

AGREEMENT

In return for **your** payment of the required premium, **we** provide the Inland Marine coverage described in this policy during the policy period subject to the:

1. Inland Marine General **Terms**.
2. Inland Marine coverage **terms**.
3. policy **terms** that relate to cancellation, changes made to the policy, examination of books and records, inspections and surveys, and assignment or transfer of rights or duties.

INLAND MARINE GENERAL TERMS

DEFINITIONS

1. The words **you** and **your** mean the person, persons or organization named on the declarations.
2. The words **we**, **us** and **our** mean the company providing this insurance.
3. **Insured** means **you**. With respect to covered property that is not used for **business**, the word **insured** also means:
 - a. **your** spouse;
 - b. **your** relatives if residents of **your** household;
 - c. persons under the age of 21 in **your** care or the care of **your** resident relatives; or
 - d. **your** legal representative if **you** die while insured by this policy. (This person is an **insured** only for the covered property.)
4. **Business** means a trade, profession or occupation whether full or part time. This includes:
 - a. the rental of property to others; and
 - b. farming.
5. **Described premises** means that part of the building and grounds which **you** occupy at the location shown.
6. **Terms** means the conditions, definitions, exclusions, limitations and provisions used in this policy.
7. **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.
8. **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.
9. **nuclear hazard**. This means nuclear reaction, nuclear radiation or radioactive contamination:
 - a. whether controlled or uncontrolled; or
 - b. caused by, contributed to or aggravated by a peril covered by this policy. A loss caused by nuclear hazard will not be considered to be a loss caused by fire, explosion or smoke. If fire is covered by this policy, **we** do cover the loss caused by a fire that results from the nuclear hazard.
10. other perils that are not covered. These are listed for each coverage.

PERILS EXCLUDED

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

1. wear and tear to covered property.
2. gradual deterioration of covered property.
3. a fault or weakness that is intrinsic to the property which causes it to break, spoil, become defective or destroy itself.

We do not pay for such excluded loss even if the following contribute to, aggravate or cause the loss:

1. the act or decision of a person, group, organization or governmental body. This includes the failure to act or decide.

2. a 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. This includes the materials needed to construct, remodel or repair the property.
 - c. maintenance of property.

These apply whether or not the property is covered by this policy.

3. a condition of the weather.
4. the collapse of a building or structure.

WHAT MUST BE DONE IN CASE OF LOSS

1. **Protect the Property.** The **insured** must take all reasonable steps to protect or recover the covered property after a loss has occurred.
2. **Notice.** The **insured** must promptly notify **us** or **our** agent, in writing if requested.
3. **Notice To Police.** The **insured** must promptly notify the police if the loss results from a violation of the law.
4. **Proof of Loss.** The **insured** must send **us** a statement of loss, under oath if requested, within 90 days after the loss occurs. The following information must be included:
 - a. the date, time, place and details of the loss.
 - b. other insurance that may cover the loss.
 - c. **your** interest and the interest of all others in the property involved in the loss. This includes all mortgages and liens.
 - d. changes in the title to the covered property during the policy period.
 - e. detailed estimates for the repair or replacement of the covered property.
 - f. an inventory of lost, damaged and all remaining covered property. This must show in detail the quantity, description, cost and actual cash value of the property and the amount of the loss. Copies of all bills, receipts and related documents that substantiate the inventory must be attached.
5. **Additional Duties.** As often as **we** may reasonably request, an **insured** must:
 - a. submit to an examination under oath.
 - b. assist **us** in obtaining the attendance of employees for examination under oath.
 - c. exhibit damaged and undamaged property.
 - d. produce all records that relate to value, loss and cost, and permit copies and abstracts to be made from them.

6. **Cooperation.** The **insured** must cooperate with **us** in performing all acts that are required by this Inland Marine coverage.
7. **Volunteer Payments.** The **insured** may not voluntarily make payments, assume obligations, pay or offer rewards or incur other expenses, except at the **insured's** own expense.
8. **Abandonment.** The **insured** may not abandon the property to **us** without **our** written consent.

HOW MUCH WE PAY

1. **Actual Cash Value.** Actual cash value includes a deduction for depreciation, however caused.
2. **Valuation.** Valuation is based on the actual cash value of the property at the time of loss.
3. **The Amount We Pay.** The smallest of the amounts shown below is the most that **we** will pay for a loss:
 - a. the amount determined under "Valuation."
 - b. the cost to repair, replace or rebuild the property with material of like kind and quality.
 - c. the amount of **your** interest in the property.
 - d. the coverage amount shown.

This amount will be adjusted by the deductible amount, coinsurance penalty or other limitation which may apply.

4. **Loss To Pairs Or Sets.** If there is a loss to an item that is part of a pair or set, at **your** option **we** will pay the full actual cash value up to the coverage amount shown for the pair or set. **You** will give **us** the remainder of the pair or set. If **you** do not choose this option, **we** will pay only for a reasonable part of the actual cash value of the pair or set.
5. **Loss To Parts.** If there is a loss to a part of an item that consists of several parts, **we** will pay only for the loss to that part. A loss to a part is not considered to be a loss to the whole item.
6. **Insurance Under More Than One Policy.** If there is other collectible insurance that applies to a covered loss, or would have applied in the absence of this Inland Marine coverage, **we** will pay for the loss only after the full amount from the other insurance has been paid.
7. **Insurance Under More Than One Coverage.** If more than one coverage applies to the same loss, **we** will pay no more than the actual amount of the loss.
8. **Losses Paid By Others.** **We** will not pay for that part of a loss that has been paid by someone else.
9. **Restoring the Coverage Amount.** The payment of a claim will not reduce the coverage amount. If **we** pay for a loss for

items that are separately listed and the coverage amount that applies to these items is reduced at **your** request, **we** will return the unearned premium for these items to **you**.

amount that **we** have paid for the loss. The **insured** may then keep any excess.

LOSS PAYMENT

1. **Our Options. We** may:
 - a. pay the loss in money; or
 - b. repair, replace or rebuild the property. **We** must give the **insured** notice of **our** intent to do so within 30 days after **we** have received a satisfactory proof of loss.
We may take all or a part of the damaged property at the agreed or appraised value. Property that **we** have paid for or replaced will become **our** property.
2. **Your Property. We** will adjust all losses with **you**. Payment will be made to **you** unless a loss payee is named with respect to this Inland Marine coverage.
3. **Property of Others.** Loss to property of others may be adjusted with **you**. **We** reserve the right to adjust the loss with the owner. **Our** payment to the owner will satisfy **our** obligation to **you** for loss to this property. At **our** option, without cost to **you**, **we** may choose to defend **you** from suits which result from a covered loss to the property of others.
4. **When We Pay. We** will pay for a loss within 30 days after a satisfactory proof of loss is received and the amount of the loss has been agreed to in writing.

CLAIMS AGAINST OTHERS

1. **Subrogation.** If **we** pay for a loss, **we** may require the **insured** to assign to **us** the right of recovery against others. **We** will not pay for a loss if the **insured** impairs this right to recover. The **insured's** right to recover from others may be waived in writing before a loss occurs.
2. **Loan Receipt.** When **we** believe that a loss can be recovered from others:
 - a. **we** may make an advance payment to **you** in the form of a loan.
 - b. at **our** expense, **we** will be allowed to bring suit in the **insured's** name against those who are responsible for the loss.
 - c. the loan will be repaid from the amount recovered.
3. **Recoveries.** The **insured** must notify **us** or **we** must notify the **insured** promptly if either receives a recovery for a loss which **we** have paid. The costs that are incurred by either party in making the recovery are to be reimbursed first. **We** are entitled to the surplus up to the

DISAGREEMENTS

1. **Appraisal.** If **you** and **we** do not agree on the amount of the loss, the actual cash value of the property or the cost to repair or replace the property, either party may demand that these amounts be determined by appraisal.

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

The appraisers will determine:

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

Each amount will be stated separately.

If the appraisers submit a written report of an agreement to **us**, the agreement will establish these amounts. If the appraisers fail to agree within a reasonable time, they will submit only their differences to the umpire. A written agreement by any two of these three will establish the amounts stated above.

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

2. **Suit Against Us.** No suit to recover for a loss may be brought against **us** unless:
 - a. all the **terms** of this Inland Marine coverage have been complied with; and
 - b. the suit is commenced within one year after the loss.

OTHER POLICY CONDITIONS

1. **Conformity With Statutes.** The **terms** of this Inland Marine coverage in conflict with statutes of the state where this policy is issued are changed to conform to those statutes.
2. **Continuous Policies.** If this policy is issued on a continuous basis with no specific date of expiration, **we** may substitute or **we** may add at each anniversary date the forms and endorsements then authorized for use with this Inland Marine coverage.
3. **Liberalization.** If a revision of a form or endorsement which would broaden coverage without an additional

premium is adopted during the policy period, or within 6 months before the Inland Marine coverage is effective, the broadened coverage will apply.

4. **Misrepresentation, Concealment or Fraud.** This Inland Marine coverage is void if before or after a loss:

a. the **insured** has concealed or misrepresented:

- 1) a material fact or circumstance that relates to this insurance or the subject thereof; or
- 2) an **insured's** interest herein.

b. there has been fraud or false swearing by an **insured** with regard to a matter that relates to this insurance or the subject thereof.

5. **No Benefit To Bailee.** This Inland Marine coverage will not benefit those who are paid to assume custody of the covered property.

6. **Reporting Terms Only.** This Inland Marine coverage may be subject to reporting **terms**. If it is canceled, **you** must report the required amounts as of the cancellation date.