PEMCO
Washington Premier Homeowners Policy
Thank you for choosing PEMCO. We’ll work hard to keep your trust and serve you for years to come. You can count on us to be there when you need us.

We like to say PEMCO is a lot like you – a little different. That’s a reflection of the unique and sometimes quirky nature of people who live in the Northwest, our wonderful little corner of the country. We’re proud of our Northwest roots, and proud to be your local insurance company.

You’re why we’re here, and we want to make sure you receive world-class service every time you do business with us. We’d rather be listed in a customer’s personal phone book than in the Wall Street Journal. At the end of the day, it’s all about delivering on our promise and doing it in a way that’s fair and meets your needs.

So, thanks again for choosing PEMCO. Feel free to follow us on Facebook and Twitter, and visit pemco.com to tell us how we’re doing.

Stan McNaughton
President and CEO
PEMCO Mutual Insurance Company
AGREEMENT

We will provide the insurance described in this policy in return for the premium and compliance with all applicable provisions of this policy.

DEFINITIONS

In this policy, “you” and “your” refer to the “named insured” shown in the Declarations and the spouse if a resident of the same household. “We,” “us,” and “our” refer to the Company providing this insurance. In addition, certain words and phrases are defined as follows:

1. Actual Cash Value means:
   a. When the damage to property is economically repairable, actual cash value means the cost of repairing the damage, less reasonable deduction for wear and tear, deterioration and obsolescence.
   b. When the loss or damage to property creates a total loss, actual cash value means the market value of property in a used condition equal to that of the destroyed property, if reasonably available on the used market.
   c. Otherwise, actual cash value means the market value of new, identical or nearly identical property less reasonable deduction for wear and tear, deterioration and obsolescence.

2. Bodily Injury means bodily harm, personal injury, sickness or disease, except a disease which is transmitted by an insured through sexual contact. Bodily injury includes required care, loss of services and death resulting from covered bodily harm, sickness or disease.

3. Business includes trade, profession or occupation.

4. Domestic Abuse means:
   a. Physical harm, bodily injury, assault or the infliction of fear of imminent physical harm, bodily injury or assault between family or household members;
   b. Sexual assault of one family or household member by another;
   c. Stalking, as defined in RCW 9A.46.110 of one family or household member by another household member or family member;
   d. Intentionally, knowingly or recklessly causing damage to property so as to intimidate or attempt to control the behavior of another family or household member.

5. Fully Enclosed Building means:
   A building with continuous walls on all sides, extending from the ground level to the roof, with doors and windows (as deemed necessary) at various locations in the walls and including a continuous roof sheltering all areas within the wall perimeter.

6. Insured means you and residents of your household who are:
   a. Your relatives; or
   b. Other persons under the age of 21 and in the care of any person named above.

Under Section II, insured also means:
   c. With respect to animals or watercraft to which this policy applies, any person or organization legally responsible for these animals or watercraft which are owned by you or any person included in 6.a. or 6.b. above. A person or organization using or having custody of these animals or watercraft in the course of any business or without consent of the owner is not an insured;
   d. With respect to any vehicle to which this policy applies:
      (1) Persons while engaged in your employ or that of any person included in 6.a. or 6.b. above; or
      (2) Other persons using the vehicle on an insured location with your consent.

7. Insured Location means:
   a. The residence premises;
   b. The part of other premises, other structures and grounds used by you as a residence and:
      (1) Which is shown in the Declarations; or
      (2) Which is acquired by you during the policy period for your use as a residence;
   c. Any premises used by you in connection with a premises in 7.a. or 7.b. above;
   d. Any part of a premises:
      (1) Not owned by an insured; and
      (2) Where an insured is temporarily residing;
   e. Vacant land, other than farm land, owned by or rented to an insured;
   f. Land owned by or rented to an insured on which a one or two family dwelling is being built as a residence for an insured;
   g. Individual or family cemetery plots or burial vaults of an insured; or
   h. Any part of a premises occasionally rented to an insured for other than business use.

8. Occurrence means an accident, including continuous or repeated exposure to substantially the same general harmful conditions, which results, during the policy period, in:
   a. Bodily injury; or
   b. Property damage.

9. Personal Injury means injury arising out of one or more of the following offenses, but only if the offense was committed during the policy period:
   a. False arrest, detention or imprisonment;
   b. Malicious prosecution;
   c. The wrongful eviction from, wrongful entry into, or invasion of the right of privacy occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;
   d. Oral or written publication of material that slanders or libels a person or organization or disparages a person’s or organization’s goods, products or services; or
   e. Oral or written publication of material that violates a person’s right of privacy.

10. Property Damage means physical injury to, destruction of, or loss of use of tangible property.

11. Replacement Cost means:
    a. In case of loss or damage to buildings, replacement cost means the cost, at the time of loss, to repair or replace the damaged property with new materials of like kind and quality, without deduction for depreciation.
    b. In case of loss to personal property, replacement cost means the cost, at the time of loss, of a new article identical to the one damaged, destroyed or stolen. When the identical article is no longer manufactured or is not available, replacement cost means
12. Residence Employee means:
   a. An employee of an insured whose duties are related to the maintenance or use of the residence premises, including household or domestic services; or
   b. One who performs similar duties elsewhere not related to the business of an insured.

SECTION I—PROPERTY COVERAGE

COVERAGE A—DWELLING

We cover:
1. The dwelling on the residence premises shown in the Declarations, including structures attached to the dwelling; and
2. Materials and supplies located on or next to the residence premises used to construct, alter or repair the dwelling or other structures on the residence premises.

This coverage does not apply to land, including land on which the dwelling is located.

COVERAGE B—OTHER STRUCTURES

We cover other structures on the residence premises set apart from the dwelling by clear space. This includes structures connected to the dwelling by only a fence, utility line, or similar connection.

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

We do not cover other structures:
1. Used in whole or in part for business; or
2. Rented or held for rental to any person not a tenant of the dwelling, unless used solely as a private garage.

The limit of liability for this coverage will not be more than 10% of the limit of liability that applies to Coverage A. Use of this coverage does not reduce the Coverage A limit of liability.

COVERAGE C—PERSONAL PROPERTY

We cover personal property owned or used by an insured while it is anywhere in the world. At your request, we will cover personal property owned by:
1. Others while the property is on the part of the residence premises occupied by an insured;
2. A guest or a residence employee, while the property is in any residence occupied by an insured.

Our limit of liability for personal property usually located at an insured's residence, other than the residence premises, is 10% of the limit of liability for Coverage C, or $1000, whichever is greater.

Personal property in a newly acquired principal residence is not subject to this limitation for the 30 days from the time you begin to move the property there.

Special Limits of Liability. These limits do not increase the Coverage C limit of liability. The special limit for each numbered category below is the total limit for each loss for all property in that category.
1. $200 on money, bank notes, bullion, gold other than goldware, silver other than silversware, platinum, coins and medals.
2. $1500 on securities, accounts, deeds, evidences of debt, letters of credit, notes other than bank notes, manuscripts, personal records, passports, tickets and stamps. This dollar limit applies to these categories regardless of the medium (such as paper or computer soft-

13. Residence Premises means:
   a. The one family dwelling, other structures, and grounds; or
   b. That part of any other building; where you reside and which is shown as the residence premises in the Declarations.

Residence premises also means a two family dwelling where you reside in at least one of the family units and which is shown as the residence premises in the Declarations.

The one family dwelling, other structures, and grounds; or that part of any other building; where you reside and which is shown as the residence premises in the Declarations.

The dwelling on the residence premises is the total limit for each loss for all property in that category.

Limit of Liability. The special limit for each numbered category below.
12. Residence Employee means:
   a. An employee of an insured whose duties are related to the maintenance or use of the residence premises, including household or domestic services; or
   b. One who performs similar duties elsewhere not related to the business of an insured.

Washington Surveying and Rating Bureau, Insurance Services Office, Inc., with their permission.

PEMCO Mutual Insurance Company. Includes copyrighted material of
a. Their equipment and accessories; or
b. Electronic apparatus that is designed to be operated solely by use of the power from the electrical system of motor vehicles or all other motorized land conveyances. Electronic apparatus includes:
   (1) Accessories or antennas; or
   (2) Tapes, wires, records, discs or other media;
for use with any electronic apparatus described in this Item 3.b.
   The exclusion of property described in 3.a. and 3.b. above applies only while the property is in or upon the vehicle or conveyance.

We do cover vehicles or conveyances:

a. Not subject to licensing requirements which are used exclusively to service an insured’s residence; or
b. Which are both designed and used exclusively for assisting the handicapped and have a maximum attainable speed of 10 miles per hour;

4. Aircraft and parts. Aircraft means any contrivance used or designed for flight, except model or hobby aircraft not used or designed to carry people or cargo;

5. Property of roomers, boarders and other tenants, except property of roomers and boarders related to an insured;

6. Property in an apartment regularly rented or held for rental to others by an insured, except as provided in Additional Coverages 10;

7. Property rented or held for rental to others off the residence premises;

8. Business data, including such data stored in:
   a. Books of account, drawings or other paper records; or
   b. Electronic data processing tapes, wires, records, discs or other software media.

However, we do cover the cost of blank recording or storage media, and of pre-recorded computer programs available on the retail market; or

9. Credit cards or fund transfer cards except as provided in Additional Coverages 6.

10. Books of account, abstracts, drawings, card index systems, and other records. This does not apply to film, tape, disc, drum, cell, and other magnetic recording or storage media for electronic data processing.

11. Recording or storage media for electronic data processing that cannot be replaced with other equipment of like kind and quality on the current retail market.

12. Losses to electronic data processing equipment and recording or storage media used with that equipment caused by mechanical or machinery breakdown or failure, faulty construction, user’s error or omission, or deficiency in design, specifications, material, or workmanship.

13. Losses to electronic data processing equipment and recording or storage media used with that equipment caused by any change in electronic power supply originating outside the residence premises. However, we do cover the cost of blank recording or storage media.

**COVERAGE D—LOSS OF USE**

The limit of liability for Coverage D is the total limit for all the coverages that follow.

1. If a loss covered under this Section makes that part of the residence premises where you reside not fit to live in, we cover the Additional Living Expense, meaning any necessary increase in living expenses incurred by you so that your household can maintain its normal standard of living.

Payment will be for the shortest time required to repair or replace the damage or, if you permanently relocate, the shortest time required for your household to settle elsewhere.

2. If a loss covered under this Section makes that part of the residence premises rented to others or held for rental by you not fit to live in, we cover the: Fair Rental Value, meaning the fair rental value of that part of the residence premises rented to others or held for rental by you less any expenses that do not continue while the premises is not fit to live in.

Payment will be for the shortest time required to repair or replace that part of the premises rented or held for rental.

3. If a civil authority prohibits you from use of the residence premises as a result of direct damage to neighboring premises by a Peril Insured Against in this policy, we cover the Additional Living Expense or Fair Rental Value loss as provided under 1. and 2. above for no more than two weeks.

The periods of time under 1., 2. and 3. above are not limited by expiration of this policy.

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

**ADDITIONAL COVERAGES**

1. **Debris Removal**

   We will pay your reasonable expense for the removal of debris of covered property if a Peril Insured Against that applies to the damaged property causes the loss.

   This expense is included in the limit of liability that applies to the damaged property. If the amount to be paid for the actual damage to the property plus the debris removal expense is more than the limit of liability for the damaged property, an additional 5% of that limit of liability is available for debris removal expense.

   We will also pay your reasonable expense, up to $500, for the removal from the residence premises of:
   a. Your tree(s) felled by the peril of Windstorm or Hail;
   b. Your tree(s) felled by the peril of Weight of Ice, Snow or Sleet; or
   c. A neighbor’s tree(s) felled by a Peril Insured Against under Coverage C;

   provided the tree(s) damages a covered structure. The $500 limit is the most we will pay in any one loss regardless of the number of fallen trees.

2. **Reasonable Repairs**

   In the event that covered property is damaged by an applicable Peril Insured Against, we will pay the reasonable cost incurred by you for necessary measures taken solely to protect against further damage. If the measures taken involve repair to other damaged property, we will pay for those measures only if that property is covered under this policy and the damage to that property is caused by an applicable Peril Insured Against.

   This coverage:
   a. Does not increase the limit of liability that applies to the covered property;
   b. Does not relieve you of your duties, in case of a loss to covered property, as set forth in Section I—Condition 2.d.

3. **Trees, Shrubs and Other Plants**

   We cover trees, shrubs, plants or lawns, on the residence premises, for loss caused by the following Perils Insured Against: Fire or lightning, Explosion, Riot or Civil Commotion, Aircraft, Vehicles
not owned or operated by a resident of the residence premises, Vandalism or Malicious Mischief, or Theft. We will pay up to 5% of the limit of liability that applies to the dwelling, for all trees, shrubs, plants or lawns. No more than $500 of this limit will be available for any one tree, shrub or plant. We do not cover property grown for business purposes. This coverage is additional insurance.

4. Fire Department Service Charge
We will pay up to $500 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. We do not cover fire department service charges if the property is located within the limits of the city, municipality or protection district furnishing the fire department response. This coverage is additional insurance. No deductible applies to this coverage.

5. Property Removed
We insure covered property against direct loss from any cause while being removed from a premises endangered by a Peril Insured Against and for no more than 30 days while removed. This coverage does not change the limit of liability that applies to the property being removed.

6. Credit Card, Fund Transfer Card, Forgery and Counterfeit Money
We will pay up to $1000 for:

a. The legal obligation of an insured to pay because of the theft or unauthorized use of credit cards issued to or registered in an insured's name;
b. Loss resulting from theft or unauthorized use of a fund transfer card used for deposit, withdrawal or transfer of funds, issued to or registered in an insured's name;
c. Loss to an insured caused by forgery or alteration of any check or negotiable instrument; and
d. Loss to an insured through acceptance in good faith of counterfeit United States or Canadian paper currency.

We do not cover use of a credit card or fund transfer card:

- By a resident of your household;
- By a person who has been entrusted with either type of card;
- If an insured has not complied with all terms and conditions under which the cards are issued.

All loss resulting from a series of acts committed by any one person or in which any one person is concerned or implicated is considered to be one loss. We do not cover loss arising out of business use or dishonesty of an insured. This coverage is additional insurance. No deductible applies to this coverage. Defense:

- We may investigate and settle any claim or suit that we decide is appropriate. Our duty to defend a claim or suit ends when the amount we pay for the loss equals our limit of liability.
- If a suit is brought against an insured for liability under the Credit Card or Fund Transfer Card coverage, we will provide a defense at our expense by counsel of our choice.
- We have the option to defend at our expense an insured's bank against any suit for the enforcement of payment under the Forgery coverage.

7. Loss Assessment
We will pay up to $1000 for your share of loss assessment charged during the policy period against you by a corporation or association of property owners, when the assessment is made as a result of direct loss to the property, owned by all members collectively, caused by a Peril Insured Against under Coverage A—Dwelling, other than earthquake or land shock waves or tremors before, during or after a volcanic eruption.

This coverage applies only to loss assessments charged against you as owner or tenant of the residence premises. We do not cover loss assessments charged against you or a corporation or association of property owners by any governmental body. The limit of $1000 is the most we will pay with respect to any one loss, regardless of the number of assessments. Condition 1. Policy Period, under Sections I and II Conditions, does not apply to this coverage.

8. Collapse

a. With respect to this Additional Coverage:

(1) Collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose.

(2) A building or any part of a building that is in danger of falling down or caving in is not considered to be in a state of collapse.

(3) A part of a building that is standing is not considered to be in a state of collapse even if it has separated from another part of the building.

(4) A building that is standing or any part of a building that is standing is not considered to be in a state of collapse even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

b. We insure for direct physical loss to covered property involving collapse of a building or any part of a building if the collapse was caused by one or more of the following:

(1) Perils Insured Against in Coverage C—Personal Property. These perils apply to covered buildings and personal property for loss insured by this Additional Coverage;

(2) Decay that is hidden from view, unless the presence of such decay is known to you prior to collapse;

(3) Insect or vermin damage that is hidden from view, unless the presence of such damage is known to you prior to collapse;

(4) Weight of contents, equipment, animals or people;

(5) Weight of rain which collects on a roof; or

(6) Use of defective material or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation.

Loss to an awning, fence, patio, pavement, swimming pool, underground pipe, flue, drain, cesspool, septic tank, foundation, retaining wall, bulkhead, pier, wharf or dock is not included under items (2), (3), (4), (5) and (6) unless the loss is a direct result of the collapse of a building or any part of the building. This coverage does not increase the limit of liability applying to the damaged covered property.

9. Glass or Safety Glazing Material

a. We cover:

(1) The breakage of glass or safety glazing material which is part of a covered building, storm door or storm window;

(2) The breakage, caused directly by Earth Movement, of glass or safety glazing material which is part of a covered building, storm door or storm window; and
Landlord's Furnishings

We will pay up to $2500 for your appliances, carpeting and other household furnishings in an apartment on the residence premises regularly rented or held for rental to others by an insured, for loss caused only by the following Perils Insured Against:

- **Fire or Lightning.**
- **Windstorm or Hail.**
  - This peril does not include loss to the property contained in a building caused by rain, snow, sleet, sand or dust 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 this opening.
  - This peril includes loss to watecraft and their trailers, furnishings, equipment, and outboard engines or motors, only while inside a fully enclosed building.
- **Explosion.**
- **Riot or Civil Commotion.**
- **Aircraft,** including self-propelled missiles and spacecraft.
- **Smoke,** meaning sudden and accidental damage from smoke.
  - This peril does not include loss caused by smoke from agricultural smudging or industrial operations, such as slash burns.
- **Vandalism or Malicious Mischief.**
- **Falling Objects.**
  - This peril does not include loss to property contained in a building unless the roof or an outside wall of the building is first damaged by a falling object. Damage to the falling object itself is not included.
- **Weight of Ice, Snow or Sleet** which causes damage to property contained in a building.
- **Accidental Discharge or Overflow of Water or Steam** from within a plumbing, heating, air conditioning or automatic fire protective sprinkler system or from within a household appliance.
  - This peril does not include loss:
    - (1) To the system or appliance from which the water or steam escaped;
    - (2) Caused by or resulting from freezing except as provided in the peril of freezing below; or
    - (3) On the residence premises caused by accidental discharge or overflow which occurs off the residence premises.
- **Earth Movement,** as provided for in a. above.
  - A dwelling being constructed is not considered vacant.
- **Loss to glass.**
  - This coverage does not include loss:
    - (1) To covered property which results because the glass or safety glazing material has been broken, except as provided in a. above; or
    - (2) On the residence premises if the dwelling has been vacant for more than 30 consecutive days immediately before the loss, except when the breakage results directly from Earth Movement as provided for in a. above. A dwelling being constructed is not considered vacant.
  - Loss to glass covered under this Additional Coverage will be settled on the basis of replacement with safety glazing materials when required by ordinance or law.
  - This coverage does not increase the limit of liability that applies to the damaged property.

### Additional Coverage

- **Sudden and Accidental Tearing Apart, Cracking, Burning or Bulging** of a steam or hot water heating system, an air conditioning or automatic fire protective sprinkler system, or an appliance for heating water.
  - We do not cover loss caused by or resulting from freezing under this peril.

### Sudden and Accidental Damage from Artificially Generated Electrical Current

- **Volcanic Action,** meaning direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:
  - (1) Volcanic blast or airborne shock waves;
  - (2) Ash, dust or particulate matter; or
  - (3) Lava flow.
  - This peril does not provide coverage for damage to land; property in the open or in open sheds; or portions of buildings not completely enclosed, or personal property contained within those buildings.
  - All volcanic eruptions that occur within any 72-hour period will be considered as one volcanic eruption.
  - Direct loss includes the cost to remove the ash, dust or particulate matter from the interior and exterior surfaces of the covered building and from personal property contained in the building.
  - Payment for removal applies only to the initial deposit of ash, dust or particulate matter following a volcanic eruption.
  - Subsequent deposits arising from the movement of volcanic dust or ash by wind or other means are not covered.
  - The $2500 limit is the most we will pay in any one loss regardless of the number of appliances, carpeting or other household furnishings involved in the loss.

### Ordinance or Law

- **You may use up to 10% of the limit of liability that applies to Coverage A for the increased costs you incur due to the enforcement of any ordinance or law which requires or regulates:**
  - (1) The construction, demolition, remodeling, renovation or repair of that part of a covered building or other structure damaged by a Peril Insured Against;
  - (2) The demolition and reconstruction of the undamaged part of a covered building or other structure, when that building or other structure must be totally demolished because of damage by a Peril Insured Against to another part of that covered building or other structure; or
  - (3) The remodeling, removal or replacement of the portion of the undamaged part of a covered building or other structure necessary to complete the remodeling, repair or replacement of that part of the covered building or other structure damaged by a Peril Insured Against.
b. You may use all or part of this ordinance or law coverage to pay for the increased costs you incur to remove debris resulting from the construction, demolition, remodeling, renovation, repair or replacement of property as stated in a. above.

c. We do not cover:

(1) The loss in value to any covered building or other structure due to the requirements of any ordinance or law; or

(2) The costs to comply with any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, pollutants on any covered building or other structure.

Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

This coverage is additional insurance.

12. Locks and Keys. We will pay up to $200 for new locks or rekeying existing locks when exterior door keys are stolen in a covered theft loss. No deductible applies to this coverage.

13. Accidental Death Benefits. We will pay $2000 per insured adult and $500 per insured child for loss of life caused solely by external, violent, and accidental means independent of all other causes. Death must occur within one year from the date of the accident and result directly from bodily injury suffered while on the residence premises, subject to the provisions and conditions stated herein. For purposes of this coverage, children become adults on their 21st birthday.

a. We do not insure against death resulting from or contributed to, either directly or indirectly, by any of the following:

(1) Disease, bodily or mental infirmity, or medical or surgical treatment therefor.

(2) Infection of any nature, unless such infection is the result of an external visible wound sustained at the residence premises through violent and accidental means.

(3) Suicide, whether sane or insane.

(4) Sensitivity to or an overdose of drugs, taking any kind of poison, or inhaling any kind of gas, voluntarily or involuntarily.

(5) War or an act of war, declared or undeclared, whether or not the insured is in military, naval or air service.

b. If accidental loss of life occurs under conditions insured against in this Section, we are obligated with respect to loss of life:

(1) To pay the accidental death benefit stated above, but we will have the right and opportunity to make an autopsy where it is not forbidden by law.

(2) We will pay the amount(s) due under this coverage in descending priority to:

(a) The named insured on the Declarations, or

(b) The spouse of the above named insured, or

(c) Children of the person upon whose death payment is made (or the parent or guardian of any minor child), or

(d) The estate of the person upon whose death payment is made.

c. The insured, or someone on their behalf, is required to give us written proof of claim, under oath if so requested, as soon as practicable.

(1) The insured must include full particulars on the nature and extent of injuries, treatment, and other details relating to the loss of life. These will help determine the amount payable under this policy.

(2) The insured will use forms furnished by us, unless we fail to furnish such forms within 15 days after receiving notice of claim.

d. The insured, or someone on their behalf, also is required to authorize release of medical reports and copies of supporting records to us.

e. This coverage will terminate on the earliest of the following dates or events:

(1) On default in the payment of any premium.

(2) On expiration of the policy.

(3) With respect to the insured reaching 65 years of age.

(4) On request of the insured or written notice by us.

14. Refrigerated Products. For loss resulting from 72 hours of continuous power or mechanical failure, we will pay up to $500 for the contents of a deep freeze or refrigerated unit located on the residence premises. If power or mechanical failure is known to you, all reasonable means must be used to protect the insured property from further damage. Otherwise, this coverage is void. Power or mechanical failure does not include power loss caused by:

a. Removing a plug from an electrical outlet.

b. Turning off an electrical switch unless caused by an insured peril. No deductible applies to this coverage.

SECTION I—PERILS INSURED AGAINST

COVERAGE A—DWELLING and COVERAGE B—OTHER STRUCTURES

We insure against risks of direct loss to property described in Coverages A and B only if that loss is a physical loss to property. We do not, however, insure for loss:

1. Involving collapse, other than as provided in Additional Coverage B;

2. Caused by:

a. Freezing of a plumbing, heating, air conditioning or automatic fire protective sprinkler system or of a household appliance, or by discharge, leakage or overflow from within the system or appliance caused by freezing. This exclusion applies only while the dwelling is vacant, unoccupied or being constructed, unless you have used reasonable care to:

(1) Maintain heat in the building; or

(2) Shut off the water supply and drain the system and appliances of water;

b. Freezing, thawing, pressure or weight of water or ice, whether driven by wind or not, to a:

(1) Fence, pavement, patio, or swimming pool;

(2) Foundation, retaining wall or bulkhead; or

(3) Pier, wharf, or dock;

c. Theft in or to a dwelling under construction, or of materials and supplies for use in the construction until the dwelling is finished and occupied;

d. Vandalism and malicious mischief if the dwelling has been vacant for more than 30 consecutive days immediately before
the loss. A dwelling being constructed is not considered vacant;

e. Any of the following:
   (1) Wear and tear, marring, deterioration;
   (2) Inherent vice, latent defect, mechanical breakdown;
   (3) Smog, rust or other corrosion, mold, wet or dry rot;
   (4) Smoke from agricultural smudging or industrial operations;
   (5) Discharge, dispersal, seepage, migration, release or escape of pollutants unless the discharge, dispersal, seepage, migration, release or escape is itself caused by a Peril Insured Against under Coverage C of this policy. Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed;
   (6) Setting, shrinking, bulging or expansion, including resultant cracking, of pavements, patios, foundations, walls, floors, roofs or ceilings;
   (7) Birds, vermin, rodents, insects; or
   (8) Animals owned or kept by an insured.
   But if loss or damage by collapse, as provided in Additional Coverages, Collapse, results, we will pay for that resulting loss or damage.
   If any of these cause water damage not otherwise excluded, from a plumbing, heating, air conditioning or automatic fire protective sprinkler system or household appliance, we cover loss caused by the water including the cost of tearing out and replacing any part of a building necessary to repair the system or appliance. We do not cover loss to the system or appliance from which this water escaped.
   f. Constant or repeated seepage or leakage of water, steam, fuel or liquid over a period of weeks, months or years from within a plumbing, heating, air conditioning or automatic fire protective sprinkler system or from within a household appliance, shower enclosure, bathtub, hot tub, spa or storage tank.

3. Excluded under Section I—Exclusions.
   Under items 1. and 2., any ensuing loss to property described in Coverages A and B not excluded or excepted in this policy is covered.

COVERAGE C—PERSONAL PROPERTY

We insure for direct physical loss to the property described in Coverage C caused by a peril listed below unless the loss is excluded in SECTION I—EXCLUSIONS.

1. Fire or Lightning.

2. Windstorm or Hail.

   This peril does not include loss to the property contained in a building caused by rain, snow, sleet, sand or dust 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 this opening.

   This peril includes loss to watercraft and their trailers, furnishings, equipment, and outboard engines or motors, only while inside a fully enclosed building.

3. Explosion.

4. Riot or Civil Commotion.

5. Aircraft, including self-propelled missiles and spacecraft.

6. Vehicles means a device designed or used to transport persons or property.

7. Smoke, meaning sudden and accidental damage from smoke. This peril does not include loss caused by smoke from agricultural smudging or industrial operations, such as slash burns.

8. Vandalism or Malicious Mischief.

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

This peril does not include loss caused by theft:
   a. Committed by an insured;
   b. In or to a dwelling under construction, or of materials and supplies for use in the construction until the dwelling is finished and occupied; or
   c. 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 off the residence premises of:
   a. Property while at any other residence owned by, rented to, or occupied by an insured, except while an insured is temporarily living there. Property of a student who is an insured is covered while at a residence away from home if the student has been there at any time during the 45 days immediately before the loss;
   b. Trailers and campers.

10. Falling Objects

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

11. Weight of Ice, Snow or Sleet

   This peril does not provide coverage for damage to land; property in

12. Accidental Discharge or Overflow of Water or Steam

   from within a plumbing, heating, air conditioning or automatic fire protective sprinkler system or from within a household appliance.

   This peril does not include loss:
   a. To the system or appliance from which the water or steam escaped;
   b. Caused by or resulting from freezing except as provided in the peril of freezing below; or
   c. On the residence premises caused by accidental discharge or overflow which occurs off the residence premises.

   In this peril, a plumbing system does not include a sump, sump pump or related equipment.

13. Sudden and Accidental Tearing Apart, Cracking, Burning or Bulging

   of a steam or hot water heating system, an air conditioning or automatic fire protective sprinkler system, or an appliance for heating water.

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

14. Freezing

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

   This peril does not include loss on the residence premises while the dwelling is unoccupied, unless you have used reasonable care to:
   a. Maintain heat in the building; or
   b. Shut off the water supply and drain the system and appliances of water.

15. Sudden and Accidental Damage from Artificially Generated Electrical Current.

   This peril does not include loss to a tube, transistor or similar electronic component.

16. Volcanic Action

   meaning direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:
   a. Volcanic blast or airborne shock waves;
   b. Ash, dust or particulate matter; or
   c. Lava flow.

   This peril does not provide coverage for damage to land; property in
the open or in open sheds; or portions of buildings not completely enclosed, or personal property contained within those buildings. All volcanic eruptions that occur within any 72-hour period will be considered as one volcanic eruption. Direct loss includes the cost to remove the ash, dust or particulate matter from the interior and exterior surfaces of the covered building and from personal property contained in the building.

Payment for removal applies only to the initial deposit of ash, dust or particulate matter following a volcanic eruption. Subsequent deposits arising from the movement of volcanic dust or ash by wind or other means are not covered.

**SECTION I—EXCLUSIONS**

We do not insure for loss caused directly or indirectly by any of the following.

1. **Ordinance or Law**, meaning any ordinance or law:
   a. Requiring or regulating the construction, demolition, remodeling, renovation or repair of property, including removal of any resulting debris. This exclusion 1.a. does not apply to the amount of coverage that may be provided for under Additional Coverages, Glass or Safety Glazing Material or Ordinance or Law;
   b. The requirements of which result in a loss in value to property; or
   c. Requiring any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, pollutants.

   Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

   This exclusion applies whether or not the property has been physically damaged.

2. **Earth Movement**, meaning earthquake including land shock waves or tremors before, during or after a volcanic eruption; landslide; mine subsidence; mudflow; earth sinking, rising or shifting. However, if loss or damage by fire, explosion or theft results, we will pay for that resulting loss or damage.

3. **Water Damage**, meaning:
   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 which overflows from a sump; 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.

   However, if loss or damage by fire, explosion or theft results, we will pay for that resulting loss or damage.

4. **Power Failure**, meaning the failure of power or other utility service if the failure takes place off the residence premises. But if the failure of power or other utility service results in a loss, from a Peril Insured Against on the residence premises, we will pay for the loss or damage caused by that Peril Insured Against.

5. **Neglect**, meaning neglect of the insured to use all reasonable means to save and preserve property at and after the time of a loss.

6. **War**, including the following and any consequence of any of the following:
   a. Undeclared war, civil war, insurrection, rebellion, revolution;
12. **Insanity**, meaning an act or omission committed by an **insured** while insane or while lacking the mental capacity to control his or her conduct or while unable to form an intent to cause loss. This exclusion applies only if a reasonable person would have expected a loss to result from the act or omission.

13. **Controlled Substances**, meaning the use, sale, manufacture, delivery, transfer or possession by any **insured** of a Controlled Substance(s) as defined by the Federal Food and Drug Law at 21 U.S.C.A. Sections 811 and 812. Controlled Substances include but are not limited to cocaine, LSD, marijuana and all narcotic drugs. However, this does not apply to the legitimate use of prescription drugs by a person following the order of a licensed physician.

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**SECTION I—CONDITIONS**

1. **Insurable Interest and Limit of Liability.** Even if more than one person has an insurable interest in the property covered, we will not be liable in any one loss:
   a. To the **insured** for more than the amount of the **insured’s** interest at the time of loss; or
   b. For more than the applicable limit of liability.

2. **Your Duties After Loss.** In case of a loss to covered property, you must see that the following are done:
   a. Give prompt notice to us or our agent;
   b. Notify the police in case of loss by theft;
   c. Notify the credit card or fund transfer card company in case of loss under Credit Card or Fund Transfer Card coverage;
   d. Protect the property from further damage:
      (1) Make reasonable and necessary repairs to protect the property; and
      (2) Keep an accurate record of repair expenses;
   e. Prepare an inventory of damaged personal property showing the quantity, description, **actual cash value** and amount of loss. Attach all bills, receipts and related documents that justify the figures in the inventory;
   f. As often as we reasonably require:
      (1) Show the damaged property;
      (2) Provide us with records and documents we request and permit us to make copies; and
      (3) Submit to examination under oath, while not in the presence of any other **insured**, and sign the same;
   g. Send to us, within 60 days after our request, your signed, sworn proof of loss which sets forth, to the best of your knowledge and belief:
      (1) The time and cause of loss;
      (2) The interest of the **insured** and all others in the property involved and all liens 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 damaged buildings and detailed repair estimates;
      (6) The inventory of damaged personal property described in 2.e. above;
      (7) Receipts for additional living expenses incurred and records that support the fair rental value loss; and
      (8) Evidence or affidavit that supports a claim under the Credit Card, Fund Transfer Card, Forgery and Counterfeit Money coverage, stating the amount and cause of loss.

3. **Loss Settlement.** Covered property losses are settled as follows:
   a. **Replacement cost** does apply to:
      (1) Coverage C—Personal Property;
      (2) Awning, carpeting, household appliances, outdoor antennas and outdoor equipment, whether or not attached to buildings;
      (3) The following articles or classes of property if they are separately described and specifically insured in this policy:
         (a) Jewelry;
         (b) Furs and garments trimmed with fur or consisting principally of fur;
         (c) Cameras, projection machines, films and related articles of equipment;
         (d) Musical equipment and related articles of equipment;
         (e) Silverware, silver-plated ware, goldware, gold-plated ware and pewterware, but excluding pens, pencils, flasks, smoking implements or jewelry; and
         (f) Golfer’s equipment meaning golf clubs, golf clothing and golf equipment.
      **Replacement cost** does not apply to other classes of property separately described and specifically insured.
   b. **Replacement cost** does not apply for loss:
      (1) To antiques, fine arts, paintings, and similar articles of rarity or antiquity which cannot be replaced;
      (2) To memorabilia, souvenirs, collectors items and similar articles whose age or history constitute their value;
      (3) To property that has not been maintained in good and workable condition; or
      (4) To property that is outdated or is obsolete and is stored or not being used.
      These items are settled at **actual cash value** at the time of loss, but not more than the amount to repair or replace.
   c. Our liability for loss shall not exceed the smallest of the following amounts:
      (1) Replacement cost at the time of loss without deduction for depreciation;
      (2) The full cost of repair at the time of loss;
      (3) The limit of liability that applies to Coverage C, if applicable;
      (4) Any applicable special limits of liability stated in this policy; or
      (5) For loss to any item separately described and specifically insured in this policy, the limit of liability that applies to the item.
   d. When the **replacement cost** for the entire loss is more than $500, we will pay no more than the **actual cash value** for the loss or damage until the actual repair or replacement is complete.
   e. Under Coverage A or B, at **replacement cost** without deduction.
for depreciation, subject to the following:

(1) For buildings, we will pay the cost of repair or replacement, without deduction for depreciation, but not exceeding the smallest of the following amounts:

a. The replacement cost of that part of the building damaged for equivalent construction and use on the same premises with new materials of like kind and quality;

b. The amount actually and necessarily spent to repair or replace the damaged building; or

c. 125 percent of the applicable limit for Coverage A or B shown on the Declarations.

(2) When the cost to repair or replace the damage is more than $5,000 or more than 5 percent of the amount of insurance in this policy on the building, whichever is less, we will pay no more than the actual cash value of the damage until the actual repair or replacement is complete.

(3) Structures that are not buildings are covered for no more than actual cash value.

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

g. You must maintain the amount of insurance under this policy on buildings under Coverage A and B at 100 percent of the replacement cost as determined:

(1) by valuation based on information you furnish to us; or

(2) an inspection of the residence premises at our request.

h. You agree to notify us within 60 days of completion of remodeling, construction of any new buildings, additions, or other structural changes that increase the value of the buildings insured under Coverage A or B by $5,000 or more at the time of loss, and to pay the additional premium, if any.

i. If, at the time of loss, you have not complied with conditions 3.g. and 3.h., the amount of insurance shown in the Declarations as applying to Coverage A or B becomes the maximum limit of our liability for damage to all property insured under Coverage A or B.

4. Loss to a Pair or Set

In case of loss to a pair or set, we may elect to:

a. Repair or replace any part to restore the pair or set to its value before the loss; or

b. Pay the difference between actual cash value of the property before and after the loss.

5. Glass Replacement

Loss for damage to glass caused by a Peril Insured Against will 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 may demand an appraisal of the loss. In this event, each party will choose a competent appraiser within 20 days after receiving a written request from the other. The two appraisers will choose an umpire. If they cannot agree upon an umpire within 15 days, you or we may request that the choice be made by a judge of a court of record in the state where the residence premises is located. The appraisers will separately set the amount of loss. If the appraisers submit a written report of an agreement to us, the amount agreed upon will be the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will set the amount of loss. Each party will:

a. Pay its own appraiser; and

b. Bear the other expenses of the appraisal and umpire equally.

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. Suit Against Us

No action can be brought unless the policy provisions have been complied with and the action is started within one year after the date of loss.

9. Our Option

If we give you written notice within 30 days after we receive your signed, sworn proof of loss, we may repair or replace any part of the damaged property with like property.

10. Loss Payment

We will adjust all losses with you. We will pay you unless some other person is named in the policy or is legally entitled to receive payment. Loss will be payable 30 days after we receive your proof of loss and:

a. Reach an agreement with you;

b. There is an entry of a final judgment; or

c. There is a filing of an appraisal award with us.

11. Abandonment of Property

We need not accept any property abandoned by an insured.

12. Mortgage Clause

Insurance Commissioner’s Regulation No. 335/WAC-284-21-010 requires that Form 372 (Ed. 11-50) or Form 438 BFU (Ed. 5-42) be endorsed on this policy, if applicable.

13. No Benefit to Bailee

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

14. Nuclear Hazard Clause

a. “Nuclear Hazard” means any nuclear reaction, radiation, or radioactive contamination, all whether controlled or uncontrolled or however caused, or any consequence of any of these.

b. Loss caused by the nuclear hazard will not be considered loss caused by fire, explosion, or smoke, whether these perils are specifically named in or otherwise included within the Perils Insured Against in Section I.

c. This policy does not apply under Section I to loss caused directly or indirectly by nuclear hazard, except that direct loss by fire resulting from the nuclear hazard is covered.

15. Recovered Property

If you or we recover any property for which we have made payment under this policy, you or we will notify the other of the recovery. At your option, the property will be returned to or retained by you or it will become our property. If the recovered property is returned to or retained by you, the loss payment will be adjusted based on the amount you received for the recovered property.
SECTION II—LIABILITY COVERAGES

COVERAGE E—PERSONAL LIABILITY

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

1. Pay up to our limit of liability for the damages for which the insured is legally liable. Damages include prejudgment interest awarded against the insured; and
2. Provide a defense at our expense by counsel of our choice, even if the suit is groundless, false or fraudulent. We may investigate and settle any claim or suit that we decide is appropriate. Our duty to settle or defend ends when our limit of payment for this coverage has been exhausted by payment of judgments or settlements.

Section II—Exclusions do not apply to personal injury. Personal injury insurance does not apply to:

1. Liability assumed by the insured under any contract or agreement except any indemnity obligation assumed by the insured under a written contract directly relating to the ownership, maintenance or use of the premises;
2. Injury caused by a violation of a penal law or ordinance committed by or with the knowledge or consent of an insured;
3. Injury sustained by any person as a result of an offense directly or indirectly related to the employment of this person by the insured;
4. Injury arising out of or in connection with a business engaged in by an insured. This exclusion applies but is not limited to an act or omission, regardless of its nature or circumstance, involving a service or duty rendered, promised, owed, or implied to be provided because of the nature of the business;
5. Civic or public activities performed for pay by an insured;
6. Injury to you or an insured within the meaning of part a. or b. of an insured as defined;
7. Injury arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of pollutants.

Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

8. Any loss, cost or expense 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, pollutants; or
   b. Claim or suit by or on behalf of governmental authority for damages because of testing for, monitoring, clean up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of pollutants.

COVERAGE F—MEDICAL PAYMENTS TO OTHERS

We will pay the necessary medical expenses that are incurred or medically ascertained within three years from the date of an accident causing bodily injury. Medical expenses means reasonable charges for medical, surgical, x-ray, dental, ambulance, hospital, professional nursing, prosthetic devices and funeral services. This coverage does not apply to you or regular residents of your household except residence employees. As to others, this coverage applies only:

1. To a person on the insured location with the permission of an insured; or
2. To a person off the insured location, if the bodily injury:
   a. Arises out of a condition on the insured location or the ways immediately adjoining;
   b. Is caused by the activities of an insured;
   c. Is caused by a residence employee in the course of the residence employee’s employment by an insured; or
   d. Is caused by an animal owned by or in the care of an insured.

SECTION II—EXCLUSIONS

1. Coverage E—Personal Liability and Coverage F—Medical Payments to Others do not apply to bodily injury or property damage:
   a. (1) Which may reasonably be expected to result from the intentional or criminal acts of an insured or which in fact are intended by an insured. This applies regardless of whether an insured is actually charged with, or convicted of, a crime; or
   (2) Resulting from an act or omission committed by an insured while insane or while lacking the mental capacity to control his or her conduct or while unable to form an intent to cause bodily injury or property damage. This applies only if a reasonable person would have expected some bodily injury or property damage to result from the act or omission;
   b. Arising out of or in connection with a business engaged in by an insured. This exclusion applies but is not limited to an act or omission, regardless of its nature or circumstance, involving a service or duty rendered, promised, owed, or implied to be provided because of the nature of the business;
   c. Arising out of the rental or holding for rental of any part of any premises by an insured. This exclusion does not apply to the rental or holding for rental of an insured location:
      (1) On an occasional basis if used only as residence;
      (2) In part for use only as a residence, unless a single family unit is intended for use by the occupying family to lodge more than two roomers or boarders; or
      (3) In part, as an office, school, studio or private garage;
   d. Arising out of the rendering of or failure to render professional services;
   e. Arising out of a premises:
      (1) Owned by an insured;
      (2) Rented to an insured; or
      (3) Rented to others by an insured; that is not an insured location;
   f. Arising out of:
      (1) The ownership, maintenance, use, loading or unloading of motor vehicles or all other motorized land conveyances, including trailers, owned or operated by or rented or loaned to an insured;
(2) The entrustment by an insured of a motor vehicle or any other motorized land conveyance to any person; or
(3) Vicarious liability, whether or not statutorily imposed, for the actions of a child or minor using a conveyance excluded in paragraph (1) or (2) above.

This exclusion does not apply to:
(1) trailer not towed by or carried on a motorized land conveyance;
(2) motorized land conveyance which is both designed and used exclusively for recreational purposes off public roads, not subject to licensing requirements and:
   (a) Not owned by an insured; or
   (b) Owned by an insured and on an insured location.
(3) A motorized golf cart when used to play golf on a golf course;
(4) A vehicle or conveyance not subject to licensing requirements which is:
   (a) Used exclusively to service an insured’s residence.
   (b) In dead storage on an insured location.
(5) A vehicle or conveyance which is both designed and used exclusively for assisting the handicapped and has a maximum attainable speed of 10 miles per hour.

g. Arising out of:
   (1) The ownership, maintenance, use, loading or unloading of an excluded watercraft described below;
   (2) The entrustment by an insured of an excluded watercraft described below to any person; or
   (3) Vicarious liability, whether or not statutorily imposed, for the actions of a child or minor using an excluded watercraft described below.

Excluded watercraft are those that are principally designed to be propelled by engine power or electric motor, or are sailing vessels, whether owned by or rented to an insured. This exclusion does not apply to watercraft:
(1) That are not sailing vessels and are powered by:
   (a) Inboard or inboard-outdrive engine or motor power of 50 horsepower or less not owned by an insured;
   (b) Inboard or inboard-outdrive engine or motor power of more than 50 horsepower not owned by or rented to an insured;
   (c) One or more outboard engines or motors with 25 total horsepower or less;
   (d) One or more outboard engines or motors with more than 25 total horsepower if the outboard engine or motor is not owned by an insured;
   (e) Outboard engines or motors of more than 25 total horsepower owned by an insured if:
      (i) You acquire them prior to the policy period; and
         a) You declare them at policy inception; or
         b) Your intention to insure is reported to us in writing within 45 days after you acquire the outboard engines or motors.
      (ii) You acquire them during the policy period.
     This coverage applies for the policy period.
(2) That are sailing vessels, with or without auxiliary power:
   (a) Less than 26 feet in overall length;
   (b) 26 feet or more in overall length, not owned by or rented to an insured.

h. Arising out of:
   (1) The ownership, maintenance, use, loading or unloading of an aircraft;
   (2) The entrustment by an insured of an aircraft to any person;
   (3) Vicarious liability, whether or not statutorily imposed, for the actions of a child or minor using an aircraft.

An aircraft means any contrivance used or designed for flight, except model or hobby aircraft not used or designed to carry people or cargo.

i. Caused directly or indirectly by war, including the following and any consequence of any of the following:
   (1) Undeclared war, civil war, insurrection, rebellion or revolution;
   (2) Warlike act by a military force or military personnel; or
   (3) Destruction, seizure or use for a military purpose.

Discharge of a nuclear weapon will be deemed a warlike act even if accidental;

j. Arising out of actual or threatened molestation, sexual misconduct or sexual harassment committed by any person, regardless of whether that person is an insured;

k. Arising out of the use, sale, manufacture, delivery, transfer or possession by any person of a Controlled Substance(s) as defined by the Federal Food and Drug Law at 21 U.S.C.A. Sections 811 and 812. Controlled Substances include but are not limited to cocaine, LSD, marijuana and all narcotic drugs. However, this exclusion does not apply to the legitimate use of prescription drugs by a person following the orders of a licensed physician.

l. Arising out of the discharge, dispersal, seepage, migration, release or escape of smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids or gases, waste materials or other irritants, contaminants or pollutants into or upon the land, the atmosphere or water. This exclusion does not apply to bodily injury or property damage caused by heat, smoke or fumes which result from an uncontained fire or asphyxiation or poisoning due to the escape of fumes from a flue or furnace as a result of a malfunction of the flue or furnace;

m. Arising out of lead paint poisoning or exposure;

a. Arising out of exposure to asbestos or any asbestos-like compound;

o. Arising out of a condition on real estate you sell, give away, or abandon;

p. Arising out of:
   (1) A disease transmitted by an insured through sexual contact;
   or
   (2) The transmission by an insured of the Human Immunodeficiency Virus (HIV) or the Acquired Immune Deficiency Syndrome (AIDS) virus by any means.

Exclusions e., f., g., and h. do not apply to bodily injury to a residence employee arising out of and in the course of the residence employee's employment by an insured.

2. Coverage E—Personal Liability, does not apply to:
   a. Liability:
      (1) For any loss assessment charged against you as a member of an association, corporation or community of property owners;

   b. Property:
      (1) That are stored;
      (2) That are lost or destroyed in transit to an insured location;
      (3) That are abandoned;
      (4) That are destroyed by fire, theft or any other cause.

Exclusions c., d., e., f., g., and h. do not apply to property of an insured located on an insured premises which is not part of the residence.

Exclusions a., b., c., d., e., f., g., and h. do not apply to personal property owned by you or another employee who is not an insured.

Exclusions f., g., and h. do not apply to personal property located in a temporarily occupied residence or in dead storage.
1. Claim Expenses
   We pay:
   a. Expenses we incur and costs taxed against an insured in any suit we defend;
   b. Premiums on bonds required in a suit we defend, but not for bond amounts more than the limit of liability for Coverage E. We need not apply for or furnish any bond;
   c. Reasonable expenses incurred by an insured at our request, including actual loss of earnings (but not loss of other income) up to $200 per day, for assisting us in the investigation or defense of a claim or suit; and
   d. Interest on the entire judgment which accrues after entry of the judgment and before we pay or tender, or deposit in court that part of the judgment which does not exceed the limit of liability that applies.

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

3. Damage to Property of Others
   We will pay, at replacement cost, up to $500 per occurrence for property damage to property of others caused by an insured.
   We will not pay for property damage:
   a. To the extent of any amount recoverable under Section I of this policy; or
   b. Caused intentionally by an insured who is 13 years of age or older;
   c. To property owned by an insured;
   d. To property owned by or rented to a tenant of an insured or a resident in your household; or
   e. Arising out of:
      (1) A business engaged in by an insured;
      (2) Any act or omission in connection with a premises owned, rented or controlled by an insured, other than the insured location; or
      (3) The ownership, maintenance, or use of aircraft, watercraft or motor vehicles or all other motorized land conveyances. This exclusion does not apply to a motorized land conveyance which is both designed and used exclusively for recreational purposes off public roads, not subject to licensing requirements and not owned by an insured.

4. Loss Assessment. We will pay up to $1000 for your share of loss assessment charged during the policy period against you by a corporation or association of property owners, when the assessment is made as a result of:
   a. Bodily injury or property damage not excluded under Section II of this policy; or
   b. Liability for an act of a director, officer or trustee in the capacity as a director, officer or trustee, provided:
      (1) The director, officer or trustee is elected by the members of a corporation or association of property owners; and

   f. Bodily injury to you or an insured within the meaning of part a. or b. of insured as defined.
   g. Liability for punitive damages.

3. Coverage F—Medical Payments to Others, does not apply to bodily injury:
   a. To a residence employee if the bodily injury:
      (1) Occurs off the insured location; and
      (2) Does not arise out of or in the course of the residence employee's employment by an insured;
   b. To any person eligible to receive benefits:
      (1) Voluntarily provided; or
      (2) Required to be provided;
         under any:
         (1) Workers’ compensation law;
         (2) Non-occupational disability law; or
         (3) Occupational disease law;
   c. From any:
      (1) Nuclear reaction;
      (2) Nuclear radiation; or
      (3) Radioactive contamination; all whether controlled or uncontrolled or however caused; or
   d. To any person, other than a residence employee of an insured, regularly residing on any part of the insured location.

SECTION II—ADDITIONAL COVERAGES

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

1. Claim Expenses
   We pay:
   a. Expenses we incur and costs taxed against an insured in any suit we defend;
   b. Premiums on bonds required in a suit we defend, but not for bond amounts more than the limit of liability for Coverage E. We need not apply for or furnish any bond;
   c. Reasonable expenses incurred by an insured at our request, including actual loss of earnings (but not loss of other income) up to $200 per day, for assisting us in the investigation or defense of a claim or suit; and
   d. Interest on the entire judgment which accrues after entry of the judgment and before we pay or tender, or deposit in court that part of the judgment which does not exceed the limit of liability that applies.

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

3. Damage to Property of Others
   We will pay, at replacement cost, up to $500 per occurrence for property damage to property of others caused by an insured. We will not pay for property damage:
   a. To the extent of any amount recoverable under Section I of this policy; or
   b. Caused intentionally by an insured who is 13 years of age or older;
   c. To property owned by an insured;
   d. To property owned by or rented to a tenant of an insured or a resident in your household; or
   e. Arising out of:
      (1) A business engaged in by an insured;
      (2) Any act or omission in connection with a premises owned, rented or controlled by an insured, other than the insured location; or
      (3) The ownership, maintenance, or use of aircraft, watercraft or motor vehicles or all other motorized land conveyances. This exclusion does not apply to a motorized land conveyance which is both designed and used exclusively for recreational purposes off public roads, not subject to licensing requirements and not owned by an insured.

4. Loss Assessment. We will pay up to $1000 for your share of loss assessment charged during the policy period against you by a corporation or association of property owners, when the assessment is made as a result of:
   a. Bodily injury or property damage not excluded under Section II of this policy; or
   b. Liability for an act of a director, officer or trustee in the capacity as a director, officer or trustee, provided:
      (1) The director, officer or trustee is elected by the members of a corporation or association of property owners; and

   f. Bodily injury to you or an insured within the meaning of part a. or b. of insured as defined.
   g. Liability for punitive damages.
(2) The director, officer or trustee serves without deriving any income from the exercise of duties which are solely on behalf of a corporation or association of property owners. This coverage applies only to loss assessments charged against you as owner or tenant of the residence premises. We do not cover loss assessments charged against you or a corporation or association of property owners by any governmental body. Regardless of the number of assessments, the limit of $1000 is the most we will pay for loss arising out of:

a. One accident, including continuous or repeated exposure to substantially the same general harmful conditions; or
b. A covered act of a director, officer or trustee. An act involving more than one director, officer or trustee is considered to be a single act.

The following do not apply to this coverage:

a. Section II—Coverage E—Personal Liability Exclusion 2.a.(1);

SECTION II—CONDITIONS

1. Limit of Liability
Our total liability under Coverage E for all damages resulting from any one occurrence will not be more than the limit of liability for Coverage E as shown in the Declarations. This limit is the same regardless of the number of insureds, claims made or persons injured. All bodily injury and property damage resulting from any one accident or from continuous or repeated exposure to substantially the same general harmful conditions shall be considered to be the result of one occurrence. Our total liability under Coverage F for all medical expense payable for bodily injury to one person as the result of one accident will not be more than the limit of Liability for Coverage F as shown in the Declarations.

2. Severability of Insurance
This insurance applies separately to each insured. This condition will not increase our limit of liability for any one occurrence.

3. Duties After Loss
In case of an accident or occurrence, the insured will perform the following duties that apply. You will help us by seeing that these duties are performed.

a. Give written notice to us or our agent as soon as is practical, which sets forth:
   (1) The identity of the policy and insured;
   (2) Reasonably available information on the time, place and circumstances of the accident or occurrence; and
   (3) Names and addresses of any claimants and witnesses;
b. Promptly forward to us every notice, demand, summons or other process relating to the accident or occurrence;
c. At our request, help us:
   (1) To make settlement;
   (2) To enforce any right of contribution or indemnity against any person or organization who may be liable to an insured;
   (3) With the conduct of suits and attend hearings and trials; and
   (4) To secure and give evidence and obtain the attendance of witnesses;

4. Duties of an Injured Person—Coverage F—Medical Payments to Others
The injured person will perform the following duties.

a. Give us written proof of claim, under oath if required, as soon as is practical; and
b. Authorize us to obtain copies of medical reports and records.

5. Payment of Claim—Coverage F—Medical Payments to Others
Payment under this coverage is not an admission of liability by an insured or us.

6. Suit Against Us
No action can be brought against us unless there has been compliance with the policy provisions.

7. Bankruptcy of an Insured
Bankruptcy or insolvency of an insured will not relieve us of our obligations under this policy.

8. Other Insurance—Coverage E—Personal Liability
This insurance is excess over other valid and collectible insurance except insurance written specifically to cover as excess over the limits of liability that apply in this policy.
SECTION I AND II—CONDITIONS

1. Policy Period
   This policy applies only to loss in Section I or bodily injury or property damage in Section II, which occurs during the policy period.

2. Concealment or Fraud
   The entire policy will be void if, whether before or after a loss, an insured has:
   a. Intentionally concealed or misrepresented any material fact or circumstance; or
   b. Engaged in fraudulent conduct;
   relating to this insurance.
   This Condition will not apply to deny an insured’s otherwise covered claim if the fraud, concealment or misrepresentation is caused by an act of domestic abuse by another insured under the policy, and the insured seeking coverage:
   (1) Files a police report and cooperates with any law enforcement investigation relating to the act of domestic abuse; and
   (2) Did not cooperate in or contribute to the fraud, concealment or misrepresentation.
   If we make payment under this domestic abuse exception for a loss covered by Section I, our payment to the insured is limited to that insured’s insurable interest in the property less any payments we first make to a mortgagee or other party with a legal secured interest in the property. In no event will we pay more than the limit of liability.

3. Liberalization Clause
   If we make a change which broadens coverage under this edition of our policy without additional premium charge, that change will automatically apply to your insurance as of the date we implement the change in your state, provided that this implementation date falls within 60 days prior to or during the policy period stated in the Declarations.
   This Liberalization Clause does not apply to changes implemented through introduction of a subsequent edition of our policy.

   A waiver or change of a provision of this policy must be in writing by us to be valid. Our request for an appraisal or examination will not waive any rights.

5. Cancellation
   a. You may cancel this policy at any time by returning it to us or by letting us know in writing of the date cancellation is to take effect.
   b. We may cancel this policy only for the reasons stated below by letting you know in writing of the date cancellation takes effect.
   This cancellation notice, together with our reason for cancellation, will be mailed to you and, if applicable, your agent or broker at the last addresses known to us or shown by our records. Proof of mailing will be sufficient proof of notice.
   (1) When you have not paid the premium, we may cancel at any time by letting you know at least 10 days before the date cancellation takes effect.
   (2) When this policy has been in effect for less than 60 days and is not a renewal with us, we may cancel for any reason by letting you know at least 45 days before the date cancellation takes effect.
   (3) When this policy has been in effect for 60 days or more, or at any time if it is a renewal with us, we may cancel:
      (a) If there has been a material misrepresentation of fact which if known to us would have caused us not to issue the policy; or
      (b) If the risk has changed substantially since the policy was issued.
   This can be done by letting you know at least 45 days before the date cancellation takes effect.

   A waiver or change of a provision of this policy must be in writing by us to be valid. Our request for an appraisal or examination will not waive any rights.

5. Cancellation
   a. You may cancel this policy at any time by returning it to us or by letting us know in writing of the date cancellation is to take effect.
   b. We may cancel this policy only for the reasons stated below by letting you know in writing of the date cancellation takes effect.
   This cancellation notice, together with our reason for cancellation, will be mailed to you and, if applicable, your agent or broker at the last addresses known to us or shown by our records. Proof of mailing will be sufficient proof of notice.
   (1) When you have not paid the premium, we may cancel at any time by letting you know at least 10 days before the date cancellation takes effect.
   (2) When this policy has been in effect for less than 60 days and is not a renewal with us, we may cancel for any reason by letting you know at least 45 days before the date cancellation takes effect.
   (3) When this policy has been in effect for 60 days or more, or at any time if it is a renewal with us, we may cancel:
      (a) If there has been a material misrepresentation of fact which if known to us would have caused us not to issue the policy; or
      (b) If the risk has changed substantially since the policy was issued.
   This can be done by letting you know at least 45 days before the date cancellation takes effect.

4. When this policy is written for a period of more than one year, we may cancel for any reason at anniversary by letting you know at least 45 days before the date cancellation takes effect.
   However, with respect to paragraphs b. (2), (3) and (4) above, if two or more of the following conditions exist at any building that is covered under this policy, we may cancel this policy by letting you and, if applicable, your agent or broker know at least 5 days before the date cancellation takes effect. We will also let any mortgagee or other person shown by the policy to have an interest in a covered loss know at least 20 days before the date cancellation takes effect.
   (1) Without reasonable explanation, the building is unoccupied for more than 60 consecutive days, or at least 65% of the rental units are unoccupied for more than 120 consecutive days unless the building is maintained for seasonal occupancy or is under construction or repair;
   (2) Without reasonable explanation, progress toward completion of permanent repairs to the building has not occurred within 60 days after receipt of funds following satisfactory adjustment or adjudication of loss resulting from a fire;
   (3) Because of its physical condition, the building is in danger of collapse;
   (4) Because of its physical condition, a vacation or demolition order has been issued for the building, or it has been declared unsafe in accordance with applicable law;
   (5) Fixed and salvageable items have been removed from the building, indicating an intent to vacate the building;
   (6) Without reasonable explanation, heat, water, sewer, and electricity are not furnished for the building for 60 consecutive days;
   (7) The building is not maintained in substantial compliance with fire, safety and building codes.
   c. When this policy is cancelled, the premium for the period from the date of cancellation to the expiration date will be refunded pro rata.
   d. If the return premium is not refunded with the notice of cancellation or when this policy is returned to us, we will refund it as soon as possible, but no later than:
   (1) 45 days after we send a notice of cancellation to you; or
   (2) 30 days after we receive the policy or a notice of cancellation from you.
   e. Except as noted above if the policy is cancelled by us, we will give the same advance notice of cancellation in writing to any mortgagee or other person shown by the policy to have an interest in a covered loss as we give to you. The cancellation notice may be delivered or mailed; if mailed, proof of mailing will be sufficient proof of notice.

6. Nonrenewal
   We may elect not to renew this policy. We may do so by mailing to you and, if applicable, your agent or broker at the last addresses known to us or shown by our records, written notice, including our...
reason for refusing to renew, at least 45 days before the expiration date of this policy. Proof of mailing will be sufficient proof of notice.
If we have offered in writing, either directly or through our agent, at least 20 days before the expiration date of this policy, to renew this policy, and have included a statement of the renewal premium due, we may terminate this policy on its expiration date if you fail to pay the required premium when due.
For the purpose of determining the date when nonrenewal can be effected: A policy with a term of six months or less is considered as if written for a policy period of six months. A policy written for a term longer than one year or a policy with no fixed expiration date is considered as if written for a period of one year.

7. Assignment
Assignment of this policy will not be valid unless we give our written consent.

8. Subrogation
An insured may waive in writing before a loss all rights of recovery against any person. If not waived, we may require an assignment of rights of recovery for a loss to the extent that payment is made by us.
If an assignment is sought, an insured must sign and deliver all related papers and cooperate with us.
Subrogation does not apply under Section II to Medical Payments to Others or Damage to Property of Others.

If we pay an insured, who is a victim of domestic abuse, for a loss caused by an act of domestic abuse, the rights of that insured to recover damages from the perpetrator of the abuse are transferred to us to the extent of our payment. That insured may not waive such rights to recover against the perpetrator of the domestic abuse.
We won’t exercise our right to recover payment to the extent that doing so would reduce full recovery of loss or damages incurred by an insured.

9. Death
If any person named in the Declarations or the spouse, if a resident of the same household, dies:

a. We insure the legal representative of the deceased but only with respect to the premises and property of the deceased covered under the policy at the time of death;

b. Insured includes:
   (1) Any member of your household who is an insured at the time of your death, but only while a resident of the residence premises; and
   (2) With respect to your property, the person having proper temporary custody of the property until appointment and qualification of a legal representative.

10. Waiver of Small Premiums
Additional charges or a refund of less than $2 resulting from policy changes will be waived.
MUTUAL POLICY CONDITIONS
This policy is issued by a mutual insurance company, and you are a member of PEMCO Mutual Insurance Company (“PEMCO”) while this policy is in force. PEMCO’s annual meeting is held at its headquarters in Seattle, Washington, on the third day in January each year at 4 p.m. If January 3 falls on a Saturday or Sunday, the meeting will take place on the next business day. The purpose of the meeting is to transact the general business of PEMCO and elect a board of directors.

Members participate in earnings of PEMCO in a manner and to an extent as determined by the board of directors.

This policy is nonassessable, meaning that beyond payment of the premium for this insurance you have no responsibility for our debts or obligations.

This is not a complete and valid contract without an accompanying Policy Declarations Page.

ENDORSEMENTS ARE AN IMPORTANT PART OF YOUR POLICY. PLEASE ATTACH THEM TO YOUR POLICY.