can be no abandonment of any property to **us**.

**j. SALVAGE AND RECOVERY**

At **our** option, **we** may elect to pursue salvage or recovery. If **we** do, then **you** are entitled to complete reimbursement for covered loss before **we** are entitled to any proceeds from any recovery from third parties or salvage recovery. If a recovery is realized, **you** must share recovery expenses **we** incur to the extent of each party's proportionate interest in the recovery.

**k. WHEN LOSS IS PAYABLE**

The amount of loss for which **we** may be liable will be payable thirty (30) days after the required statement of loss is received and agreed to in writing by **us** or an arbitration award is received by **us**.

**l. LOSSES TO BE PAYABLE TO AND ADJUSTED WITH**

(1) Loss to the Property of **your** Tenant:

At **our** option, **we** may adjust losses with the owner of the property. Any payment made by **us** will be limited to the owner's financial interest in the lost or damaged property and will satisfy **your** claim against **us**. If legal proceedings are undertaken to enforce a claim against **you** for any such loss or damage, **we** reserve the right, but have no obligation, to conduct and control the defense on **your** behalf. No action by **us** in such regard will increase **our** liability under the policy or increase the limits specified in the policy.

(2) All other losses:

**We** will adjust losses with **you**. If a person or business entity is listed separately on the Declarations Pages as the Designated Representative For Loss Adjustment, **you** authorize **us** to adjust losses with and make payments under the policy to the Designated Representative For Loss Adjustment. **We** will pay **you** unless some other person or entity is listed on the Declarations Pages or is legally entitled to receive payment, and then **we** will pay as interests appear.

**m. TIME LIMITATION FOR ACTION**

No suit, demand for an arbitration, demand for appraisal, or any other action on the policy for the recovery of any claim shall be sustainable in any court or other forum unless all the requirements of the policy shall have been complied with and unless commenced within twelve (12) months after the inception of the loss.

**n. TIME OF LOSS**

The policy applies only to losses that occur during the policy period shown on the Declarations Pages.

**o. EXAMINATION OF YOUR BOOKS AND RECORDS**

**We** may examine and audit **your** books and records as they relate to the policy at any time during the policy period and up to three (3) years after the cancellation or expiration of the policy, whichever is first.

**p. WAIVER OR CHANGE OF POLICY PROVISIONS**

The policy contains all the agreements between **you** and **us** concerning this insurance. A waiver or change of any provision of the policy must be in writing by **us** to be valid. A request for an arbitration or examination under oath shall not waive any of **our** rights or any of **your** rights.

**q. CANCELLATION AND NON-RENEWAL**

- (1) **You** may cancel the policy at any time by returning it to **us** or by notifying **us** in writing of the date cancellation is to take effect.
- (2) **We** may:
  - (a) cancel the policy for non-payment of premium by giving **you** fifteen (15) days written notice; or
  - (b) non-renew the policy for any reason by giving **you** at least sixty (60) days, but not more than one hundred twenty (120) days, written notice to be effective at the next anniversary or expiration date of the policy, whichever is first.
- (3) **We** may not non-renew or cancel the policy solely because **you** have accepted **our** offer of earthquake coverage.
- (4) **We** will also mail such notice of cancellation or non-renewal to each mortgagee or other person or entity shown on the policy to have an insurable interest in the covered property.
- (5) **We** will state the reason for cancellation or non-renewal on the written notice.
- (6) Any pro-rata premium due **you** will be refunded within a reasonable time after cancellation takes effect.

**r. OTHER INSURANCE**

**We** will not pay a greater portion of any loss than the limit of insurance for the loss under the policy bears to the total limits of insurance for the loss under all policies which cover the loss or which would cover the loss but for the existence of the policy, except insurance written specifically to cover as excess over the limits of insurance that apply in the policy.

**s. RECOVERY FROM THIRD PARTIES**

- (1) **You** may waive **your** rights of recovery against any party in writing before an **accident**.
- (2) Within ninety (90) days after an **accident**, **you** may waive **your** rights of recovery against any party who at the time of the **accident** is:
  - (a) Shown on the Declarations Page.
  - (b) **Your** tenant.
  - (c) Owned or controlled by **you** or owns or controls **you**.

Subject to the above, **we** may require an assignment of **your** rights of recovery against any party for loss to the extent that payment for that loss is made by **us**.

**t. DEATH**

- (1) If **you** die, **we** insure **your** legal representative but only with respect to the property covered under the policy at the time of **your** death.
- (2) If **you** die, **we** insure the person having proper temporary custody of covered property but only with respect to the property covered under the policy until appointment and qualification of a legal representative.

**u. ASSIGNMENT**

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

**v. NO BENEFIT TO BAILEE**

**We** will not recognize any assignment or grant any coverage that benefits a person or organization holding, storing or moving property for a fee regardless of any other provision of the policy or any attached endorsement.

**w. LIBERALIZATION CLAUSE**

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

This Liberalization Clause does not apply to changes implemented with a general program revision that includes both broadenings and restrictions in coverage, whether that general program revision is implemented through introduction of a subsequent edition of the policy or any attached endorsement.

## **7. DEFINITIONS**

Words in bold print are defined herein.

- a. **Accident** means an undesigned, unexpected and rapidly occurring event.
- b. **Accidental** means undesigned, unexpected and rapidly occurring.
- c. **Organic Pathogens** means any bacteria, virus, fungus, mold, mushroom, yeast, mildew or mycotoxin or other metabolic products or their spores, scent, vapor or gas or byproducts, or any reproductive body they produce.
- d. **Pollutants** means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
- e. **Volcanic action** means lava flow, airborne shock waves, ash, dust or other particulate matter caused by or resulting from volcanic eruption. One or more volcanic eruptions that occur within a 72-hour period will be considered as one volcanic eruption.
- f. **We, us** and **our** refer to the Company providing this insurance.
- g. **You** and **your** refer to the person or entity shown on the Declarations Pages as an insured and that person's spouse or registered domestic partner.