

AGRI-PAK POLICY PROVISIONS

A MESSAGE TO OUR POLICYHOLDERS

This is your Agri-Pak Insurance Policy. We think it provides you the best farm insurance on the market today. Everything about this policy has been designed with you, the policyholder in mind, from its organization to the easy-to-understand language, table of contents and special section of defined words. Definitions for words that have special meaning are shown in "**bold type**".

We urge you to take time to read this policy carefully including the attached declarations page. If you have any questions, your insurance agent will welcome your call.

WHERE TO LOOK

Be sure to check your declarations page attached to this policy, to see which of the following apply to you.

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PERIL INDEX

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LOSS SETTLEMENT CLAUSE

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ADDITIONAL INTERESTS

CODE 1, Additional Insured(s) Designated Locations Only-(Property & Liability)

Whenever the word **insured** is used in this policy, the term also includes the person or organization named and appropriately coded in the additional **insured(s)** section of the declarations page, subject to the following:

- Under the property sections (Section 1 through 6) of this policy, losses will be paid to **you** and the additional **insured** according to the respective financial interests in machinery, equipment, or location referred to on the declarations page.
- Under the liability section (Section 7) of this policy this definition of the additional **insured** applies only to the ownership, maintenance or use of the machinery, or equipment referred to on the declarations page or necessary and incidental operations in connection with the location referred to on the declarations page.

CODE 2, Additional Insured(s) Designated Locations Only-(Liability)

Whenever the word **insured** is used in this policy, under the liability section (Section 7) of this policy, the term also includes the person or organization named and appropriately coded in the interest section of the declarations page, but only to the ownership, maintenance or use of the machinery or equipment referred to on the declarations page or necessary and incidental operations in connection with the location referred to on the declarations page.

CODE 3, Loss Payable Clause (Mortgage or Lienholder)

Under properly Section 1 through 6, loss will be made payable to the mortgage or lienholder as named on the declarations page as **your** interests appear. The Mortgagee or Lienholder Clause, general condition 14, shall also apply.

AGREEMENT

We will provide the coverage described in this policy if **you** have paid the premium and have complied with the policy provisions. This policy is divided into seven sections, some with several divisions. **You** have only the coverages listed on the declarations page, subject to the indicated amounts of insurance.

For Sections 1 through 6

We pay for accidental direct physical loss to covered property:

1. caused by "Perils Insured Against" (the perils insured against under **your** policy are only those indicated on the declarations page by peril code which is explained in the policy index),
2. under the terms of the "Loss Settlement Clause" indicated on the declarations page, and
3. subject to 'all' limitations, conditions, exclusions and other terms stated in this policy, but
4. the sum stated on the declarations page as a deductible shall be deducted from the sum **we** would otherwise pay for such loss in any one **occurrence** per **insured location**.

SECTION 1

Coverage A-Dwelling

We cover dwelling(s) and mobile home(s) on an **insured location**. This coverage also includes materials on or adjacent to an **insured location** for the construction, alteration or repair of such dwelling(s) or mobile home(s).

This coverage does not apply to land, including land on which any dwelling or mobile home is located.

We do not cover outdoor radio and television antennas, satellite discs, their lead-in wiring, accessories, masts and towers except as provided under Coverage B, Unscheduled Personal Property.

We do not cover wind generators, their lead-in wiring, accessories, masts and towers except as provided under Section 5, Coverage R, Outbuildings.

Coverage B-Unscheduled Personal Property (Household Goods)

We cover personal property owned or used by any **insured** while it is anywhere in the world. At **your** request, **we** will cover personal property owned by a guest or **residence employee** while the property is on that part of the **residence location** occupied by an **insured**.

Our limit of liability for personal property usually situated at any **residence** of any **insured**, other than the **residence location**, is 10 percent of the limit of liability for Coverage B or \$1,000 whichever is greater. This limit does not increase the Coverage B-Unscheduled Personal Property "Limit of Liability." Personal property in a newly acquired **residence location** is not subject to this limitation for the 30 days immediately after **you** begin to move the property there.

Up to 10 percent of the Limit of Liability specified on the declarations page for Coverage B-Unscheduled Personal Property may be, at **your** option, applied to pay for loss to improvements, alterations or additions **you** make to a dwelling

at a **residence location** **you** do not own. Payment under this coverage reduces the Coverage B-Unscheduled Personal Property Limit of Liability by the amount paid.

1. **Special Limits of Liability.** These limits do not increase the Coverage B-Unscheduled Personal Property "Limit of Liability." The special limits for each following category is the total limit for each loss for all property in that category.
 - a. \$200 on money, bank notes, bullion, gold other than goldware, silver other than silverware, platinum, coins, medals, stamps and numismatic property.
 - b. \$1,000 on securities, accounts, deeds evidences of debt, letters of credit, notes other than bank notes, manuscripts, passports and tickets.
 - c. \$1,000 on watercraft, including trailers, furnishings, equipment and motors. **We** do not cover loss by windstorm or hail to this property unless it is inside a fully enclosed building.
 - d. \$1,000 on trailers, camping trailers, dismantled campers or pickup toppers, not otherwise covered.
 - e. \$1,000 on grave markers.
 - f. \$1,500 on jewelry, watches, furs, precious and semi-precious stones.
 - g. \$2,500 on silverware, silver-plated ware, goldware, goldplated ware and pewterware. This includes flatware, hollowware, tea sets, trays and trophies made of or including silver, gold or pewter.
 - h. \$2,000 on guns and their accessories.
 - i. \$500 for loss or damage to outdoor radio and T. V. antennas or satellite discs, including their lead-in wiring, accessories, masts and towers, which are owned by **you** and on **your residence location**. If Coverage-B Unscheduled Personal Property, is not described on the declarations page, this extension of coverage does not apply.
 - j. personal property used at any time or in any manner for any **business**, other than farming, up to the amounts shown below:
 1. \$2,500 while on the **residence location**.
 2. \$250 while away from the **residence location**.
 - k. \$2,500 on electronic data processing equipment, the recording or storage media used with such equipment, and data stored on such media (this includes programs).

If an additional limit of liability is stated on the declarations page for Special Limit of Liability a-k, then that amount is excess over the amount stated in each item and this increased limit does not increase Coverage B-Unscheduled Personal Property Limit of Liability.

2. **Property Not Covered.** Under this section of the policy, **we** do not cover:
 - a. animals, birds or fish;
 - b. **motor vehicle**, parts and equipment;
 - c. **motorized bicycles**, parts and equipment;
 - d. **recreational motor vehicles**, including golf carts, parts and equipment;
 - e. aircraft and parts and equipment;
 - f. property of roomers, boarders and other tenants or lessors not related to an **insured**;
 - g. articles specifically insured by this or any other insurance;
 - h. farm personal property commonly used in connection with the farming operation;
 - i. electronic devices, accessories, or antennas that may be operated from the electrical system of a **motor**

vehicle, farm equipment, recreational motor vehicle, motorized bicycle, or watercraft while in or on vehicle or machine. Films, tapes, wires, discs, records or other media for use with such devices are also not covered;

- j. portable phones, radar detectors, their accessories and antennas while in or on a **motor vehicle, farm equipment, recreational motor vehicle, motorized bicycle**, or watercraft.

glassware, porcelains, or similar fragile items, unless the loss arises from one or more of the following perils:

fire; lightning; windstorm; hail; earthquakes; flood; explosion; aircraft; spacecraft; self-propelled missiles or objects that fall from these items; vehicles or an accident to a transporting vehicle; strike; riot, civil commotion; vandalism; theft or attempted theft; sprinkler leakage; or collapse of buildings.

Coverage C-Additional Living Expense-Rental Value

The limit of liability for Coverage C is the total limit for all the following coverages.

1. **Additional Living Expense.** If a loss covered under Section 1 of this policy makes the **residence location** uninhabitable, **we** pay any necessary increase in living expenses incurred by **you** so that **your** household can maintain its normal standard of living. Payment shall be for the shortest time required to repair or replace the property. If **you** permanently relocate, payment will be for the shortest time required for **your** household to settle elsewhere. This period of time is not limited by expiration of this policy.
2. **Fair Rental Value.** If a loss covered under Section 1 of this policy makes that part of the **residence** 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 **residence** rented or held for rental. 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** rented or held for rental is uninhabitable.
3. **Prohibited Use.** If a civil authority prohibits **you** from use of the **residence** as a result of direct damage to neighboring locations by a peril insured against in this policy, **we** cover any resulting Additional Living Expense and Fair Rental Value loss for a period not exceeding two weeks during which use is prohibited.

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

SECTION 2-SCHEDULED PERSONAL PROPERTY

Property Covered

We cover the personal property (1) described in Coverages A to N of this section, (2) specifically listed by property class or piece of property on the declarations page, and (3) owned by or in the custody and control of an **insured**. Property used for **business** is not covered unless indicated on the declarations page. **We** cover the property wherever it may be located unless otherwise provided.

Coverage A-Fine Arts

This coverage applies only while the property is in the United States, Canada, or Puerto Rico. This includes property in transit, except to or from Alaska, Hawaii, or Puerto Rico.

This coverage does not pay for loss that results from:

1. a process to repair, retouch, restore, adjust, service or maintain the covered property, unless the loss is caused by fire or explosion;
2. breakage of art glass windows, statuary, marbles,

When "breakage coverage" is shown as included in this policy on the declarations page, **we** cover direct physical loss to art glass windows, glassware, statuary, marbles, porcelains and bric-a-brac caused by breakage, notwithstanding item 2) stated above.

Fine arts that are on display at fairgrounds or at a national or international exposition are not covered unless these locations are shown on the declarations page.

At the time of loss, each item will be valued at the coverage amount shown for that item.

Coverage B-Golf Equipment

This coverage applies only to loss resulting by an external cause.

We do not cover **your** golf equipment held for resale, nor do **we** cover golf carts. **We** only cover loss to golf balls caused by fire or burglary.

Coverage C-Musical Instruments

We do not pay for a loss that results from:

1. a process to repair, adjust, service or maintain the covered property. If a fire or explosion results, **we** do cover the loss caused by the fire or explosion.
2. mechanical or electrical breakdown or failure. If a fire or explosion results, **we** do cover the loss caused by the fire or explosion.

Coverage D-Silverware

This coverage does not apply to pens, pencils, flasks, smoking implements or accessories or articles of personal adornment as "silverware."

Coverage E-Stamps, Card and Coin Collections

1. This coverage applies to:
 - a. Postage stamps and other philatelic property **you** own or which is in **your** custody or control, including books, pages or mountings.
 - b. Rare and current coins, metals or other numismatic property **you** own or which is in **your** custody or control, including coin albums, containers, frames, cards and display cabinets in use with such collection.
2. **We** do not pay for loss from:
 - a. the mysterious disappearance of individual coins, stamps, or cards from a collection, unless the item was mounted on a page of a volume of a collection and if the page to which it was attached is also missing.
 - b. theft from an unattended vehicle.
 - c. dampness or atmosphere
 - d. extremes of temperature.
 - e. fading, creasing, scratching, denting, tearing or

- thinning.
- f. transfers of colors.
- g. the handling of or working on the property.
- h. loss of or damage to property in the custody of transportation companies, or shipment by mail unless by registered mail.

Coverage F-Furs

This coverage applies to furs and garments trimmed with fur or consisting principally of fur.

Coverage G-Cameras

This coverage applies to **your** cameras, projection machines, films and articles pertaining thereto.

Coverage H-Jewelry

Coverage I-Guns

This coverage only applies to loss that is external to the covered property.

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

1. a process to repair, retouch, rebuild, service or maintain the covered property, unless the loss is caused by fire or explosion;
2. a refinishing or bluing process;
3. fitting of an accessory or attachment;
4. fouling or explosion of a firearm;

Coverage J-Recreational Vehicles

This coverage applies to golf carts and other recreational vehicles.

We do not cover:

1. self-propelled vehicles designed or licensed for highway use;
2. aircraft;
3. watercraft;
4. tires or tubes mounted on vehicles, unless the loss is caused (a) by fire, windstorm, theft or vandalism or (b) by a covered peril which also **damages** the vehicle.

Coverage K-Computers

1. This coverage applies to computers and equipment. The following definitions apply to coverage K:
 - a. Equipment is a network of machine components that accepts information, processes it according to plan, and produces a desired result.
 - b. Media is the material on which data is recorded such as magnetic tapes, disc packs, drums, paper tapes, cards and programs. This includes data stored on the media.
 - c. Data is a fact, concept or instruction that is converted into a form that can be used in the data processing operation. It includes programs.
2. **We** do not cover:
 - a. accounts, bills, deeds, evidence of debt, valuable

- papers or records, manuscripts or other documents, whether they have been converted to data form or not;
- b. data or media that cannot be replaced with material of like kind and quality.

3. **We** do not pay for loss if one or more of the following apply to the loss, regardless of other causes or events that contribute to or aggravate the loss, whether such causes or events act to produce the loss before, at the same time as, or after:
 - a. mysterious disappearance;
 - b. dampness of atmosphere;
 - c. extremes of temperature;
 - d. a processing operation of the data processing system;
 - e. a process to repair, adjust, service or maintain, unless the loss is caused by a fire or explosion;
 - f. mechanical or machinery breakdown or failure, unless the loss is caused by fire or explosion from the breakdown or failure;
 - g. a fault, defect, error or omission in plan; blueprint, design, or specification;
 - h. fault or defect in workmanship, installation or material;
 - i. change in the electrical power supply that occurs away from the **insured location**;
 - j. continuous leak or seepage from a domestic appliance or a plumbing, heating or air conditioning system that occurs over a period of time;
 - k. a change in or changing the arrangement of the component parts of the machinery;
 - l. electrical or magnetic injury, disturbance or erasure of electronic recordings, unless caused by lightning;
 - m. breakdown or malfunction of the equipment while the media is being run through the system, unless the loss is caused by fire or explosion;
 - n. an error or omission in programming or giving improper instructions.

Coverage L-Portable Tools

This coverage applies to tools and equipment. This includes their containers, spare parts and accessories.

1. **We** do not cover:
 - a. property that is held for sale;
 - b. property that **you** rent to others;
 - c. building materials or other materials and supplies;
 - d. plans, blueprints, designs, or specifications.

This coverage only applies to direct physical loss to tools and equipment caused by fire; lightning; windstorm or hail; explosion; aircraft; spacecraft; or self-propelled missiles, including objects that fall from any of these; earthquakes; flood; strike; riot or civil commotion; collision; derailment; upset or overturn of a transporting land vehicle; or theft.

2. **We** will not pay for loss that results from:
 - a. a dishonest or illegal act, alone or in collusion with another, by:
 - 1) **you**;
 - 2) others who have an interest in the property;
 - 3) others to whom **you** entrust the property;
 - 4) the employees or agents of (1), (2) or (3), whether or not they are at work.
 - b. mysterious disappearance;
 - c. any cause when the only proof that a loss occurs is an inventory shortage;
 - d. corrosion, rust, or pitting.

Coverage M-Watercraft

This coverage applies to watercraft, including motors and trailers, owned by an **insured** or for which an **insured** is liable.

Coverage applies only while the property is within the limits of the continental United States of America, Canada, or in Mexico within fifty (50) miles of the United States boundary. Coverage does not apply to any loss in or upon the Great Lakes or inland waters less than ten (10) miles from salt waters.

1. The following definitions apply to Coverage M:
 - a. Boat includes inboard motors and other equipment permanently attached.
 - b. Motor means outboard motor and includes remote controls, steering equipment, electrical harnesses and pressure gas tanks, but does not include batteries.
 - c. Trailers means trailers designed for and used to transport a boat
 - d. Accessories means miscellaneous parts and equipment, including anchors, float cushions, depth finders, life preservers, fire extinguisher, oars, ship-to-shore radios, tarps, and other items used for the safety or operation of a boat.
2. **We** do not pay for loss resulting from:
 - a. freezing or overheating;
 - b. corrosion or rust;
 - c. deterioration caused by marine life;
 - d. loss of the rudder, propeller, shaft or machinery of an inboard motor boat, either inside or outside the vehicle, unless caused by stranding, burning, collision with another vehicle, or sinking. This exclusion does not apply to water forced propulsion inboard motors.

The amount **we** will pay is the cost to repair, replace or rebuild the property with material of like kind and quality. **We** will repair plywood, plastic, fiberglass or molded hull boats according to the manufacturer's specifications or accepted repair practices.

Coverage N-Miscellaneous Scheduled Personal Property

Additional Conditions, Limitations and Coverages may apply as stated on attached forms and/or on the declarations page.

Conditions and Limitations-Section 2, A-N

- A. **Co-Insurance.** **You** must maintain a minimum coverage amount for each described item of property or category of property covered under Section 2-Scheduled Personal Property. The minimum coverage amount is the full **actual cash value** of the described item or category. If the coverage amount at the time of loss is less than the minimum coverage amount, **we** will pay only a part of the loss. **Our** part of the loss will be determined by dividing the coverage amount by the minimum coverage amount. This percentage will be applied to the final adjusted loss to determine the amount that **we** will pay.
- B. **Extensions of Coverages**

We cover items acquired during the policy period as follows:

1. **Newly Acquired Items.** **We** cover items acquired during the policy period:
 - a. which are not replacement items; and
 - b. provided this coverage section is already listed on the declarations page; and
 - c. for a period of up to thirty (30) days after they are acquired. **You** must provide **us** with a complete

- d. description of each item within this thirty (30) day period and pay additional premium; and
- d. for their **actual cash value**, but the most **we** will pay for all such items is 25% of the coverage amount shown for the class of property to which that item belongs or \$10,000 whichever is smaller; and
- e. this coverage will end at the earliest of the following:
 - 1) when the newly acquired items are reported to **us**;
 - 2) the end of the reporting period shown above;
 - 3) the expiration date of this policy;
 - 4) when other specific insurance applies to the newly acquired item.

2. **Replacement Items.** **We** cover items acquired during the policy period to replace items that are currently covered under Section 2, Scheduled Personal Property, Sections A through N, as designated on the declarations page and for thirty (30) days after **you** acquire the item. **You** must provide **us** with a complete description of each item and pay any additional premium. The most **we** will pay is the smallest of the following:
 - a. the coverage amount for the item, replaced plus an additional amount up to \$25,000.
 - b. the **actual cash value** of the item.

If **you** do not report these items to **us** within the thirty day period and pay the additional premium, the most **we** will pay for these items is the coverage amount shown for the items they replaced.

This coverage will end at the earlier of the following:

- a. when the replacement item is reported to **us**;
- b. the expiration date of this policy;
- c. when other insurance applies to the item.

SECTION 3-SCHEDULED FARM PERSONAL PROPERTY

We insure farm personal property, specifically listed, owned by, leased by or in the custody and control of an **insured**. Property used for **business** is not covered unless indicated on the declarations page.

Coverage A-Grain not stored in Structures

Grain means cut or uncut grain, threshed seed, threshed beans, ground feed and manufactured and compounded stock foods in sacks, wagons or trucks.

1. Only grain on the **insured location** is covered.
2. Grain is covered against loss by fire only.
3. **You** must maintain a minimum coverage amount for grain not stored in structures. This minimum amount is the full **actual cash value** of all covered grain not stored in a structure. If the coverage amount on the declarations page at the time of loss is less than the minimum coverage amount, **we** will pay only a part of a loss. **Our** part of the loss will be determined by dividing the coverage amount on the declarations page by the minimum coverage amount. This percentage will be applied to the final adjusted loss to determine the amount that **we** will pay.

Coverage B-Grain stored in Structures

Grain means cut grain, threshed seeds, threshed beans, ground feed and manufactured and compounded stock foods in sacks, wagons or trucks.

1. Only grain on the **insured location** is covered.

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2. **You** must maintain a minimum coverage amount for grain stored in structures. This minimum coverage amount is the full **actual cash value** of all grain stored in structures. If the coverage amount on the declarations page at the time of loss is less than the minimum coverage amount, **we** will pay only a part of a loss. **Our** part of the loss will be determined by dividing the coverage amount by the minimum coverage amount. This percentage will be applied to the final adjusted loss to determine the amount that **we** will pay.

Coverage C-Grain stored in a Specific Structure

Grain means cut grain, threshed seed, threshed beans, ground feed and manufactured and compounded stock foods in sacks, wagons or trucks.

1. Only grain on the **insured location** is covered.
2. **You** must maintain a minimum coverage amount for grain stored in a specific structure. This minimum coverage amount is the full **actual cash value** of all grain stored in a specific structure. If the coverage amount on the declarations page at the time of loss is less than the minimum coverage amount, **we** will pay only a part of a loss. **Our** part of the loss will be determined by dividing the coverage amount by the minimum coverage amount. This percentage will be applied to the final adjusted loss to determine the amount that **we** will pay.

Coverage D-Hay in the open

Hay means hay, straw, fodder and silage.

1. Haystack means hay in the open and in one area separated by a clear space of 150 feet or more from any other hay.
2. Haystacks are covered against fire only and the maximum amount **we** will pay for loss to a haystack is \$4,000, unless a different limit is stated on the declarations page.
3. Subject to the preceding paragraph, **you** must maintain a minimum coverage amount for hay in the open. This minimum amount is the full **actual cash value** of all hay in the open at the described location. If the coverage amount shown on the declarations page is less than the minimum coverage amount, **we** will pay only a part of a loss. **Our** part of the loss will be determined by dividing the coverage amount by the minimum coverage amount. This percentage will be applied to the final adjusted loss to determine the amount that **we** will pay.

Coverage E-Hay stored in Structures

Hay means hay, straw, fodder and silage.

1. Hay in structures means all hay, straw, fodder and silage stored in structures on an **insured location**.
2. **You** must maintain a minimum coverage amount for hay stored in structures. This minimum coverage amount is the full **actual cash value** of all covered hay in structures. If the coverage amount at the time of loss is less than the minimum coverage amount, **we** will pay only a part of a loss. **Our** part of the loss will be determined by dividing the coverage amount by the minimum coverage amount. This percentage will be applied to the final adjusted loss to determine the amount that **we** will pay.

Coverage F-Hay In a Specific Structure

1. Hay means hay, straw, fodder and silage listed in a specific

structure on an **insured location**.

2. **You** must maintain a minimum coverage amount for hay in a specific structure. This minimum coverage amount is the full **actual cash value** of all hay in that specific structure. If the coverage amount at the time of loss is less than the minimum coverage amount, **we** will pay only a part of a loss. **Our** part of the loss will be determined by dividing the coverage amount by the minimum coverage amount. This percentage will be applied to the final adjusted loss to determine the amount that **we** will pay.

Coverage G-Miscellaneous Farm Personal Property

Miscellaneous Farm Personal Property is defined as machinery, vehicles, implements, tools, supplies and equipment of all kinds usual and incidental to the operation of the farm. Coverage is for not more than the **actual cash value** of the property at the time of loss, but not exceeding \$1,000 on any one item of same kind or character. Coverage applies while on or away from the **insured location**, but not more than 100 miles beyond the boundary of the **insured location**.

Miscellaneous Farm Personal Property does not include the following;

1. farm products;
2. property that is separately described and specifically insured by this or any other insurance;
3. permanent fixtures attached to or within a building;
4. fences;
5. windmills, wind chargers, and their towers;
6. radio and television towers or masts and antennas and satellite discs and their lead-in wiring and accessories;
7. **motor vehicles**, including parts and equipment;
8. **recreational motor vehicles** including parts and equipment;
9. house trailers, including parts and equipment;
10. watercraft, including parts and equipment;
11. aircraft, including parts and equipment;
12. tractors, combines, corn pickers, forage harvesters, hay balers, potato diggers and self-propelled farm implements;
13. sawmill equipment, including parts;
14. tarpaulins, ag bags and other types of covers are covered by farm personal property, but only against loss caused by fire;
15. buildings and portable buildings;
16. irrigation equipment;
17. turkeys, fish, horses, dogs, cats and all other animals including livestock and poultry;
18. growing crop and stubble;
19. grain, threshed seeds, threshed beans, hay, straw, fodder, silage, ground feed, manufactured and compounded stock foods while stored in or being processed in public elevators or warehouses, seed houses, drying plants or manufacturing plants;
20. grain under government seal or loan;
21. grain in stacks, shocks or swaths and hay, straw and fodder stacks.

Coverage H-Scheduled Farm Equipment

Scheduled **Farm Equipment** means specifically described, as to "year", "make" and "model."

We cover the **farm equipment** acquired as a replacement, for any **farm equipment** specifically described and covered under this section.

This coverage is not to exceed the amount of insurance

provided for such items. **We** also cover newly acquired **farm equipment** provided the **insured** notifies **us** within thirty (30) days of the acquisition and pays any necessary addition in premium and provided that no other insurance applies. **Our** total limit of liability for all newly acquired **farm equipment** is \$50,000 and is limited to the broadest coverage of any other **farm equipment** currently covered under this policy.

We cover this property while on or away from the **insured location**, but not more than 100 miles beyond the boundary of the **insured location**.

Coverage I-Poultry is defined as layers or broilers.

Poultry is only covered on the **insured location**. Only loss to poultry caused by fire and lightning is covered.

Coverage J-Livestock

Livestock is defined as cattle, horses, mules, donkeys, swine, sheep or goats.

Coverage applies on or away from the **insured location**, but only for a maximum of thirty (30) days if the livestock is located more than 100 miles beyond the boundary of the **insured location**. Livestock is not covered in public stockyards, public sale barns or public sale yards.

Our liability on each animal shall not exceed the amount obtained by dividing the total insurance on each class and type by the number of head in each class and type **you** own at the time of loss. **We** shall not be liable for more than the smallest amount for any one animal:

1. the average value per head;
2. the market value at the time of loss;
3. the amount of insurance stated on the declarations page.

Coverage K-Borrowed, Rented or Leased Farm Equipment

Borrowed, rented or leased **farm equipment** means **farm equipment** which is used in the farming operation and in which **you** have no interest as owner or lienholder, but which are in **your** care, custody or control.

This coverage does not include:

1. **motor vehicles** including parts and equipment (other than wagons and trailers designed for farming purposes and used principally on farm premises);
2. dealers' demonstration **farm equipment**, including parts and equipment;
3. watercraft, including parts and equipment;
4. aircraft, including parts and equipment; and
5. camper bodies, including parts and equipment.

This coverage is excess over any other valid and collectible insurance available to the owner of such borrowed, rented or leased **farm equipment**.

SECTION 4-SPECIAL COVERAGES

Coverage I-Package of Special Coverages

In this package **we** provide all the coverages in Section 4, Coverage J through Q subject to the agreements, conditions and limits applying to each.

Coverage J-Trees, Shrubs, Plants and Lawns

We cover trees, shrubs, plants and lawns, located within 250 feet of a dwelling covered under this policy, except those grown for **business** or farming purposes, but only if the loss is caused by fire, lightning, explosion, riot, civil commotion, aircraft, vehicles not operated by a resident of the **insured location**, vandalism, malicious mischief, or theft.

We will not pay more than \$500 on any one tree, plant or shrub including expenses incurred for removing debris. **Our** limit of liability under this coverage is \$1,500 or the amount specified on the declarations page, if different.

The policy deductible applies.

Coverage K-Debris Removal

We will pay the reasonable expenses incurred by **you**, not to exceed \$1,500, for debris removal of property covered under this policy provided coverage is afforded for the cause of loss. If a different amount is specified on the declarations page then that amount will apply.

1. Debris removal provided under Coverage K, Debris Removal does not apply to Coverage J, Trees, Shrubs, Plants and Lawns.
2. This coverage does not include costs to:
 - a. extract pollutants from land or water; or
 - b. remove, restore or replace polluted land or water.

No deductible applies.

Coverage L-Refrigerated Products

We will pay for loss or damage, not to exceed \$500 to contents of a freezer or refrigerated unit on the **insured location**. If a different amount is specified on the declarations page it applies. The contents must be owned by an **insured** and the loss or damage must be caused by change in temperature resulting from:

1. interruption of electric service to refrigeration equipment caused by damage to the generating or transmission equipment which results in a breakdown in the system; or
2. mechanical or electrical breakdown of the refrigeration system. The **insured** must exercise diligence in inspecting and maintaining refrigeration equipment in proper working condition or this coverage is void. If interruption of electrical service, or mechanical or electrical breakdown is known, all reasonable means must be used to protect the covered property from further damage or this coverage is void.

No deductible applies.

Coverage L, Refrigerated Products does not increase the limit of liability for personal property under Section 1 Coverage B, Unscheduled Personal Property (Household Goods).

Coverage M-Credit Card and Forgery

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 any credit card issued to or registered in the **insured's** name. Credit card means a card, plate, coupon book or other credit device existing for the purpose of obtaining money, property, labor or services on credit. This includes debit cards or fund transfer cards

used to deposit, withdraw or transfer funds. **We** do not cover use by a resident of **your** household, a person who has been entrusted with the credit card, or any person if the **insured** has not complied with all terms and conditions under which the credit card is issued;

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.

We do not cover loss resulting from **business** pursuits or dishonesty of any **insured**.

1. **We** may make any investigation and settle any claim or **suit** that **we** decide is appropriate. **Our** obligation to defend a claim or **suit** ends when the amount **we** pay for the loss equals **our** limit of liability.
2. If a claim is made or a **suit** is brought against any **insured** for liability under the credit card coverage, **we** will provide a defense at **our** expense and by counsel of **our** choice.
3. **We** have the option at **our** expense to defend an **insured** or **insured's** bank against any **suit** for the enforcement of payment under the forgery coverage.

We will not pay more than the Coverage M limit stated above for forgery or alterations of any number of checks or negotiable instruments by one person.

No deductible applies.

Coverage N-Private Power and Light Poles

We will pay an amount not to exceed \$1,500 to private power and light poles, including attached switch boxes, fuse boxes, and outside wiring, if caused by any one of the perils identified as 2 through 10 and peril 19 in this policy. (See Perils Insured Against) However, the property must belong to **you** and be on the **insured location**. If a different amount is specified on the declarations page it applies.

No deductible applies.

Coverage O-New Construction

We will pay an amount up to the **actual cash value** at the time of the loss, not to exceed \$5,000 or the amount specified on the declarations page if greater, for loss to new, permanent farm buildings erected on the **insured location** during the term of this policy (including materials and supplies on the **insured location** to be used in construction of such buildings). However, **we** will only pay such loss if caused by any one of the perils identified as 2 through 10 in this policy. (See Perils Insured Against) This coverage will cease thirty (30) days from the date construction first begins and does not apply to any building which is otherwise covered by this or any other insurance.

The policy deductible applies.

Coverage P-Farm Operations Records

We will pay reasonable expenses incurred by **you** to research and obtain data necessary to reproduce, replace or restore **your** farm operations records, if such records were damaged or destroyed by any one of the perils identified as 2 through 10 and peril 19 in this policy, but not to exceed \$1,000 (See Perils Insured Against.) If a different amount is specified on the declarations page it applies.

No deductible applies.

Coverage Q-Farm Equipment Glass

If Section 4, Coverage I, Package of Special Coverages, is shown on the declarations page, **we** will pay an amount not to exceed the total of \$250 per cab for breakage of glass which is a part of **farm equipment** insured under this policy.

If Section 4, Coverage Q, **Farm equipment** Glass, is shown on the declarations page, **we** will pay the amount of actual damage for breakage of glass to that **farm equipment** listed on the declarations page.

No deductible applies.

SECTION 5-COVERAGE R, OUTBUILDINGS

We cover outbuildings or other structures on an **insured location**. This coverage includes all materials on or adjoining the **insured location** to be used in the construction, alteration or repair of such structures. Silos, whether or not attached to any outbuilding are not covered unless covered specifically.

This coverage does not apply to land, including land on which any outbuildings or other structures are located.

Outdoor Radio and Television antennas, satellite discs, their lead-in wiring, accessories, masts and towers are not covered except as provided under Section 1, Coverage B, Unscheduled Personal Property (Household Goods).

SECTION 6, COVERAGE S, BLANKET FARM PERSONAL PROPERTY

We cover farm personal property usual and incidental to the operation of the farm while on or away from the **insured location**, but not more than 100 miles beyond the boundary of the **insured location** which is owned by **you** or in **your** custody or control.

Conditions and Limitations.

A. Loss to hay and grain is limited as follows:

1. Grain means cut or uncut grain, threshed seed, threshed beans, ground feed and manufactured and compounded stock foods in buildings or in sacks, wagons or trucks.
 - a. Only grain on the **insured location** is covered.
 - b. Grain is covered against loss by fire only if it is not in a building at the time of the loss.
2. Hay means hay, straw, fodder and silage.
 - a. Haystack means hay in the open and in one area separated by a clear space of 150 feet or more from any other hay.
 - b. Haystacks are covered against loss by fire only and the maximum **we** will pay for loss to a haystack is \$4,000, unless a different limit is stated on the declarations page.

B. Livestock is defined as cattle, horses, mules, donkeys, swine, sheep and goats. Unless otherwise provided by endorsement, **we** will pay no more than the smallest of the following amounts per head of livestock:

1. 120% of the amount obtained by dividing the total

insurance on each class by the number of head in the class covered at the time of loss. For the purpose of this clause, each horse, mule or head of cattle under one year of age at the time of loss shall be counted as one-half head, unless otherwise provided, or

2. the **actual cash value** of the animal destroyed or damaged, or
3. \$2,000 per head

C. **Farm equipment** in which **you** have no interest, while borrowed, rented, or leased for the purpose of conducting **your** farm operations, but only for an amount not to exceed \$5,000, unless a different amount is shown on the declarations page and then it applies, but this coverage is excess over any insurance which the owner has on the property.

D. **Coinurance Clause.** **You** must maintain a minimum coverage amount on all farm personal property covered under this section. This minimum coverage amount is at least 80% of the **actual cash value** at the time of loss of all covered farm personal property. If the limits of liability stated on the declarations page for such coverage is less than the minimum coverage amount, **we** will pay only a part of a loss. **Our** part of the loss will be determined by dividing the limit of liability by the minimum coverage amount. This percentage will be applied to the final adjusted loss to determine the amount that **we** will pay.

Exclusions. **We** do not pay for loss to any of the following:

- a. poultry and turkeys, fish, race horses, dogs, cats and all other animals other than livestock;
- b. fences, windmills, wind chargers and their towers, outdoor radio and television antennas, satellite discs, their lead-in wiring, accessories, masts and towers;
- c. **motor vehicles**, including parts and equipment;
- d. mobile homes, including parts and equipment;
- e. watercraft, including parts and equipment;
- f. aircraft, including parts and equipment;
- g. sawmill equipment and their parts;
- h. any permanent fixture attached to or within a building;
- i. livestock while in public stockyards, public sale barns or public sale yards;
- j. growing crops and stubble;
- k. buildings or portable buildings;
- l. grain, threshed seed, threshed beans, hay, straw, fodder, silage, ground feed, manufactured and compounded stock foods while stored in or being processed in public elevators or warehouses, seed houses, drying plants or manufacturing plants;
- m. property covered under Section 1, Coverage B Unscheduled Personal Property (Household Goods);
- n. property that is separately described and specifically covered by this or other insurance;
- o. grain under government seal or loan;
- p. irrigation equipment;
- q. **recreational motor vehicles**, including parts and equipment;
- r. tarpaulins, ag bags and other types of covers except for fire only.

PERILS INSURED AGAINST-SECTION 1 THROUGH 6

1. **Special Coverage.** Any cause of accidental direct physical loss to covered property, except as provided in "Losses Excluded-Section 1 through 6."

2. **Fire or Lightning.**

3. **Removal.** When covered personal property is removed from the **insured location** and is endangered by perils insured against, **we** will pay for direct accidental losses to that property while it is in the course of removal, and for thirty (30) days after it has been removed to a proper place.

4. **Windstorm or Hail.** This peril does not include loss to the interior of a building or property contained in a building caused by rain, snow, sleet, sand or dust whether driven by wind or not unless the direct force of wind or hail **damages** the building causing an opening in a roof or wall and the rain, snow, sleet, sand or dust enters through that opening. This peril also does not include loss caused directly or indirectly by frost, cold weather, ice (other than hail), snowstorm or sleet, even if driven by the wind.

5. **Explosion**

6. **Riot or Civil Commotion**

7. **Aircraft** including self-propelled missiles and spacecraft.

8. **Vehicles.** This peril does not include loss to driveways, walks or fences caused by any vehicle owned or operated by any occupant of an **insured location**.

9. **Smoke**, meaning sudden and accidental damage from smoke. This peril does not include loss caused by smoke from agricultural smudging or industrial operations.

10. **Vandalism and Malicious Mischief.** This peril does not include loss to property on the **insured location** if the dwelling has been **vacant** or **unoccupied** for more than thirty (30) consecutive days immediately before the loss. A dwelling being constructed is not considered **vacant** or **unoccupied**.

11. **Breakage of Glass or Safety Glazing Material** which is a part of a building, storm door or storm window. This peril does not include loss on the **insured location** if the dwelling has been **vacant** or **unoccupied** for more than thirty (30) consecutive days immediately before the loss. A dwelling being constructed is not considered **vacant** or **unoccupied**.

12. **Falling Objects.** This peril does not include loss to the interior of a building or property contained in the building unless the roof or an exterior wall is first damaged by a falling object. Damage to the falling object itself is not included.

13. **Weight of Ice, Snow or Sleet** which causes direct physical loss to a covered dwelling, outbuilding or structure or covered property contained in a covered dwelling or structure. This peril does not include loss to an awning, fence, patio, pavement, swimming pool, foundation, retaining wall, bulkhead, pier, wharf, or dock.

14. **Collapse of a Building or any Part of a Building.** This peril does not include loss to an awning, fence, patio, pavement, swimming pool, underground pipe, flue, drain, cesspool, septic tank, foundation, retaining wall, bulkhead, pier, wharf, or dock unless the loss is a direct result of the collapse of a building.

Collapse does not include settling, cracking, shrinking, bulging or expansion.

15. **Sudden and Accidental Tearing Apart**, cracking, burning or bulging of a steam or hot water system, an air conditioning system, or an appliance for heating water.

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

16. **Accidental Discharge or Overflow** of water or steam from within a plumbing, heating or air conditioning system or from within a household appliance. **We** also pay for tearing out and replacing any part of the building on the **insured location** necessary to repair the system or appliance from which the water or steam escaped.

This peril does not include loss:

- to a building caused by continuous or repeated seepage or leakage;
 - on the **insured location**, if the dwelling has been **vacant** or **unoccupied** for more than thirty (30) consecutive days immediately before the loss or being constructed unless **you** have used reasonable care to:
 - maintain heat in the building; or
 - shut off the water supply and drain the system and appliances;
 - to the system or appliance from which the water or steam escaped;
 - caused by or resulting from freezing, except as provided in the peril of freezing; or
 - on the **insured location** caused by accidental discharge or overflow which occurs off the **insured location**.
17. **Freezing** of a plumbing, heating or air conditioning system or of a household appliance.
18. **Sudden and Accidental Damage from Artificially Generated Electrical Current**. This peril does not include loss to a tube, transistor or similar electronic components.
19. **Theft**, including attempted theft and loss of property from a known place when it is likely that the property has been stolen.

Theft does not include loss:

- of a precious or semi-precious stone from its setting;
- committed by any **insured**;
- in or to a dwelling or building under construction, or of tools, materials and supplies located in the building or in the open and being used in construction of that building until it is completed and occupied;
- arising out of or resulting from the theft of any credit card, or any check, draft, promissory note, bill of exchange or similar written promise, order or direction to pay a certain sum of money;
- resulting from escape or mysterious disappearance of livestock, inventory shortages, conversion or embezzlement.
- from that part of a **residence** premises rented by an **insured** to other than an **insured**.
- This peril does not include loss caused by theft that occurs away from the **residence** premises of:
 - property while at any other **residence** owned, rented to or occupied by any **insured**, except while any **insured** is temporarily residing there. **We** do cover the property of an **insured** who is a full time student while the property is in the living quarters occupied by the student at school;
 - watercraft, including their furnishing, parts and

- equipment and outboard motors; or
- 3) trailers and campers, including parts and equipment.

20. **Collision With Another Object** (Applies to **farm equipment**). Collision meaning loss or damage to **farm equipment** caused by colliding with another object. This peril does not include loss resulting from any contact with the ground or rocks (except upset or overturn) or to any damage to the **farm equipment** resulting from any object entering the **farm equipment** through the cylinder or platform. This peril does not include loss to any tire due to puncture, cut, gash, blowout or to any other tire trouble unless such loss occurs at the same time with another loss covered by this peril.
21. **Overturn**, meaning only damage to or destruction of farm personal property as a result of the overturn.
22. **Electrical Currents Artificially Generated**, applies only to livestock.
23. **Attack by Dogs or Wild Animals**, applies only to livestock.
24. **Accidental Shooting**, applies only to livestock. This peril does not include loss when caused by an **insured**, employees of the **insured**, or tenants of the **insured location**.
25. **Drowning**, applies only to livestock and excludes swine under thirty (30) days old.
26. **Flood**, applies only to machinery and livestock.
27. **Collapse of a Building on Farm Personal Property**. Collapse does not include settling, cracking, shrinking, bulging or expansion. This peril only applies to property covered in Section 3-Scheduled Farm Personal Property and Section 6, Coverage S, Blanket Farm Personal Property.
28. **Cargo loss**. This peril is loss occurring to property covered under Section 3, Scheduled Farm Personal Property, or Section 6, Blanket Farm Personal Property, while it is in the process of being loaded for transport, being transported, or being unloaded after transport. This peril applies only for a maximum of thirty (30) days if the property is located more than 100 miles beyond the boundary of the **insured location**.

This peril does not apply to loss:

- caused by improper packing, rough handling or unexplained shortage;
- caused by insect, vermin or inherent vice (meaning the quality for self-deterioration or damage, such as milk souring);
- caused by leakage, evaporation, shrinkage, breakage, or being scented, molded, rusted, rotted, soured or changed in flavor or quality, or by bending, denting, chipping, marring or scratching unless caused by fire, lightning, windstorm, flood, explosion, collision, derailment or overturn, or stranding or burning;
- of profit, use or market, however caused.

LOSSES EXCLUDED-SECTIONS 1 through 6

We do not pay for a loss which either consists of or would not

have occurred in the absence of one or more of the following, regardless of other causes or events (whether covered perils or not) that contribute to or aggravate the loss, whether such causes or events act to produce the loss before, at the same time as or after the following:

1. the neglect of any **insured** to use all reasonable means to save and preserve the property.
2. any property while (a) operated in any prearranged race or competitive speed test, preparation for a race or speed test, and whether the race or test had ended before the loss occurred, (b) used for hire or charter, or (c) used in any unlawful trade or transportation;
3. nuclear action, meaning nuclear reaction, radiation or radioactive contamination;
4. war. This means:
 - a. declared war, undeclared war, civil war, insurrection, rebellion or revolution;
 - b. a warlike act by a military force or by military personnel;
 - c. the destruction, seizure or use of the property for a military purpose; or
 - d. the discharge of a nuclear weapon even if it is accidental.
5. ordinance or law, meaning enforcement of any ordinance or law regulating the construction, repair, or demolition of a building or other structure, unless specifically provided in this policy or by endorsement;
6. civil authority. This means:
 - a. seizure or destruction under quarantine or customs regulations;
 - b. confiscation or destruction by order of a government or public authority; or
 - c. risks of contraband or illegal transportation or trade.
7. action, inaction, decision or failure to decide of any federal, state or local government or any agency of such government or agency.
8. earth movement or earthquake, landslide, mudflow, earth sinking, rising or shifting, eruption, explosion, or effusion of a volcano. However **we** do pay for direct loss by fire, explosion and (if otherwise covered by this policy) theft or breakage of glass. This exclusion does not apply to Section 2, Scheduled Personal Property.
9. water damage. This means:
 - a. flood, surface water, waves, tidal water, overflow of a body of water, or spray from any of these, whether or not driven by wind
 - b. water which backs up through sewers or drains, or
 - c. water below the surface of the ground, including water which exerts pressure on or seeps or leaks through a building, sidewalk, driveway, foundation, swimming pool or other structure.

Direct loss by fire, explosion or theft resulting from water damage is not excluded.

This exclusion does not apply to covered items in Section 2, Scheduled Personal Property and to Peril 25 and 26.

10. damage to any **motorized bicycle**;

11. freezing of a plumbing, heating or air conditioning system or of a household appliance while the covered 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.
12. damage to or loss of retaining walls not constituting part of a building when such loss is caused by landslide, water pressure or earth movement.
13. damage to wind generating equipment. This exclusion does not apply if the equipment is specifically described on the declarations page and an additional premium charged.
14. theft of tools and materials located in a building or in the open and being used in construction of that building until it is completed and occupied.
15. power interruption, meaning the interruption of power or other utility service, if the interruption takes place away from the **insured location**. This exclusion does not apply to ensuing loss, if the ensuing loss occurs on an **insured location** and is from an insured peril.

This exclusion does not apply to ensuing loss, if the ensuing loss is from an insured peril
17. fault, defect or error, negligent or not, in:
 - a. planning, zoning, surveying, siting, grading, compacting land use or development of property;
 - b. the design, blueprint, specification, workmanship, construction, renovation, remodeling or repair of property;
 - c. maintenance, of property.

This exclusion does not apply to ensuing loss, if the ensuing loss occurs on an **insured location** and is from an insured peril.
18. improper packing, rough handling or unexplained shortage.
19. insects, birds, vermin or domestic animals.
20. loss of profit, use or market or **business** interruption.
21. obsolescence or depreciation.

CONDITIONS-SECTIONS 1 THROUGH 6

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.** In case of a loss to which this insurance may apply, **you** must see that the following duties are performed:
 - a. give notice to **us** or **our** agent within sixty (60) days; except all livestock losses must be reported within 72

hours after the loss occurred. Notice must also be given to the police if loss is suspected to be in violation of a law. In case of loss under the credit card coverage, **you** must also notify the credit card company;

- b. protect the property from further damage, make reasonable and necessary repairs required to protect the property and keep an accurate record of repair expenditures;
- c. prepare an inventory of damaged personal property showing in detail, the quantity, description, **actual cash value** and amount of loss. Attach to the inventory all bills receipts and related document that substantiate the figures in the inventory;
- d. exhibit the damaged property as often as **we** reasonably require and submit to and cause those who are under any **insured's** control to submit to examination under oath. **Our** representatives may take an examination under oath of an **insured** outside the presence of other **insureds**. If **we** request, an **insured** is required to sign and swear to the **insured's** answers given in an examination under oath. **You** must also provide **us** with records and documents **we** request and permit **us** to make copies;
- e. within sixty (60) days after **our** request, submit to **us**, **your** signed, sworn statement of loss which sets forth the following information 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 the policy.
 - 5) specifications of any damaged building and detailed estimates for repair of the damage.
 - 6) an inventory of damaged personal property described in 2c.
 - 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, Forgery and Counterfeit Money coverage, stating the amount and cause of loss.

3. **Loss Settlement.** In case of loss, one of the following (A or B) will be applicable. On **your** declarations page, if "Loss Settlement" shows "Clause 1", then "A. Loss Settlement Clause 1" below applies. On **your** declarations page, if "Loss Settlement" is not addressed or shows "Clause 3", then "B. Loss Settlement Clause 3" below applies.

A. Loss Settlement Clause 1

Section 1, Coverage A-Dwelling

Insured loss to dwelling is settled at replacement cost without deduction for depreciation, subject to the following conditions:

1. if at the time at loss the amount of insurance in this policy on the damaged dwelling is 80 percent or more of the full replacement cost of the dwelling immediately prior to the loss, **we** will pay the cost of repair or replacement, without deduction for depreciation.

Payment will not exceed the smallest of the following amounts:

- a. the limit of liability under this policy applying to the dwelling;
 - b. the replacement cost of that part of the dwelling damaged for equivalent construction and use on the same location; or
 - c. the amount actually and necessarily spent to repair or replace the damaged dwelling.
2. if at the time of loss the amount of insurance in this policy on the damaged dwelling is less than 80 percent of the full replacement cost of the dwelling immediately prior to the loss, **we** will pay the **actual cash value** of that part of the dwelling damaged. Payment will not exceed the limit of liability under this policy applying to the dwelling.
 3. **you** may disregard the replacement cost provision and make claim under this policy for loss or damage to dwelling on an **actual cash value** basis. **You** may then make claim within 180 days after loss for any additional liability brought about by the replacement cost provision.

Covered loss to carpeting, awnings and domestic appliances whether or not attached to buildings is settled at **actual cash value** at the time of loss, subject to and not in addition to the limit of liability for Section 1, Coverage A-Dwellings.

Section 1, Coverage B-Unscheduled Personal Property (Household Goods)

When replacement cost on contents is designated on the declarations page, insured loss to Section 1, Coverage B, Unscheduled Personal Property, carpets, awnings, and domestic appliances is settled at replacement cost, without deduction for depreciation, subject to the following conditions:

1. The replacement cost of any one item is limited to the amount it would cost to replace the item with a similar item of like kind and quality.
2. The replacement cost provision shall not apply and loss settlement clause 3 shall apply to:
 - a. antiques, fine arts, paintings, statuary and other similar articles which by their nature, cannot be replaced with new articles;
 - b. articles whose age or history contributes substantially to their value including but not limited to memorabilia, souvenirs, and collectors items;
 - c. property the age or condition, of which has rendered it obsolete or unusable for the purpose for which it was originally intended.
3. At the time of loss, the most **we** will pay on any one item is the smallest of the following amounts:
 - a. 400% of the **actual cash value** at the time of loss;
 - b. the replacement cost at the time of loss;
 - c. the cost of repair or restoration;
 - d. the limit of liability of this policy applicable to the damaged or destroyed property.
4. **We** will pay no more than the **actual cash value** of the loss until actual repair or replacement is completed. However, **you** may make claim within 180 days after

loss for any additional liability on a replacement cost basis, subject to the terms stated above, once actual repair or replacement is completed.

B. Loss Settlement Clause 3

We will pay the cost of repair or replacement with material of like kind and quality, but not exceeding the smallest of the following:

1. the **actual cash value** of the property at the time of loss;
 2. any special limit of liability described in the policy;
 3. any applicable Section 1, through Section 6, limit of liability described on the declarations page.
4. **Loss to a Pair or Set.** In case of loss to a part of a pair, set, series of objects, pieces or panels, either interior or exterior, **we** may:
- 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 pair or set before and after the loss. **We** can't guarantee the availability of parts or replacements. **We** won't be obligated to repair or replace, the entire pair, set or series of objects, piece or panel when a part is lost or damaged.
5. **Glass Replacement.** Loss for breakage of glass 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 loss be set by appraisal. If either makes a written demand for appraisal, each shall select a competent, independent appraiser and 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 fifteen (15) days, **you** or **we** can ask a judge of a court of record in the state where the **insured location** is situated 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 the appraiser. Other expenses of the appraisal and 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 the proportion of the loss that the limit of liability that applies under this policy bears to the total amount of insurance covering the loss.
8. **Company Option.** **We** may repair or replace any part of property damaged or stolen with equivalent property. Any property **we** pay for or replace becomes **our** property and any **insured** shall sign and deliver any titles or documents to transfer ownership of such property to **us**.
9. **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. Payment for loss will be made within sixty (60) days after **we** reach

agreement with **you**, entry of a final judgment, or the filing of an appraisal award with **us**.

10. **Asbestos Material Restriction.** **We** will only pay \$1.50 per square foot of material for materials and labor for the repair, removal, disposal and replacement of asbestos with material of like kind and quality. This restriction applies to roofing, flooring, siding, or any asbestos material.
11. **Abandonment of Property.** **We** need not accept any property abandoned by any **insured**.
12. **No Benefit to Bailee.** **We** will not recognize any assignment or grant any coverage for the benefit of any person or organization holding, storing or transporting property for a fee regardless of any other provision of this policy.
13. **Vacancy/Unoccupancy Clause.** When a dwelling, Mobile Home or building insured under this policy has been **vacant** or **unoccupied** for a period of ninety (90) days (unless specified differently on the declarations page), **our** limit of liability and the amount of any loss is reduced 50 percent on the dwelling, mobile home or building and/or contents thereof unless an additional premium has been paid. Outbuildings which are in a seasonal state of **vacancy** or **unoccupancy** due to normal practices of farming operations are not considered **vacant** or **unoccupied** as defined in this policy, and therefore, **our** liability is not reduced under the provisions of this clause.

This provision shall not waive the **vacancy** and **unoccupancy** provisions of any perils or exclusions applicable to this policy.
14. **Fire Department Service.** Coverage under this policy includes up to \$250 for **your** liability assumed by contract or agreement for fire department charges incurred when the fire department is called to save or protect covered property from a peril insured against. If a different amount is specified on the declarations page then that amount will apply. No deductible shall apply to Fire Department Service.

SECTION 7

Coverage T-Liability

We promise pay on behalf of an **insured** for **damages** resulting from **bodily injury** or **property damage** caused by an **occurrence**, if the **insured** is legally obligated. **We** have the right and duty to defend any **suit** seeking such **damages**. **We** may at **our** discretion investigate any **occurrence** and settle any claim or **suit** seeking such **damages**.

Coverage U-Medical Payments

We will pay the necessary medical expenses which are incurred within one year from the date of an **occurrence** causing **bodily injury**. By medical expense **we** mean reasonable charges for medical, surgical, x-ray, dental, ambulance, hospital, professional nursing, funeral services and prosthetic devices such as artificial substitutes for a limb, eye or tooth. This coverage applies only to:

1. a person on an **insured location** with **your** permission other than **your** tenant's guests or invitees.
2. a person off an **insured location** if the **bodily injury** is

caused by (a) a condition of the **insured location** or the ways (such as sidewalks or roadways) which immediately adjoin, (b) an **insured's** activities, (c) activities of any farm or **residence employee** during the course of that employee's employment by an **insured** or (d) an animal owned by or in the care of an **insured**.

Coverage V-Farm Employee

A **farm employee** is an **insured** under only Section 7 of this policy if the **bodily injury** and **property damage**:

1. arises out of or in the course of the **farm employee's** employment by an **insured** and
2. the **farm employee's** employment does not exceed a total of the number days specified on the declarations page, whether continuous or not, in the policy term. A work day is any calendar day or portion thereof that a **farm employee** is used. The use of more than one employee in any one day shall constitute a work day for each employee used.

Section 7, Coverage U, Medical Payments, exclusions 1 & 5 do not apply.

Coverage W-Animal Collision

When livestock coverage is not provided by the policy, **we** will cover loss by death of any cattle, horse, mule, donkey, hog, sheep or goat owned by an **insured** when the loss is caused by collision between the animal and a vehicle not owned by or operated by the **insured** or employee of an **insured**. This coverage applies only while the animal is on a public road and is not being transported.

Any loss must be reported to **us** within seventy-two (72) hours after the loss occurs, in order for this coverage to apply.

The amount **we** will pay **you** for this coverage will be shown on the declarations page, but shall not exceed the **actual cash value** of the animal at the time of the loss.

EXCLUSIONS-SECTION 7

Liability and Medical Payments, Coverage T and U, do not apply to **bodily injury** or **property damage**:

1. caused intentionally by or at the direction of an **insured**;
2. arising from an **insured's business** pursuits;
3. arising from a professional service;
4. arising from any location which an **insured** owns, rents, or controls, other than an **insured location**. This exclusion does not apply to the **bodily injury** of **residence employees** or **farm employees** resulting from and during employment for an **insured**;
5. arising from the ownership, maintenance, operation, use, loading, unloading or entrustment of (a) aircraft, (b) a **motor vehicle**, **motorized bicycle** or any motorized land conveyance loaned to an **insured** or which an **insured** owns, rents or operates, or (c) a **recreational motor vehicle** loaned to an **insured** or which an **insured** owns, rents or operates off the **insured location** (except a golf cart being used for golfing). Coverage applies on the **insured location** if the **motor vehicle**, **recreational motor vehicle**, **motorized bicycle** or any other motorized land

conveyance is not licensed for road use and if:

- a. it is used exclusively on the **insured location**;
- b. it is kept there in dead storage; or
- c. its exclusive use is as a device for assisting the handicapped.

This exclusion does not apply to **bodily injury** or **property damage** arising from the ownership, maintenance, operation, use, loading, unloading or entrustment of **farm equipment**.

This exclusion does not apply to **bodily injury** of **residence employees** or **farm employees** resulting from and during employment for an **insured** except while operating or maintaining aircraft;

6. arising from the ownership, maintenance, operation, use, loading or unloading or entrustment of any watercraft or motorized water conveyance owned by or rented to an **insured** if the watercraft or motorized water conveyance (a) has inboard, outboard or inboard-outboard motor power of more than 50 horsepower or (b) is at least 26 feet in overall length. This exclusion does not apply to (a) **bodily injury** or **property damage** occurring on the **insured location** or (b) **bodily injury** to **residence employees** or **farm employees** resulting from and during employment for an **insured**;
7. caused by or resulting from declared or undeclared war;
8. due to the operation any **recreational motor vehicle**, watercraft, **farm equipment** or machinery (a) while operated in or preparation for any prearranged racing, organized racing, speed contest or other competition and whether the race or test had ended before the **bodily injury** or **property damage** occurred, (b) subject to **motor vehicle** registration or (c) while used to carry persons for a charge;
9. to custom farming operations when (a) performed outside of a 100 mile radius of the described **insured location** or (b) total receipts exceed the sum specified on the declarations page during the policy term. Custom farming means the use of any **farm equipment** or draft animal in connection with farm operations for hire. The term receipts refers to the monetary value of the custom farming operations performed;
10. arising from use, maintenance, or repair of an **insured's farm equipment** in the **business** of a public repair shop, public garage, sales agency, service station or public parking place;

This exclusion does not apply while **you** are operating the **farm equipment**;
11. when caused by nuclear action, meaning nuclear reaction, radiation or radioactive contamination;
12. arising from a **residence**, other than the **residence location**, on **your** farm not used in **your** farming operation;
13. arising from an **insured**, at other than **your** family's family function which is held exclusively for social purposes, (a) causing or contributing to the intoxication or impairment of any person, (b) furnishing alcoholic beverages to a person under the legal age or under the influence of alcohol, or (c) violating any statute, ordinance or regulations relating to

the sale, gift or use of alcoholic beverages;

14. arising from illegal discrimination or sexual harassment;
15. for which an **insured** has statutorily imposed liability for the actions of a minor operating or using a **motor vehicle**;
16. arising from any substance released or discharged from any aircraft;
17. arising out of the actual, alleged, or threatened discharge, dispersal, seepage, migration, release or escape of **pollution**:
 - a. at or from any real property which is or was at any time owned or occupied by, or rented or leased to any **insured**;
 - b. at or from any real property which is or was at any time used by or for any **insured** or others for the handling, storage, disposal, processing or treatment of **waste**;
 - c. which are or were at any time transported, handled, stored, treated, disposed of or processed as **waste** by or for any **insured** or any person or organization for whom **you** may be legally responsible; or
 - d. at or from any real property on which any **insured** or any contractors or subcontractors working directly or indirectly on any **insured's** behalf are performing operations:
 - 1) if the **pollution** is brought on or to the real property in connection with such operations by such **insured**, contractor or subcontractor; or
 - 2) if the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to or assess the effects of **pollution**.

Subparts (a) and (d) (1) of this exclusion do not apply to **bodily injury** or **property damage** arising from heat, smoke or fumes from **hostile fire**.

This exclusion does not apply to physical injury to crops or animals an **insured** does not own, rent or borrow which occurs during the policy period, if the injury was from discharge, dispersal, release or escape into the air from the **insured location**, of chemicals, liquid or gases that an **insured** has used or uses in normal and usual agricultural operations. The term physical injury does not include any direct or consequential **damages** such as loss at any time, of market crops or animals or of use of soil or animals;

18. Arising out of any:
 - a. Request, demand or order that any **insured** or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize or in any way respond to, or assess the effects of **pollution**; or
 - b. Claim or **suit** by or on behalf of a governmental authority for **damages** because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing or in any way responding to or assessing the effects of **pollution**;
19. This policy does not apply to a liability which results directly or indirectly from:
 - a. the transmission of a communicable disease by an **insured**; or
 - b. the actual, alleged or threatened sexual molestation of a person only if it is committed by an **insured** or the **insured's** employees or volunteers.

Coverage T-Liability, does not apply to:

1. liability assumed by an **insured** under any contract or agreement;
2. **property damage** to property owned by an **insured**;
3. **property damage** to property which an **insured** occupies, uses or rents, or which is in the **insured's** care, custody or control;

This exclusion does not apply if the **property damage** is caused by either fire, explosion or smoke and from the sudden, unusual and faulty operation of any heating or cooking unit;
4. **bodily injury** to anyone eligible to receive benefits under any worker's compensation or occupational disease law which an **insured** either provides or is required to provide;
5. **bodily injury** to **you** or residents of **your** household;
6. **property damage** to (a) unadulterated goods or unadulterated products which an **insured** manufactures, sells, handles, or distributes, (b) work performed by or for an **insured**, or (c) alienation (i.e., selling, leasing, separating, etc.) of an **insured location**;
7. **property damage** to or arising from goods or products, other than unadulterated goods or unadulterated products, including containers, which an **insured** manufactures, sells, handles or distributes;
8. punitive **damages** or statutory penalties.

Coverage U-Medical Payments, does not apply to **bodily injury**:

1. to **you** or any person residing on the **insured location**, except:
 - a. **residence employees** injured in the course of their employment for **you**, but no relative under age 18 residing in **your** household is considered an employee;
 - b. **your** tenant injured while off the part of the **insured location** rented to the tenant.
2. to any person eligible to receive benefits provided or required under any worker's compensation or occupational disease law;
3. sustained by an independent contractor or the contractor's employees;
4. to any person while on the **insured location** because of a **business** being conducted or professional services being rendered on the **insured location**;
5. to **your farm employees** other than **residence employees**.

ADDITIONAL COVERAGE

Your policy provides the following protection in addition to the limits of liability:

1. **First Aid Expenses.** We will pay an **insured's** expense for first aid to others at the time of an accident. This applies to injuries which are covered by this insurance.

2. **Claim Expenses. We** will pay:

- a. **our** expenses and costs assessed against an **insured** in any **suit we** defend. **We** will provide a defense by counsel of **our** choice. **Our** obligation to defend any **suit** ends when the amount **we** pay for **bodily injury** or **property damage** resulting from the **occurrence** equals **our** limit of liability;
 - b. premium for a bond to release an attachment as a result of a lawsuit **we** defend. If **we** appeal a lawsuit, **we** will pay the appeal bond premium. The **insured** will have to pay the additional cost if the bond required is more than the liability limits listed on the declarations page. **We** will also pay up to \$500 for the premium of any bail bond required of an **insured** because of an accident or traffic law violation resulting from use of **farm equipment** to which this policy applies. **We** will not apply for or furnish these bonds;
 - c. interest on the amount of any judgment even if the judgment is higher than the limit of liability. **We** will pay this interest from the day the judgment is entered until **we** have paid, offered, or deposited in court the amount of the judgment, subject to the limit of liability provisions of this policy. This payment, offer or deposit will not exceed the full limit of liability indicated on the declarations page;
 - d. reasonable expenses an **insured** may have for attending hearings or trials at **our** request. During this attendance **we** will also pay an **insured** for actual loss of earnings up to \$50 per day. Such reasonable expenses do not include attorney fees and expenses the **insured** may incur in defending a declaratory judgment action brought by **us**;
 - e. reasonable expenses incurred, other than loss of earnings, up to \$250 for the cost of defending a claim brought against an **insured** under a worker's compensation law, if it is finally determined the worker's compensation law is not applicable.
3. **Damage to Property of Others. We** will pay up to \$500 per **occurrence** for damage to property of others if the damage is caused by an **insured** or animals owned by or in the care of an **insured**. When **you** feel **you** have a moral obligation to pay for damage or destruction of property, **you** must notify **us** in writing within one year to make payment. **You** must also exhibit the damaged property if it is within **your** control.

We will not pay for **property damage**:

- a. to property covered elsewhere in this policy;
- b. which is caused intentionally by an **insured**;
- c. to property owned or rented by an **insured**, an **insured's** tenant, or any resident of **your** household;
- d. arising out of (1) **business** pursuits or professional services, (2) an act or omission in connection with locations an **insured** owns, rents or controls, other than an **insured location**, or (3) the ownership, maintenance, or use, loading or unloading of any land **motor vehicle**, trailer or semi-trailer, aircraft, or watercraft;
- e. caused by wear and tear, latent defects (a defect not immediately apparent), and inherent vice (the quality for self-deterioration or damage).

CONDITIONS-SECTION 7

1. **Policy Period.** This policy applies only to **occurrences** which takes place during the policy period.
2. **Limit of Liability.** Regardless of the number of (a) persons insured under this policy, (b) persons or organizations sustaining **bodily injury** or **property damage**, (c) claims made, **our** liability for each **occurrence** is subject to the following limitations:
 - a. **Liability, Coverage T**, is limited to the amount stated for "each **occurrence**" on the declarations page for all **bodily injury** and **property damage** resulting from one **occurrence**.
 - b. **Medical Payments, Coverage U**, for all medical expense payable for **bodily injury** to one person shall not exceed the limit of liability for "each person" as stated on the declarations page. **Our** liability for "each **occurrence**" as stated on the declarations page is limited to all medical expenses for **bodily injury** to two or more persons.

3. **Aggregate Limit**

a. Products

With respect to **bodily injury** or **property damage**, to the extent this coverage applies, arising from the handling or use of goods or products manufactured, sold, handled, or distributed by an **insured** or arising from any existing condition in those goods or products after an **insured** has relinquished control and those goods or products are away from the **insured location**, the limit of liability stated on the declarations page for Section 7, Liability, Coverage T, for "each **occurrence**" is the aggregate of **our** liability, the most **we** will pay, for all such **occurrences** during the policy period.

b. Pollutants

With respect to **bodily injury** or **property damage** arising from the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of **pollution**, **our** limit of liability is \$5,000 for all such **occurrences** during the policy period, unless a higher amount is stated on the declarations page.

These aggregates apply regardless of the number of **insureds**, claims made or **suits** brought, or persons or organizations making claims or bringing **suit**.

4. **Duties After Loss.** In case of an **occurrence**, an **insured** shall cooperate and perform the following duties:

- a. Give written notice to **us** or **our** agent as soon as practicable: (1) identifying the **insured**; (2) stating reasonably available information on the time, place and circumstances of the **occurrence**; and (3) listing the names and addresses of any claimants and available witnesses.
- b. Forward to **us** every notice, demand, summons, or other process relating to the **occurrence** as soon as practicable.
- c. At **our** request, assist in: (1) making settlement; (2) the enforcement of any contribution or indemnity against any 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. The **insured** shall not, except at the **insured's** own cost, voluntarily make any payment, assume any obligation, or assume any expense other than for first aid for others.
- 5. **Duties of an Injured Person-Medical Payments, Coverage U.** The injured person or someone acting on behalf of the injured person shall:
 - a. give **us** written proof of claim, under oath if required, as soon as practicable;
 - b. authorize **us** to obtain copies of medical reports and records when and as often as **we** reasonably require; and
 - c. the injured person shall submit to a physical or mental examination by any physicians selected by **us** when and as often as **we** reasonably require.
- 6. **Payment of Claim-Medical Payments, Coverage U.** **We** reserve the right to make direct payment to the injured person or any individual or organization rendering medical services. That payment reduces the total amount **we** will pay for that injury. Payment under this coverage is not an admission of liability by an **insured** or **us**.
- 7. **Bankruptcy.** Bankruptcy or insolvency of an **insured** will not relieve **us** of any of **our** obligations under this policy.
- 8. **Other Insurance.**
 - a. **Liability, Coverage T.** If an **insured** has other insurance for a loss covered by this policy **we** will pay only **our** share of the loss. **Our** share is determined by adding up the limits of this insurance and all other valid and collectible insurance and finding the percentage of the total which **our** limits represent.
 - b. **Medical Payments, Coverage U.** If a person makes a claim under this policy and also qualifies for payments under a similar policy issued by **us**, **our** payments will not exceed the highest policy limit for medical payments coverage.

GENERAL POLICY CONDITIONS

- 1. **Policy Period.** This policy applies only to loss which occurs during the policy period. The policy period shall be for the term stated on the declarations page. **Our** obligations for the payment of a dividend or other credit shall not extend or change the policy period.
- 2. **Misrepresentation, Concealment or Fraud.** The entire policy will be void if, whether before or after a loss, (even if while in litigation with **us**), any **insured** has:
 - a. intentionally concealed or misrepresented any material fact or circumstances;
 - b. engaged in fraudulent conduct; or
 - c. made a false statement;

relating to this insurance.
- 3. **Arson.** The entire policy will be void if the loss or any part of the loss results from any **insured's** arson.
- 4. **Liberalization Clause.** If **we** adopt any revision which would broaden the coverage under this policy without additional premium within sixty (60) days prior to or during the policy period, the broadened coverage will immediately apply to this policy.
- 5. **Waiver or Change of Policy Provisions.** A waiver or

change of any provision of this policy must be in writing to be valid.

- 6. **Cancellation.**
 - a. **You** may cancel this policy at any time by returning it to **us** or by notifying **us** in writing and in advance of the date cancellation will be effective.
 - b. **We** may cancel this policy, or one or more of its parts, by mailing **you** written notice at **your** last known mailing address. Proof of mailing shall be sufficient proof of notice. The notice will state the reason for cancellation and must be given:
 - 1) not less than ten (10) days before the cancellation is to take effect when the cancellation is for non-payment of premium; or
 - 2) not less than thirty (30) days before the cancellation is to take effect when the policy has been in effect less than ninety (90) days and the reason for cancellation is not non-payment of premium; or
 - 3) not less than sixty (60) days before cancellation is to take effect when the policy has been in effect ninety (90) days or more and the reason for cancellation is not non-payment of premium.

If this policy has been in effect ninety (90) days or more, **we** may cancel this policy only if one or more of the following reasons apply:

- 1. non-payment of premium;
- 2. the policy was issued because of a material misrepresentation;
- 3. any **insured** violated any of the material term and conditions of the policy;
- 4. unfavorable underwriting factors, specific to the **insured**, exist that were not present at the inception of the policy;
- 5. a determination by the commissioner that continuation of coverage could place the insurer in a hazardous financial condition or in violation of the law of this state; or
- 6. a determination by the commissioner that the insurer no longer has adequate reinsurance to meet the insurer's needs.
- 7. **Non-Renewal.** **We** may elect not to renew this policy. **We** must do so by mailing notice to **you** at least sixty (60) days before the expiration date at this policy. This notice will be sent to **your** last mailing address known by **us**. Proof of mailing shall be sufficient proof of notice. When **we** elect not to renew this policy in accordance with the provisions of this policy, a copy of the written notice of non-renewal to the **insured** shall be furnished to the mortgagee (or trustee) named in this policy.
- 8. **Assignment.** Assignment of this policy shall not be valid unless **we** give **our** written consent.
- 9. **Subrogation.** **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, any **insured** shall sign and deliver all related papers and cooperate with **us** in any reasonable manner. This condition does not apply to Section 7, Coverage U, Medical Payments.
- 10. **Death.** If **you** die during the policy period, this policy, unless lapsed, covers:
 - a. **your** legal representative; and
 - b. any person having proper temporary custody of the **insured** location.

11. **Calculation of Premium.** All premiums for this policy shall be computed in accordance with the Company's rules, rates, rating plans, premiums and minimum premiums applicable to the insurance afforded herein. If a policy is issued for a period in excess of one year and a premium is payable at each anniversary, such premium shall be determined annually on the basis of the rates in effect at the anniversary date.
12. **Inspection and Audit.** The Company shall be permitted, but not obligated to inspect or audit **your** property and operations at any time. Neither the Company's right to make inspections or the making thereof nor any report thereon shall constitute an undertaking, on behalf of or for the benefit of **you** or others, to determine or warrant that such property or operations are safe or healthful or are in compliance with any law, rule or regulations.
13. **Policy Limit Adjustment.** The Company may increase or decrease the limits of liability for Section 1, Coverage A, B and C at the beginning of each annual period, based upon reports of recognized appraisal agencies, to reflect changes in the cost of construction. Payment of the premium for the ensuing period will constitute the **insured's** acceptance of the revised limit of liability shown on the declarations page.
14. **Mortgage or Lienholder Clause.** The word "mortgage" includes trustee. If **we** deny **your** claim, that denial shall not apply to a valid claim of that mortgagee or lienholder, if the mortgagee or lienholder:
- a. notifies **us** of any change in ownership, occupancy or substantial change in risk of which the mortgagee is aware;
 - b. pays any premium due under this policy on demand if **you** have neglected to pay the premium;
 - c. submits a signed, sworn statement of loss within sixty (60) days of 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 and lienholder.

If the policy is canceled by **us**, the mortgagee or lienholder shall be notified at least ten (10) days before the effective date of cancellation.

If **we** pay the mortgagee or lienholder for any loss and deny payment to **you**:

- a. **we** are subrogated to all rights of the mortgagee or lienholder granted under the mortgage or lien on the property; or
- b. at **our** option, **we** may pay to the mortgagee or lienholder the whole principal on the mortgage where the obligation secured by the lien plus any accrued interest.

In this event, **we** shall receive full assignment and transfer of the mortgage and lien and all securities held as collateral to the mortgage debt or debt upon which the lien is based.

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

15. **Suit Against Us.** No action shall be brought unless there has been compliance with the policy provisions and the action is started within five years after the **occurrence** causing loss or damage.

DEFINITIONS

We, us, and our refer to the Insurance Company.

You, Your, Yourself means the person named on the declarations page of the policy and that person's spouse if a resident of the same household. **You, your, yourself** also refers to a partnership, corporation, estate, or trust as stated on the declarations page.

Other words and phrases have the following definitions which include the plural meanings:

Actual Cash Value means the amount which it would cost to repair or replace damaged property with material of like kind and quality, less allowance for physical deterioration and depreciation.

Bodily Injury means physical injury to a person and caused by an **occurrence**. It includes required care, loss of services and death resulting from the personal injury.

Business means a trade, profession or occupation, other than farming. **Business** includes a situation where an **insured** regularly provides home day care services to a person or persons other than an **insured** and receives monetary or other compensation for such services. **Business** does not include:

- a. the operation of roadside stands principally for the sale of produce raised on the **insured location**; or
- b. newspaper delivery, baby-sitting, caddying, lawn care or similar activities normally performed by minors. These activities must neither be **your** principal occupation nor the full-time occupation of an **insured** if they are not to be considered **business**.

Damages means monetary sums awarded in a **suit** to compensate a party, other than an **insured**, for injuries suffered. **Damages** do not include any form of equitable relief or monetary restitution.

Farm Employee means someone employed by an **insured** whose duties are in connection with the maintenance or use of the **insured location** as a farm. This also includes the maintenance or use of the **insured's farm equipment**. The term **farm employee** includes any person working for an **insured** or under an **insured's** direction through an exchange labor agreement.

Farm Equipment, not subject to **motor vehicle** registration, whether self-propelled or not, means farm machinery or farm implements designed or adapted and used exclusively for agricultural operations and only incidentally moved or operated upon the highways.

Hostile Fire means a fire which becomes uncontrollable or breaks out from where it was intended to be.

Insured means **you** and the following residents of **your** household:

- a. **your** relatives; and
- b. persons under 21 in the care of those named above. Under Section 7 of this policy, **insured** also means:
 1. a person while operating **farm equipment** or in charge of domestic or farm animals with **your** permission in **your** operations covered by this policy;
 2. a person operating **your** watercraft or in charge of **your** farm or domestic animals with **your** permission.

Insured Location in Sections 1 through 6 of this policy means the locations described on the declarations page and their private approaches.

Insured Location in Section 7 of this policy means:

- a. all farm locations which **you** own, rent, or operate or other locations **you** maintain as a **residence location**. **Insured location** also includes the private approaches, used in connection with the farm or **residence location**;
- b. individual or family cemetery plots or burial vaults;
- c. locations in which an **insured** temporarily resides but does not own;
- d. **vacant** land owned or rented by an **insured**. **Vacant** means land that is not fulfilling any useful purpose. Land is no longer considered **vacant** when any construction operations have begun and;
- e. land owned by or rented to an **insured** on which a one or two-family dwelling is being constructed as the **residence location**.

Motor Vehicle means a motorized land vehicle, trailer, or semi-trailer (including any attached machinery or apparatus) designed principally for travel on public roads or subject to **motor vehicle** registration. The following are not considered **motor vehicles** unless they are being towed by or carried on a **motor vehicle**:

- a. utility, boat, camping or travel trailer;
- b. **farm equipment**;
- c. any equipment which is designed for use principally off public roads and not licensed for road use.

In Section 3 and 6 only, **motor vehicle** does not include **farm equipment**.

Motorized Bicycle means:

- a. every **motor vehicle** having a seat or saddle for the use of the rider and designed to travel on not more than three (3) wheels in contact with the ground, but excluding a tractor,
- b. every motorcycle, including every motor scooter, with a motor which produces not to exceed five (5) brake horsepower, and every bicycle with motor attached except a **motorized bicycle** or a low power cycle; or
- c. every device having two tandem wheels or three wheels which may be propelled by either human power or helper motor, or by both, and which has: a motor which produces not more than 3.5 brake horsepower, a cylinder capacity of not more than 50 cubic centimeters, an automatic transmission, and the capability of a maximum design speed of no more than 30 miles per hour except a low power cycle.

Occurrence in Section 1-6 means an accident, including continuous or repeated exposure to conditions.

Occurrence in Section 7 means an accident, including continuous or repeated exposure to conditions, which results in **bodily injury** or **property damage**. All **bodily injury** and **property damage** resulting from a common cause shall be considered the result on one **occurrence**.

Pollution 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, reclaimed or reclaimed.

Property Damage in Section 7 means injury to or destruction of tangible property including the loss of use of this property, caused by an **occurrence**.

Recreational Motor Vehicle means a self-propelled land or amphibious vehicle, regardless of method of surface contact, designed for leisure time activities and which is not a **motor vehicle**.

Residence means a one or two family dwelling, grounds and appurtenant structures (e.g. separate garage or storage building). **Residence** also means that part of any other building used as a private **residence** but it does not include any portion used for **business** purposes.

Residence Employee means someone employed by an **insured** who performs duties in connection with the maintenance or use of the **residence location**. This includes a person who performs household or domestic services, or who performs duties elsewhere in a similar nature not in connection with an **insured's business**.

Residence Location means a one or two family dwelling which is **your** principal **residence**, grounds and appurtenant structures (e.g. separate garage or storage building).

Residence location also means that part of any other building which is **your** principal **residence** but does not include any portion used for **business**.

Suit means a civil proceeding, arbitration proceeding or other alternative dispute resolution proceeding in which **damages** because of **bodily injury** or **property damage** to which this insurance applies are claimed. However, **suit** does not mean an arbitration proceeding or other alternative dispute resolution proceeding that **you** are not obligated to submit to, but do so without **our** written consent.

Unoccupied/Unoccupancy means that a building contains contents pertaining to occupancy of the building while operations or other customary activities are suspended.

Vacant/Vacancy means the building contains no contents pertaining to operations or activities customary to occupancy of the building.

Waste includes materials to be recycled, reclaimed or reclaimed.