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FARMERS AND RANCHERS POLICY

DEAR POLICYHOLDER:

In the event you need to contact someone about this policy, please contact your agent. If you have additional questions or need further information, you may contact us at the address and telephone numbers shown above.

We welcome you as a policyholder of American Reliable Insurance Company.

THIS POLICY IS A LEGAL CONTRACT BETWEEN YOU AND US.

PLEASE READ IT CAREFULLY.

FARMERS AND RANCHERS POLICY

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PLEASE READ YOUR POLICY CAREFULLY.

THIS PAGE PROVIDES ONLY A BRIEF OUTLINE OF SOME OF THE IMPORTANT FEATURES OF YOUR POLICY. THIS PAGE IS NOT THE INSURANCE CONTRACT AND ONLY THE ACTUAL POLICY PROVISIONS WILL CONTROL. THE POLICY ITSELF SETS FORTH, IN DETAIL, THE RIGHTS AND OBLIGATIONS OF BOTH YOU AND US. IT IS THEREFORE IMPORTANT THAT YOU READ YOUR POLICY.

INTRODUCTION

Your Farmers and Ranchers Policy can protect your property and possessions. It can also protect those of your dependents under Section I. And, it can protect you, as well as certain others, against liability losses because of bodily injury, property damage or personal injury claims or suits under Section II. The Declarations show which coverages you have and the limit of insurance for each.

GENERAL INFORMATION ABOUT YOUR POLICY

PARTIES TO THE POLICY. In this policy, "You," "your" and "yours" mean the named insured shown in the Declarations. If you are an individual "you," "your," or "yours" also means your spouse if a resident of the same household.

"We," "our," and "us" mean the insurance company that has written your policy and is named in the Declarations.

GLOSSARY. Certain words and phrases have special meaning throughout this policy. These words and phrases are defined in the Glossary at the end of this policy.

POLICY PERIOD. This policy applies only to loss under Section I or bodily injury, property damage or personal injury under Section II which occurs during the policy period shown in the Declarations.

The time of inception and the time of expiration of this policy and of any schedule or endorsement attached shall be 12:01 A.M. Standard Time.

If this policy replaces coverage of a policy expiring at noon standard time on the effective date of this policy, this policy will not be effective until the policy being replaced expires.

In those states where it is required that the policy period begin and end at noon standard time, this policy will be effective and expire at noon standard time.

PREMIUMS. We will compute the premium as called for by our rules, rates, and rating plans, applying to the coverages provided by this policy.

If premium is due at each anniversary, we will use the rates in effect at the anniversary date.

DECLARATIONS. By accepting this policy, you agree that:

- a. the statements in the Declarations are your agreements and representations;
- b. this policy is issued in reliance on the truth of such representations; and
- c. this policy contains all agreements existing between you and us or any of our agents relating to this insurance.

The Declarations shall include the General Declarations, Supplemental Declarations and the Declarations for each coverage provided by the policy.

YOUR POLICY IS A CONTRACT. We agree to provide you the coverage described in the Declarations, in the policy and in any forms or endorsements attached.

In return you must pay the premium and keep all promises you have made under this contract.

SECTION I - PROPERTY COVERAGES

Under this Section of your Policy there are six types of coverages. These are:

- A. Dwelling and Additional Dwelling Coverage;
- B. Unscheduled Personal Property (Household) Coverage;
- C. Loss of Use Coverage;
- D. Scheduled Farm Personal Property Coverage;
- E. Unscheduled Farm Personal Property Coverage; and
- F. Barns, Buildings and Structures Coverage.

We will provide the insurance described in this policy for coverages for which a limit of insurance is shown in the Declarations.

COVERAGE A - DWELLINGS AND ADDITIONAL DWELLINGS

This applies only if a limit of insurance is shown in the Declarations.

1. We cover:

- a. The dwelling at the insured location shown in the Declarations used principally as a private residence. This includes structures attached to the dwelling. Structures connected to the dwelling by a fence, utility line or similar connection are to be considered other structures;
- b. Building equipment, fixtures and outdoor equipment for the service of the residence premises;
 - 1) while on the premises or temporarily away from the premises; and
 - 2) not otherwise covered by this policy.
- c. Materials and supplies located on or adjacent to the dwelling for use in the construction, alteration or repair of the dwelling or other structures on the residence premises.

2. We cover:

- a. Additional farm dwelling(s) if shown in the Declarations and used principally as a private residence. This includes building equipment, fixtures and out-door equipment;
 - 1) used to service the dwellings; and
 - 2) located at the insured location.
- b. Other structures on the residence premises, located within 500 feet of the dwelling and not otherwise shown in the Declarations. Our limit of insurance for these structures is an additional amount of insurance equal to ten percent (10%) of our limit for the dwelling, or the Actual Cash Value of the structure or structures, whichever is less.

3. We do not cover:

- a. Other structures used or intended and designed for use in whole or in part for business or farming purposes;
- b. Other structures rented or held for rental to any person not a tenant of the dwelling unless used solely as a garage;
- c. Satellite receiver dishes and component parts for television or radio use or transmission;
- d. Land, including land on which the dwelling or structure is located.

COVERAGE B - UNSCHEDULED PERSONAL PROPERTY (HOUSEHOLD)

This applies only if a limit of insurance is shown in the Declarations:

1. We cover:

- a. unscheduled household personal property owned or used by any insured while it is anywhere in the world;
- b. household personal property owned by others while their property is on the part of the residence premises occupied by any insured, if you ask us to;
- c. household personal property owned by a guest or a residence employee, while the property is in any residence occupied by an insured, if you ask us to.

Our limit of insurance for unscheduled household personal property away from the residence premises is 10% of the limit of insurance for Coverage B, or \$2,000, whichever is greater. Unscheduled household personal property in a newly acquired principal residence is not subject to this limit for the 30 days immediately after you begin to move the property there.

2. Under coverage B we do not cover:

- a. automobiles, aircraft or their parts;
- b. animals, birds or fish;
- c. any tape, wire, record disc or similar instrument while in or on a motor vehicle;
- d. business property, including tools; in storage or held as a sample or for sale or delivery after sale; when away from the residence premises. Business property on the residence premises is covered subject to Special Limits of Insurance.
- e. cell, disc, drum, film, tape and other magnetic recording or storage media for electronic data processing. But we do cover the cost of such media in unexposed or blank form;
- f. equipment for transmitting, recording, receiving or reproducing sound which may be operated by the electrical system of a motor vehicle, however this shall not apply to farm equipment. Radar detectors and mobile telephones are included within this exclusion;
- g. farm personal property;
- h. motorized campers; camper bodies; house trailers and mobile homes; and the equipment of each;
- i. 3 or 4 wheel all terrain vehicles and motorized land vehicles, except those used to service an insured's residence and not licensed for road use;

- j. property of roomers, boarders or other tenants not related to an insured;
- k. property rented or held for rental to others; or furnished or held as furnishings for farm employees by the named insured.

This does not apply to:

- 1) property in that portion of the residence premises ordinarily occupied by any insured and rented to others on an occasional basis; or
- 2) property of any insured in that portion of the described dwelling occupied by roomers or boarders.

- l. property separately described and specifically covered by this or other insurance; or

- m. radio or television antennas or towers.

3. Special Limits of Insurance

The following limits do not increase the Coverage B limit of insurance. The special limit for each lettered category is the total limit for each occurrence for all property in that category.

- a. \$300 on: money; bullion; numismatic property and bank notes;
- b. \$1,500 on: accounts; bills; deeds; evidences of debt; letters of credit; notes other than bank notes; passports; railroad and other tickets; securities; manuscripts; stamps including philatelic property;
- c. \$1,500 on guns;
- d. \$2,500 for loss of or to jewelry; watches; necklaces; bracelets; gems; precious and semi-precious stones; and furs;
- e. \$1,500 on watercraft, including their trailers, whether licensed or not; furnishings, equipment and outboard motors;
- f. \$1,500 on trailers not used with watercraft or for farming purposes;
- g. \$1,000 on grave markers; or
- h. \$2,500 for loss of or to silverware, silver-plated ware, goldware and gold-plated ware;
- i. \$1,000 for loss of or to miscellaneous tools and equipment;
- j. \$2,500 on "business property" other than farm personal property while on the insured location;
- k. \$1,500 on electronic devices, accessories, and antennas that can be operated from the electrical system of farm equipment and by other sources of power. This includes films, tapes, wires, discs, records, or other media for use with such devices. The special "limit" applies only while the property described in this paragraph is in or on farm equipment.

COVERAGE C -- LOSS OF USE

This applies only if a limit of insurance is shown in the Declarations.

1. This coverage applies when loss by a peril insured against to property covered under Coverage A or B causes:
 - a. an increase in your living expenses; or
 - b. loss of the use of certain rental property.
2. The limit of insurance for Coverage C is the total limit for all the following coverages:
 - a. **Additional Living Expense.** If a loss covered under this section makes the residence premises uninhabitable, we cover 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 premises or, if you permanently relocate, the shortest time required for your household to settle elsewhere. This period of time is not limited to expiration of this policy.
 - b. **Fair Rental Value.** If a loss covered under this Section makes that part of the residence premises rented to others or held for rental by you uninhabitable, we cover its fair rental value. Payment will be for the shortest time required to repair or replace the part of the premises rented or held for rental. This period of time is not limited by expiration of this policy. Fair rental value will not include any expense that does not continue while that part of the residence premises rented or held for rental is uninhabitable.
 - c. **Prohibited Use.** 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 any resulting Additional Living Expense and Fair Rental Value loss for a period not exceeding two weeks during which use is prohibited.
3. We do not cover loss or expense due to cancellation of a lease or agreement.
4. No deductible applies.

COVERAGE D -- SCHEDULED FARM PERSONAL PROPERTY

This applies only if a limit of insurance is shown in the Declarations.

1. We cover only the items of farm personal property for which a limit of insurance is shown in the Supplemental Declarations. The total limit of insurance for all Coverage D items is shown in the Declarations.

2. If grain, hay or poultry is covered at more than one location, our limit of insurance applying to each item at the time of loss will be in the proportion that the value of the property covered under each item at each farm location bears to the total value of the property covered under the item at all farm locations.

3. When shown in the Supplemental Declarations we cover:

a. **SCHEDULED MOBILE AGRICULTURAL EQUIPMENT:**

We cover specifically insured machinery, vehicles or equipment while on or within 200 miles of the insured location.

b. **UNSCHEDULED MISCELLANEOUS AGRICULTURAL EQUIPMENT:**

We cover your unscheduled agricultural equipment. This includes harnesses and saddlery; tools and hand tools; spare parts, supplies and equipment of all kinds usual and incidental to the operation of a farm. The most we will pay for any one item is \$1,000.

We do not cover;

- 1) alcohol stills;
- 2) automobiles, trucks, motorcycles, mopeds, dirt bikes, all terrain vehicles, or snowmobiles; mobile homes or house trailers; vehicles primarily designed and licensed for road use (other than farm wagons and farm trailers); watercraft or aircraft and the equipment of each;
- 3) brooders;
- 4) bulk milk tanks, bulk feed tanks, barn cleaners, pasteurizers, boilers or any permanent fixtures attached to or within a building;
- 5) irrigation equipment;
- 6) liquid petroleum or manufactured gas, gasoline and their containers;
- 7) outdoor radio and TV equipment, satellite dishes, antennas and component parts thereof;
- 8) portable buildings and structures;
- 9) property which is separately described and insured;
- 10) threshing machines, tractors, combines, corn pickers, hay balers, harvesters, peanut diggers and pickers, cotton pickers, crop dryers and sawmill equipment; or
- 11) windmills, wind chargers and their towers.

c. **LIVESTOCK:**

Meaning cattle, horses, mules, donkeys, swine, sheep or goats.

- 1) We cover livestock on or off the insured location.
- 2) We do not cover livestock while in:
 - a) transit by common carrier;
 - b) public stockyards, sales barns and sales yards; or
 - c) packing plants and slaughterhouses.
- 3) The most that we will pay for any one animal (except when separately described and insured under this policy) will be the least of the following amounts:
 - a) 120% of the amount obtained by dividing the total insurance on each class and type of animal by the number of head of the class and type owned by you at the time of loss; or
 - b) the current market value of any animal destroyed or damaged; or
 - c) \$2,000 unless otherwise stated in the policy Declarations.

Each horse, mule and head of cattle under one year of age at the time of loss will be counted as ½ head, unless otherwise provided.

d. **GRAIN:**

We cover grain, silage, threshed beans, threshed seeds, ground feed, and commercial stock foods in buildings or structures, or in sacks, wagons or trucks. Grain in stacks, shocks, swathes or piles while in the open is covered only against loss by fire and lightning. Grain under government loan is not covered unless specifically insured.

e. **HAY, STRAW AND FODDER IN BUILDINGS:**

We cover hay, straw, and fodder while confined in buildings and not subject to being in the open.

f. **HAY, STRAW AND FODDER IN THE OPEN:**

We cover hay, straw and fodder in stacks, windrows and bales in the open and coverage is only against fire, lightning and theft. Our limit of insurance for loss to hay, straw and fodder in the open shall not exceed:

- 1) \$25,000 for hay on any one stack;
- 2) \$1,000 for straw and fodder on any one stack. A stack is defined as hay, straw and fodder in one area separated by a clear space of 60 feet or more from other hay, straw and fodder in the open.

g. **POULTRY:**

- 1) We cover poultry only for the perils of fire, lightning and windstorm.
- 2) We cover poultry in described buildings and in the open at the insured location.

- 3) The limit of insurance per bird shall not exceed the cash market value on the farm at the time of loss.
- 4) We will not cover turkeys unless specifically described on the Declarations.

h. IRRIGATION EQUIPMENT:

We cover irrigation equipment including pumps, switch boxes, fuse boxes, control boards and any other equipment attached to the pump.

i. SPECIFIED FARM PRODUCTS AND SUPPLIES:

We cover farm products. This includes: fruit, vegetables and tree nuts, semen and materials and supplies of all kinds usual and incidental to the operation of a farm.

Under Specified Farm Products and Supplies, we do not cover growing crops of any kind, animals, hay or grain.

**COVERAGE E - BLANKET - UNSCHEDULED
FARM PERSONAL PROPERTY**

This applies only if a limit of insurance is shown in the Declarations.

1. We cover farm personal property that you own, which is usual and incidental to the operation of the farm while at your farm premises.
2. We also cover the following property while away from the insured location:
 - a. livestock. But we do not cover livestock while in transit by common carrier; or while in slaughterhouses, packing plants, public stock yards, public sales barns and public sales yards; or where located at a feed yard operated by others;
 - b. grain, threshed seeds or threshed beans; hay, straw, fodder, silage or ground feed; herbicides, or fertilizer; or commercial stock foods. But we do not cover any of these while stored in or being processed in: manufacturing plants; public elevators; warehouses; seed houses; or commercial drying plants;
 - c. mobile agricultural equipment, but only within 200 miles of the insured location;
 - d. miscellaneous tools, equipment, and supplies.

The amount we will pay for any one head of covered livestock shall not exceed \$2,000; or \$1,000 on any one horse, mule or head of cattle under one year of age at the time of loss. For the purpose of the application of the coinsurance clause, the current market value of any head of livestock will not be more than the applicable limit of insurance.

3. We do not cover:

- a. aircraft, watercraft, their equipment and parts;
- b. animals other than livestock. Livestock means only cattle, sheep, swine, goats, horses, mules and donkeys;
- c. any tape, wire, record disc or similar instrument while in or on a motor vehicle;
- d. automobiles, trucks, motorcycles, mopeds, dirt bikes, all terrain vehicles; vehicles primarily designed and licensed for road use (other than farm wagons and farm trailers); snowmobiles; mobile homes, house trailers; watercraft or equipment, tires, or parts of any of these;
- e. bulk milk tanks, bulk feed tanks or bins, barn cleaners, pasteurizer boilers or any permanent fixtures attached to a building;
- f. cell, disc, drum, film, tape and other magnetic recording or storage media for electronic data processing. But we do cover the cost of such media in unexposed or blank form;
- g. contents of: chicken fryer or broiler houses, laying houses, poultry brooder houses, duck or turkey houses;
- h. poultry, except for the perils of fire, lightning and windstorm;
- i. crops, standing or otherwise; Refer to Section I - Additional Coverages (paragraph 14);
- j. hay, straw or fodder in the open, except for the perils of fire, lightning and theft;
- k. equipment for transmitting, recording, receiving or reproducing sound which may be operated by the electrical system of a motor vehicle, or mobile agricultural equipment;
- l. fences, windmills and wind chargers and their towers;
- m. household and personal property usual to a dwelling;
- n. irrigation equipment; alcohol stills; tobacco curing equipment; cotton gin equipment; rice drying equipment; logging, forestry and sawmill equipment;
- o. outdoor radio and TV equipment;
- p. portable buildings and structures;
- q. property which is separately described and insured in whole or in part by this or any other insurance;
- r. race horses, show horses, and show ponies;
- s. tobacco and cotton;
- t. trees, plants, shrubs and lawns;

- u. business property;
 - 1) in storage or held as a sample or for sale or for delivery after sale;
 - 2) on or away from the insured location;
- v. milk, cream and milk products.

4. COINSURANCE CLAUSE:

In order for us to pay the actual cash value of a loss, you must maintain insurance on all unscheduled farm personal property for at least 80% of its actual cash value at the time of loss. If you fail to do this, we will only pay a percentage of any loss. This percentage will be produced by dividing the amount of insurance carried by the amount you should have carried to comply with the clause.

If a total claim is less than \$2,000 we will not require a special inventory or appraisal of damaged property. This provision will not waive the application of the first paragraph of this clause.

This coinsurance clause does not apply to newly acquired farm equipment, machinery and vehicles until 30 days after the date acquired.

COVERAGE F - BARNs, BUILDINGS AND STRUCTURES

This applies only if a limit of insurance is shown in the Declarations.

1. We cover only the items of barns, buildings, and structures for which a limit of insurance is shown in the Declarations. The total limits of insurance for all Coverage F items is indicated in the Declarations of this policy. We do not cover land upon which a barn, building or structure is located.
2. When shown in the Supplemental Declarations we cover:
 - a. **FARM BARNs, BUILDINGS AND STRUCTURES:**
This includes attached sheds and permanent fixtures at the insured location. We do not cover silos, whether attached to buildings or not unless a specific limit of insurance is shown for them in the Declarations.
 - b. **FENCES**
This includes corrals, pens, chutes and feed racks at the insured location but excludes field or pasture fences.

We will not pay for a greater proportion of any loss than the limit of insurance applying to this coverage bears to the total value of such property owned at the time of loss.
 - c. **PORTABLE BUILDINGS AND PORTABLE STRUCTURES:**
3. **DEBRIS REMOVAL.**

We will not pay for a greater proportion of any loss than the limit of insurance applying to all portable buildings or structures bears to the total value of such property at the time of loss.

d. IMPROVEMENTS:

If you are a tenant, we cover your use interest in the improvements which you make at your expense to a building you do not own at the insured location.

e. BUILDING MATERIALS AND SUPPLIES:

When we cover buildings or structures, we include building materials and supplies:

- 1) for use in building, altering or repairing your farm buildings or structures; and
- 2) kept on or next to the premises covered.

f. OUTDOOR RADIO OR TELEVISION EQUIPMENT:

We cover outdoor radio or television equipment contained within or mounted on any structures or buildings.

g. PRIVATE POWER AND LIGHT POLES:

When located on the insured location and belonging to you, we will pay up to the limit of insurance for private power and light poles. This includes switch boxes, fuse boxes, and outside wiring belonging to you and located on the insured location.

SECTION I - ADDITIONAL COVERAGES

1. AUTOMATIC REMOVAL.

If you move unscheduled personal property (household) to a newly acquired location within the United States, the limit of insurance for unscheduled personal property (household) will apply at each location in the proportion that the value at each location bears to the total value of all property covered.

The limit of insurance for property in transit is the same as the limit of insurance for unscheduled personal property (household) away from the residence premises.

This coverage applies only for 30 days after you start to remove the property.

2. PROPERTY REMOVED.

We insure covered property while being removed from a premises endangered by a peril insured against for direct loss from any cause. This coverage applies for 30 days from the date any of the covered property is removed from the premises.

This coverage does not change the limit of insurance applying to the property being removed.

We will pay the reasonable expense in an amount not to exceed five percent (5%) of the limit of insurance applying

to the covered property to remove debris when loss to covered property is caused by a peril insured against. Debris removal expense is included in the limit of insurance applying to the damaged property. When the amount of the loss plus the expense for debris removal exceeds the limit of insurance for the damaged property, an additional 5% of that limit of insurance will be available to cover debris removal expense.

Except, we will pay no more than two hundred fifty dollars (\$250) to remove a tree from the dwelling insured under this policy if windstorm or weight of snow and ice caused the tree to fall on the dwelling (not subject to the policy deductible).

4. CONTENTS OF FREEZER OR REFRIGERATED UNIT.

We will pay up to \$500 per occurrence for loss to contents of freezer or refrigerator units when located at "residence premises" of any "Named Insured." The contents must be owned by the insured and the loss caused by change in temperature resulting from:

- a. interruption of electrical service to refrigeration equipment caused by damage to the generation or transmission equipment; or
- b. mechanical or electrical breakdown of the refrigeration system.

You must exercise due care in inspecting and maintaining refrigeration equipment. If loss is known, you must use all reasonable means to protect the property from further damage or this coverage is void. No deductible applies.

5. FIRE DEPARTMENT SERVICES.

(Not applicable in New Mexico).

We will pay your fire department service charges not to exceed the amount of \$2,500 when:

- a. you assumed the charges by contract or agreement prior to the loss;
- b. the department is called to protect property we cover from the peril of fire; and
- c. the property is on the described premises.

We will pay this in addition to other coverage. No deductible applies.

We will not cover your liability, by contract or otherwise, to reimburse any party for loss resulting from:

- a. movement or working of fire apparatus or fire department members;
- b. an accident while performing fire department services.

6. IMPROVEMENTS.

Under Coverage B, we cover improvements you make at your expense to a residence premises you do not own and which is solely used by you. The most we will pay for this

coverage is 10% of the limit of insurance for Coverage B - Unscheduled Personal Property (Household). The policy deductible shall apply.

7. CREDIT CARD, BANK FUND TRANSFER CARD, FORGERY AND COUNTERFEIT MONEY.

a. We will pay up to \$1,000 for:

- 1) the legal obligation of any insured to pay because of the theft or unauthorized use of credit cards or bank fund transfer cards issued to or registered in any insured's name. We do not cover use by: a resident of your household; a person who has been entrusted with such cards; or any person if any insured has not met all terms and conditions under which such a card is issued;
- 2) loss to any insured caused by forgery or alteration of any check or negotiable instrument; and
- 3) loss to any insured through acceptance in good faith of counterfeit United States or Canadian paper currency.

No deductible applies.

We do not cover loss arising out of business pursuits or dishonesty of any insured.

b. Defense.

- 1) We may make any investigation and settle any claim or suit that we decide is appropriate. Our obligation to defend any claim or suit ends when the amount we pay for the loss equals our limit of insurance.
- 2) If a claim is made or a suit is brought against any insured for liability under the Credit Card Coverage or Bank Fund Transfer Card Coverage, we will provide a defense at our expense by counsel of our choice.
- 3) We may defend at our expense any insured's bank against a suit brought to enforce payment under the Forgery Coverage. But we do not have to do so.

8. FARM OPERATIONS RECORDS.

We cover expenses you incur to research and obtain data necessary to reproduce, replace or restore your farm operations records damaged or destroyed by a peril insured against.

The most we will pay for any one loss is \$2,000. No deductible applies.

9. FARM PERSONAL PROPERTY-AWAY FROM INSURED LOCATION.

If Coverage D applies, you may use (but not as an additional amount of insurance) up to:

10% of the limit of insurance specified for:

- a. grain;
- b. hay, straw and fodder in buildings;
- c. hay, straw and fodder in the open.

This coverage does not apply to such property while:

- a. stored in or being processed in: manufacturing plants, public elevators, warehouses, seed houses, or drying plants;
- b. in transit by common carrier; or
- c. in public sales barns and public sales yards.

If you choose to apply this option we will not be liable for a greater proportion of any loss than would have been the case if all policies covering the described property had contained this option and the same election were made under all policies. The policy deductible shall apply.

10. REPLACEMENT MACHINERY

If Coverage D applies, we also cover a machine, vehicle, or equipment acquired as a replacement for any specifically described item. The limit of insurance will be the amount on the replaced item plus \$50,000, but will not exceed the actual cash value. The additional \$50,000 coverage will cease 30 days from such acquisition or on the expiration date of this policy, whichever occurs first.

The insurance under this item is excess insurance over any other collectible insurance. The policy deductible shall apply.

11. NEWLY ACQUIRED FARM EQUIPMENT, MACHINERY AND VEHICLES.

If Coverage D or E applies to any items of farm equipment, such as tractors, combines, harvesters, corn pickers, hay balers, and other farm machinery and vehicles, we will also cover newly acquired farm equipment, machinery and vehicles. This coverage is subject to a total limit of \$50,000 on all such newly acquired equipment.

We do not cover:

- a. alcohol stills;
- b. brooders, fences, windmills and wind chargers and their towers;
- c. automobiles, trucks, motorcycles, mopeds, dirt bikes, all terrain vehicles, vehicles primarily designed and licensed for road use (other than farm wagons and farm trailers), golf carts, snowmobiles, watercraft, aircraft, and their equipment, tires and parts;

- d. threshing machines, crop dryers and sawmill equipment;
- e. manufactured gas, liquid petroleum gas, gasoline, and their containers; or
- f. any farm machinery, vehicles, or equipment acquired as a replacement for any specifically described item.

This coverage will cease 30 days from the date of the acquisition or on the expiration of this policy, whichever occurs first. When additional values are reported under this coverage, additional premium will be due and payable for values so reported from the date the property is acquired.

The insurance under this item is excess insurance over any other collectible insurance. The policy deductible shall apply.

12. FARM EQUIPMENT LOANED OR RENTED TO NAMED INSURED - SPECIAL DEDUCTIBLE APPLIES.

If Coverage D or E applies to farm equipment and machinery, at your request we will pay up to twenty five thousand dollars (\$25,000) for damage caused by a peril insured against under Coverage D or E to tractors, farm wagons, farm trailers, combines, harvesters, corn pickers and hay balers in which the Named Insured has no interest as owner, while in the Named Insured's care, custody or control for use in farming.

We do not cover: automobiles, trucks, motorcycles, vehicles primarily designed and licensed for road use (other than farm wagons and farm trailers), golf carts, snowmobiles, mobile homes, watercraft, dealers demonstration machinery and vehicles, and their equipment, tires and parts.

The insurance provided by this additional coverage is excess insurance over any other collectible insurance available to the owner of the damaged machinery or to the Named Insured. The deductible applicable to loss shall be the greater of the policy Section I deductible or five hundred dollars (\$500).

13. EXTRA EXPENSE

We will pay up to \$1,000 for the necessary extra expense incurred by you to continue normal farming operations immediately following loss to property covered under Coverages D or E by the perils insured against. This coverage applies only during the time required to repair, rebuild or replace the damaged property. No deductible applies.

14. EXTENSION, COVERAGE E.

Unscheduled Farm Personal Property: You may apply up to 10% of the Limit of Insurance for Coverage E (not as an additional amount of insurance) to cover the following only against loss by fire and lightning:

- a. unharvested corn, wheat, oats, barley, rye and other grains, flax and soy beans (but not for seed or forage crops, straw and stubble);

- b. grain in stacks, shocks, swathes or piles while in the open.

Insurance under this extension of coverage shall be excess over any valid or collectible insurance available to you. The policy deductible shall apply.

15. PRIVATE POWER AND LIGHT POLES.

We will pay up to \$1,000 as an automatic basic amount of insurance for private power and light poles. This includes attached switch boxes, fuse boxes and outside wiring belonging to you and on the insured location. If an additional amount is specified in the policy declarations under Coverage F as an additional coverage, then coverage is increased by that amount. The policy deductible shall apply.

16. OUTDOOR RADIO AND TELEVISION EQUIPMENT.

If coverage A applies, we will pay an amount not to exceed one hundred fifty dollars (\$150) for loss caused by Basic Perils insured against to outdoor radio and television equipment such as antennas, satellite receiver dishes, component parts and wires. The outdoor equipment must service the main dwelling for coverage to apply. No deductible applies.

17. NEW CONSTRUCTION OF FARM BUILDINGS

Under Coverage F we cover new, permanent farm buildings, and materials and supplies for use in their construction at the insured location. The limit of insurance for this coverage is \$60,000. This coverage applies:

- a. for only 30 days starting with the first date of delivery of any materials;
- b. to direct loss caused by any of the Basic Perils except theft.

This coverage does not apply to any building which is otherwise insured by this or other insurance. The policy deductible shall apply.

18. TREES, SHRUBS, PLANTS AND LAWNS.

Under Coverage A, on the main dwelling only, we cover trees, shrubs, plants and lawns on the residence premises for loss caused by the following perils insured against:

- a. fire or lightning;
- b. explosion;
- c. riot or civil commotion;
- d. aircraft;
- e. vehicles not owned or operated by an insured or any resident of the residence premises;
- f. vandalism and malicious damage;
- g. theft.

The most we will pay for loss under this coverage is an amount not to exceed ten percent (10%) of the limit that applies to the main dwelling for damage to all trees, shrubs, plants and lawns, but not more than five hundred dollars (\$500) for any one tree, shrub or plant.

We do not cover trees, shrubs, plants and lawns grown for business or farming purposes.

19. INCREASED COSTS DUE TO ORDINANCE OR LAW

This means we will pay the reasonable expense in an amount not to exceed ten percent (10%) of the limit of insurance applying to the covered property under Coverage A or Coverage F for loss due to a covered peril which results directly in increased costs you incur due to enforcement of any ordinance or law regulating construction, repair, or demolition of a building or other structure insured under Coverage A or Coverage F.

This additional coverage does not apply however to costs to comply with any ordinance or law requiring the insured 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, required by local, State or Federal law.

SECTION I - DEDUCTIBLE

Before we pay for a loss in any one occurrence under Section I, we subtract the deductible shown on the Property Deductible Form; except as otherwise provided for in the policy. This deductible will apply to each occurrence.

SECTION I - PERILS INSURED AGAINST

We insure the property described in the Declarations against loss from perils shown in the Declarations. One of four groups of perils will be shown for each coverage: 1) BASIC: 2) BROAD: 3) SPECIAL: 4) BASIC/BROAD. The Declarations will tell you which applies to each coverage. Provisions applying to each group of perils are as follows:

1. BASIC PERILS

When shown in the Declaration we insure for direct physical loss to the property described caused by:

- a. FIRE OR LIGHTNING
- b. WINDSTORM OR HAIL.

This peril does not include:

- 1) loss to the interior of a building or 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;

- 2) loss to livestock or poultry, caused in whole or in part by any of the following reasons: running into streams or ditches or against fences or other objects; or from smothering; nor for loss as the direct or indirect result of fright; nor loss caused by wind born virus or disease;
- 3) loss to livestock or poultry, caused by freezing or smothering in blizzards or snowstorms; or
- 4) loss to hay, straw and fodder while outside of buildings.

This peril does not include loss to: watercraft and their trailers, furnishings, equipment, and outboard motors; and other trailers not used with watercraft or for farming operations. But such losses are covered only while the items are inside a fully enclosed building.

c. **EXPLOSION.**

This peril does not include loss by explosion of steam boilers, alcohol stills, pipes or engines under Coverages D, E, and F, if you own, lease or operate them.

d. **RIOT OR CIVIL COMMOTION.**

e. **AIRCRAFT**

This includes losses caused by self-propelled missiles and spacecraft.

f. **VEHICLES.**

This peril does not include loss:

- 1) to fences, driveways, or walks under Coverages A and F, caused by a vehicle owned or operated by an insured or a resident of the residence premises; or
- 2) to any vehicle or trailer, except as otherwise provided.

g. **SMOKE.**

This means sudden and accidental damage from smoke.

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

h. **VANDALISM OR MALICIOUS DAMAGE.**

This peril does not include loss to property on the insured location if the building has been vacant for more than 30 consecutive days immediately before the loss. A building being constructed is not considered vacant.

i. **THEFT.**

This includes attempted theft and loss of property from a known location when it is likely the property has been stolen.

- 1) This peril does not include loss:

- a) committed by any insured;
 - b) in or from a building under construction, or of materials and supplies for use in the construction until the building is completed and occupied;
 - c) from any part of a residence rented by an insured to other than an insured of the following types of property:
 - (i) money, numismatic property; and bank notes;
 - (ii) accounts; bills; deeds; evidences of debt; letters of credit; notes other than bank notes; passports; railroad and other tickets; securities and stamps including philatelic property; and
 - (iii) jewelry; watches; necklaces; bracelets; gems; precious or semi-precious stones; or articles of gold or platinum; or furs.
 - d) from any part of a residence rented by an insured to other than an insured if caused by a tenant, the tenant's employees, or a member of the tenant's household;
 - e) of any device or instrument for the recording or reproduction of sound which may be operated by power from the electrical system of a motor vehicle; and, while in the vehicle, any tape, wire, record or other medium that may be used with the device or instrument of the recording or reproduction of sound. But, coverage will apply if such device or instrument is permanently installed in the dash or console of farm mobile machinery.
- 2) This peril does not include loss caused by theft that occurs away from the residence premises of:
- a) property while at any other residence owned, rented to, or occupied by any insured, except while any insured is temporarily residing there. Property of a student who is an insured is covered while at a residence away from home if the student has been at the other residence at any time during the 45 days immediately before the loss;
 - b) watercraft, including furnishings, equipment and outboard motors; or
 - c) trailers and campers.
- 3) Under Coverages D, E, and F, this peril does not include loss:
- a) disclosed on taking inventory;

- b) by wrongful conversion and embezzlement;
- c) by escape or mysterious disappearance; or
- d) due to the acceptance of: counterfeit money; fraudulent post office or express money orders; or checks or promissory notes which are not paid upon presentation.

j. **SONIC BOOM.**

This means shock waves caused by aircraft.

2. BROAD PERILS.

When shown in the Declarations we insure for direct physical loss to the property described caused by: all of the Basic Perils; and the following additional perils:

k. **BREAKAGE OF GLASS OR SAFETY GLAZING MATERIAL WHICH IS PART OF A BUILDING, STORM DOOR OR STORM WINDOW.**

This peril does not include loss on the insured location if the building has been vacant for more than 30 consecutive days immediately before the loss. A building being constructed is not considered vacant.

l. **COLLISION, UPSET OR OVERTURN, CONTACT WITH GROUND.**

This means loss or damage to covered farm personal property caused by collision with another object or by upset or overturn of a vehicle.

We will pay for loss or damage to covered farm machinery caused by contact with the roadbed or ground that is not the result of overturn of the machinery, subject to a \$1,000 deductible per occurrence.

m. **FALLING OBJECTS.**

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

n. **WEIGHT OF ICE, SNOW OR SLEET**

Which causes damage to a dwelling or property contained in the dwelling.

This peril does not include loss to an awning, or fence; patio, pavement, or swimming pool; outdoor equipment; foundation, retaining wall, or bulkhead; pier, wharf or dock.

o. **COLLAPSE OF A DWELLING OR ANY PART OF A DWELLING.**

This peril does not include loss to an awning, or fence; patio, pavement or swimming pool; underground pipe, flue, drain, cesspool, or septic tank;

foundation, retaining wall, or bulkhead; pier, wharf or dock. But these items are covered if the loss is a direct result of the collapse of a dwelling. Collapse does not include settling, cracking, shrinking, bulging or expansion.

p. **ACCIDENTAL DISCHARGE OR OVERFLOW OF WATER OR STEAM**

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

This peril does not include loss:

- 1) to a dwelling caused by continuous or repeated seepage or leakage;
- 2) on the insured location if the dwelling has been vacant for more than 30 consecutive days immediately before the loss. A dwelling being constructed is not considered vacant;
- 3) to the system or appliance from which the water or steam escaped;
- 4) caused by or resulting from freezing; or
- 5) on the insured location caused by accidental discharge or overflow which occurs off the insured location.

q. **SUDDEN AND ACCIDENTAL TEARING APART, CRACKING, BURNING OR BULGING**

of: a steam or hot water heating system; an air conditioning system; or an appliance for heating water. We do not cover loss caused by or resulting from freezing under this peril.

r. **FREEZING**

of a plumbing, heating or air conditioning system or of a household appliance.

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

- 1) maintain heat in the dwelling; or
- 2) shut off the water supply and drain the system and appliances of water.

s. **SUDDEN AND ACCIDENTAL DAMAGE FROM ARTIFICIALLY GENERATED ELECTRICAL CURRENT.**

This peril does not include loss to tubes, transistors, or similar electronic components.

t. **EARTHQUAKE.**

This applies to farm machinery, equipment and livestock only.

u. FLOOD

This applies to farm machinery, equipment and livestock only.

v. LOADING AND UNLOADING.

This covers loss of livestock only caused or made necessary by an accident while the animal is being loaded or unloaded from the vehicle in which the animal is or was being transported. This does not include loss caused by disease.

3. SPECIAL PERILS - DWELLING COVERAGE ONLY

When shown in the Declarations, we insure for all risks of direct physical loss to the dwelling described except:

- a. losses excluded under Section I - Exclusions;
- b. freezing of a plumbing, heating or air conditioning system or of a household appliance; or discharge, leakage or overflow from within the system or appliance caused by freezing, while the building 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;
- c. freezing, thawing, pressure or weight of water or ice, whether driven by wind or not, to: a fence, pavement, patio, swimming pool, foundation, retaining wall, bulkhead, pier, wharf or dock;
- d. theft in or to a building under construction, or of materials and supplies for use in the construction until the building is completed and occupied;
- e. vandalism and malicious damage or breakage of glass and safety glazing materials if the building has been vacant for more than 30 consecutive days immediately before the loss. A building being constructed is not considered vacant;
- f. continued or repeated seepage or leakage of water or steam over a period of time from within a plumbing, heating or air conditioning system or from within a household appliance;
- g. wear and tear; marring; deterioration; inherent vice; latent defect; mechanical breakdown; rust; mold; wet or dry rot; contamination; smog, smoke from agricultural smudging or industrial operations; settling, cracking, shrinking, bulging, or expansion of pavements, patios, foundations, walls, floors, roofs or ceilings; birds, vermin, rodents, insects or domestic animals. If any of these cause water to escape from a plumbing, heating or air conditioning system or household appliance, we cover loss caused by the water. We also cover the cost of tearing out and replacing any part of a building necessary to repair the system appliance. We do not cover loss to the system or appliance from which this water escaped.

- h. land, including land on which the dwelling is located is not covered.

Under items b. through h., an ensuing loss not excluded is covered.

4. BASIC/BROAD PERILS - FARM PERSONAL PROPERTY - COVERAGE D AND E ONLY.

When shown in the Declarations, we insure for direct physical loss to the farm personal property described (other than Mobile Agricultural Equipment) caused by BASIC PERILS and certain BROAD PERILS applicable to farm personal property, as stated in the preceding section describing BROAD PERILS.

We insure Mobile Agricultural Equipment, for all risks of direct physical loss except;

- 1) losses excluded under Section I - Exclusions 6, 7 and 8;
- 2) embezzlement; concealment; conversion; infidelity; or any other dishonest act done by or for:
 - a) any insured;
 - b) any agent or employee of an insured, whether done during working hours or not; or
 - c) any bailee of the property other than a carrier for hire;
- 3) wear and tear; dampness of atmosphere; or extremes of temperature; marring; deterioration; inherent vice; latent defect; rust; mold; wet or dry rot; contamination; smog; smoke from smudging or agricultural operations;
- 4) mechanical or electrical breakdown or failure; repairing, adjusting, servicing or maintenance operations, but if fire or explosion ensues we cover said ensuing loss;
- 5) practice, preparation or participation in pre-arranged or organized contests or racing;
- 6) damage to tires or tubes on Mobile Agricultural Equipment except for the perils of fire, windstorm and theft;
- 7) damage caused by birds, rodents, insects, or domestic animals.

SPECIAL DEDUCTIBLE - CONTACT WITH ROADBED OR GROUND

"We" pay for loss or damage to covered farm machinery caused by contact with the roadbed or ground that is not the result of overturn of the machinery, subject to a \$1,000 deductible per occurrence.

SECTION I - EXCLUSIONS

We will not cover loss resulting directly or indirectly from:

1. **Ordinance or Law.** This means enforcement of any ordinance or law regulating the construction, repair, or demolition of a building or other structure, except for the amount of coverage provided for under Section 1 - Additional Coverages.
2. **Earth Movement.** This includes earthquake, or volcanic eruption; landslide, or mud flow, earth sinking, earth rising or shifting. Direct loss by fire, explosion, theft, or breakage of glass or safety glazing materials resulting from earth movement is covered. This exclusion does not apply to farm machinery, equipment or livestock.
3. **Water Damage** resulting from:
 - a. flood, or surface water; waves, tidal water, or overflow of a body of water; or spray from any of these; whether or not driven by wind;
 - b. water which backs up through sewers or drains; or
 - c. water below the surface of the ground. This includes water which exerts pressure on, or seeps or leaks through a building, sidewalk, driveway, foundation, swimming pool or other structure.

Direct loss by fire, explosion or theft resulting from water damage is covered. This exclusion does not apply to farm machinery, equipment and livestock.

4. **Power Failure.** This means the failure of power or other utility service if the failure takes place away from the insured location. If a Peril Insured Against ensues on the insured location, we will pay only for loss caused by the ensuing peril. This exclusion does not apply to the coverage provided in Additional Coverage 4.
5. **Death of animals** if caused by power, heating or cooling failure.
6. **Neglect.** This means neglect of the insured to use all reasonable means to save and preserve property at and after the time of loss, or when property is endangered by a peril insured against.
7. **War.** This includes: undeclared war; civil war; insurrection, rebellion or revolution; warlike act by a military force or military personnel; destruction or seizure or use for military purpose; and any consequence of any of these.

Discharge of a nuclear weapon shall be deemed a warlike act even if accidental.
8. **Nuclear Hazard.** This means any nuclear reaction, radiation or radioactive contamination; all whether controlled or uncontrolled or however caused; or any consequence of any of these.

Loss caused by 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.

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

9. **Environmental fines.** This policy does not cover expenses, fines, penalties or costs incurred or sustained by the Insured or imposed on the Insured at the order of any Government Agency, Court or other authority, in connection with any kind or description of environmental impairment including seepage or pollution or contamination from any cause.
10. **Seepage and/or pollution and/or contamination.** This policy does not insure against loss, damage, costs or expenses in connection with any kind or description of seepage and/or pollution and/or contamination, direct or indirect, arising from any cause whatsoever.
11. **Intentional loss.** Acts committed by or at the direction of any Insured with the intent to cause a loss.

SECTION I - CONDITIONS

1. INSURANCE INTEREST AND LIMIT OF INSURANCE.

Even if more than one person has an insurable interest in the property covered, we shall not be liable:

- a. to the insured for an amount greater than the insured's interest; or
- b. for more than the applicable limit of insurance.

2. YOUR DUTIES AFTER LOSS.

In case of a loss to which this insurance may apply, you must:

- a. immediately notify us or our agent of your loss. In case of theft, also notify the police. And in case of loss under the Credit Card or Bank Fund Transfer Card coverage, also notify the credit card company or bank;
- b. protect your property from further damage; make reasonable temporary repairs; and keep an accurate itemized record of the costs, you must supply to us actual costs for material and labor charges;
- c. make an inventory of damaged personal property. Describe each damaged item in detail, listing the quantity, amount of loss and the actual cash value for each item. Attach to your inventory copies of any bills, receipts and related documents which support inventory figures;
- d. keep the damaged property available so we may inspect it as often as we may reasonably require;

e. submit, and so far as is within any insured's power shall cause all other persons interested in the property, and members of the household and employees to submit, to examinations under oath by any persons named by the company relative to any and all matters in connection with a claim and subscribe same; and shall produce for examination all books of account, bills, invoices, and other vouchers, repair bills and estimates, bids for repair and final bills, with sufficient detail therein to specify and set forth the material and labor costs with specificity, or certified copies thereof if originals are lost, at such reasonable time and place as may be designated by the Company or its representative and shall permit extracts and copies thereof to be made;

f. within 60 days of the date we ask, send us a signed, sworn statement of loss;

1) Your statement must set forth to the best of your knowledge and belief:

- a) when the loss occurred and what caused it;
- b) your interest in the property and the names of others who share any interest in the property and what their interests are;
- c) any other insurance that might cover the loss;
- d) whether ownership or occupancy of the property changed during the policy period;
- e) a full description of any damaged building and detailed estimates of the cost of repairs; or the cost to replace if you are claiming replacement cost of labor and material charge;
- f) an inventory of damaged personal property described in 2c;

2) You must include:

- a) receipts for additional living expenses incurred and records supporting the fair rental value loss;
- b) receipts for extra expenses and records supporting loss of income;
- c) evidence or affidavit supporting a claim under the Credit Card, Bank Fund Transfer Card, Forgery and Counterfeit Money coverage, stating the amount and cause of loss.

3. LOSS SETTLEMENT.

The amount we will pay for any loss is subject to the following:

a. Unscheduled personal property at actual cash value at the time of loss; but not exceeding the amount necessary to repair or replace; if replacement cost coverage on Unscheduled Personal Property Coverage B is indicated by endorsement, the

conditions of the Replacement Cost Endorsement shall apply;

b. If the described dwelling, barn, building or structure is insured to 80% of the full replacement cost at the time of the loss, we will pay the cost of repairing or replacing the damaged property without deduction for depreciation. When we figure the full replacement cost we will not include:

- cost of excavation;
- underground flues and pipes;
- underground wiring and drains;
- brick, stone, and concrete foundations, piers or supports.

If you qualify for replacement cost coverage, there are limitations on replacement cost coverage. We will not pay more than the smallest of the following:

- the amount you actually spend in repairing or replacing the property; or
- the amount it would cost to replace the damaged property at the time of the loss with a property of similar kind and quality to be used for the same purpose on the same site.

If the cost to repair or replace the dwelling is more than \$1,000 or 5% of the limit of coverage that applies, whichever is less, you must repair or replace the property to be paid on a replacement cost basis.

You do not have to replace the dwelling on the same site but the amount we pay for replacement cost shall not exceed the limitations set forth above.

Replacement cost is optional. Instead of making your claim for replacement cost, you can choose to be paid on an actual cash value basis. Even if you first choose actual cash value, you can later change your mind. But you must notify us in writing within 180 days of your loss that you are claiming payment for replacement cost and you must complete replacement within one year of the date of loss.

Property not covered for replacement cost. We will not cover the following property for replacement cost:

- carpeting;
- awnings;
- domestic appliances; or
- outdoor equipment;
- furnaces and air conditioners.

Of course, this property is still covered for actual cash value.

- c. If at the time of loss, the described dwelling, barn, building or structure is insured for less than 80% of the full replacement cost, we will pay the larger of the following, up to the limit of coverage that applies to the dwelling, barn, building or structure.

- the actual cash value of the part of the property which was damaged; or
- the percentage of the cost to repair or replace the part of the property that was damaged without deducting for depreciation, which the total amount of insurance is of 80% of the replacement cost of the property.

- d. Except for livestock (see "F" below), loss to property other than the described dwelling, barn, outbuilding or structure will be paid on its actual cash value basis.

- e. Improvements:

If you are a tenant you may repair or replace a damaged improvement at your own expense. If you do so within a reasonable time, we will figure the value of the improvement at actual cash value.

But if the damaged improvement is not repaired or replaced within a reasonable time, we will figure its value differently. We will take the original cost of the improvement and multiply that by a fraction. The fraction is obtained by dividing the amount of time left on your lease when the loss occurred by the amount of time left when the improvement was originally made.

$$\begin{array}{rcccl} & & \text{Remainder} & & \\ & & \text{of lease} & & \\ & & \text{when loss} & & \\ \text{Original} & & \text{occurred} & & \text{Value of} \\ \text{Cost} & \times & & & \text{Improvement} \\ & & \text{Remainder of} & & \\ & & \text{lease when} & & \\ & & \text{improvement} & & \\ & & \text{was made} & & \\ & & & & \\ & & & & \end{array} = \text{Improvement}$$

For example:

You make a \$5,000 improvement on the building one year before your lease expires. Six months after it is destroyed. If you do not repair it within a reasonable time, we will consider the improvement's value to be:

$$\begin{array}{r} \$5,000 \times \frac{6 \text{ months}}{12 \text{ months}} = \$2,500 \end{array}$$

- f. Livestock loss will be paid at "current market value" on date of loss.

4. LOSS TO A PAIR OR SET.

In a 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 breakage of glass shall be settled on the basis of replacement with safety glazing materials when required by ordinance or law.

6. APPRAISAL.

If you and we fail to agree on the amount of loss, either one can ask that the amount of loss be set by appraisal. The appraisal process is as follows:

- a. to start appraisal, either you or we must make the request in writing to the other;
- b. you and we must choose an independent appraiser and give the name and address of that appraiser to the other. This must be done within 20 days after the request for appraisal is received;
- c. the two appraisers must select an impartial umpire. If they do not agree on an umpire within 15 days, either you or we may have an umpire appointed by a court located in the same state as the insured property;
- d. the appraisers will then set the amount of the loss and give us a written report of their agreement. You will also get a copy of the report. The amount they agree upon will be the amount of loss;
- e. if the appraisers fail to agree within a reasonable time, they will give the umpire a statement of their differences. Then the umpire will join in the procedure. A written agreement signed by any two of the three will set the amount of loss.

You will pay your appraiser, and we will pay ours. The umpire's fee and any other appraisal expenses will be shared equally by you and us.

7. If two or more of this policy's coverages apply to the same loss or damages we will not pay more than the actual amount of the loss or damage.

8. OTHER INSURANCE.

If a loss covered by this policy is also covered by other insurance, we will pay our share. Our share will be the proportion of the loss that the limit of insurance that applies under this policy bears to the total amount of insurance covering the loss.

9. SUIT AGAINST US.

You can sue us to recover under Section I - Property of this policy only if:

- a. You have complied with all the terms of this policy; and;
- b. you start the lawsuit within one year after the loss occurs.

10. OUR OPTION.

If we give you written notice within 30 days after we receive your signed, sworn statement of loss, we may:

- a. take all or part of the damaged property at the agreed or appraised value; or
- b. repair or replace any part of the property damaged with equivalent property.

11. ABANDONMENT OF PROPERTY.

You are responsible for disposing of damaged property unless we choose to take it. We do not have to take damaged property you choose to abandon.

12. LOSS PAYMENT.

Payment for loss will be made within 60 days after: we reach agreement with you; or entry of a final judgment, or the filing of an appraisal award with us.

We will adjust all losses with you. We will pay you unless some other person is named in the policy to receive payment.

13. MORTGAGE CLAUSE.

Someone who holds a mortgage on any buildings at an insured location may be named as the mortgagee in the Declarations. A trustee under a deed of trust on the building will be treated as a mortgagee.

We will pay any loss on a building covered by this policy to the mortgagee to the extent of its interest. If there are two or more mortgagees, we will pay them in the order of the precedence of their interest in the buildings.

- a. If we deny your claim, that denial shall not apply to a valid claim of the mortgagee, if it:

- 1) notifies us of any change in ownership, occupancy or substantial change in risk of which it knows;
- 2) pays any premium due under this policy and demand if you have not paid the premium;
- 3) submits a signed, sworn statement of loss within 60 days after receiving notice from us of your failure to do so. Policy conditions relating to Appraisal, Suit Against Us and Loss Payment apply to the mortgagee.

- b. If we cancel the policy, we will notify the mortgagee at least 10 days before the date cancellation takes effect. If we pay the mortgagee for any loss and deny payment to you:

- 1) we are subrogated to all the rights of the mortgagee granted under the mortgage on the property; or
- 2) at our option, we may pay to the mortgagee the whole principal on the mortgage plus any accrued interest. In this event, we shall receive a full assignment and transfer of the mortgage and all securities held as collateral to the mortgage debt.

Subrogation shall not impair the right of the mortgagee to recover the full amount of its claim.

14. LOSS PAYEE CLAUSE.

If a loss payee is named in the Declarations, we will pay the loss payee and you, as interests appear.

If we cancel the policy, we will mail you and the loss payee the same advance notice.

15. NO BENEFIT TO BAILEE FOR HIRE.

We will not grant any coverage for the benefit of any person or organization, other than an insured, transporting or holding property for a fee.

16. VACANCY OR UNOCCUPANCY.

Except as otherwise specifically limited elsewhere in the policy, we will not cover any loss occurring while:

- a. a dwelling under Coverage A has been:
 - 1) vacant for more than 60 consecutive days; or
 - 2) unoccupied for more than 120 consecutive days; or
- b. a building under Coverage F has been vacant or unoccupied for more than 120 consecutive days if:
 - 1) not due to normal practices of seasonal farming operations; or
 - 2) not supervised by an employee or representative who resides on the insured location.

SECTION II - LIABILITY COVERAGE

Under this Section of your policy, we provide coverage for farm and personal legal liability for you and medical payments to others.

COVERAGE G - FARM AND PERSONAL LIABILITY

This applies only if a limit of insurance is shown in the Declarations.

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

1. pay up to our limit of insurance the compensatory damages for which the insured is legally liable; and
2. provide a defense at our expense by counsel of our choice. We may make any investigation and settle any claim or suit as we see fit. Our obligation to defend any claim or suit ends when the amount we pay for damages resulting from the occurrence equals our limit of insurance.

COVERAGE H - MEDICAL PAYMENTS TO OTHERS

This applies only if a limit of insurance is shown in the Declarations.

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

1. to a person on the insured location with the permission of any insured; or
2. to a person off the insured location, if the bodily injury:
 - a. arises out of a condition in the insured location or the ways immediately adjoining;
 - b. is caused by the activities of any insured or farm employee;
 - c. is caused by a residence employee or any farm employee in the course of the employee's employment by any insured; or
 - d. is caused by an animal owned by or in the care of any insured.

SECTION II - EXCLUSIONS

Coverage G and H do not apply to bodily injury or property damage or personal injury:

1. arising out of the ownership, maintenance, use, loading or unloading of:
 - a. an aircraft. But this exclusion does not apply to any residence employee except while that employee is engaged in the operation or maintenance of the aircraft;
 - b. a motor vehicle owned or operated by, or rented or loaned to any insured.

This exclusion does not apply to bodily injury or property damage occurring at the insured location if the motor vehicle is not subject to motor vehicle registration because:

- 1) it is used exclusively at the insured location; or
- 2) it is kept in dead storage at the insured location.
- c. a recreational motor vehicle or all terrain vehicle owned or operated by an insured regardless if licensed or registered, while away from the "insured location".

This exclusion does not apply to golf carts while used for golfing purposes.

d. a watercraft:

- 1) owned by or rented to any insured if it has an inboard or inboard-outdrive motor power of more than 50 horsepower;
- 2) owned by or rented to any insured if it is a sailing vessel, with or without auxiliary power, 26 feet or more in overall length; or
- 3) powered by one or more outboard motors with more than 25 total horsepower if the outboard motor is owned by an insured. However, watercraft using outboard motors of more than 25 total horsepower are covered if:
 - a) such motors are acquired by you prior to the policy period and:
 - (i) declared by you at inception; or
 - (ii) your intention to insure is reported in writing to us within 45 days after newly acquiring the outboard motors.
 - b) such motors are acquired by you during the policy period and reported in writing to us by the next policy anniversary.

Exclusion 1.d does not apply: to bodily injury or property damage occurring on the insured location; or to bodily injury to any resident employee.

e. any self-propelled land vehicle or watercraft while being used:

- 1) in any prearranged or organized racing, speed or demolition contest; or
- 2) in any stunting activity.

2. arising out of the giving of, or failure to give professional services;

3. arising out of business pursuits of any insured except:

- a. activities which are usually incidental to non-business pursuits or "farming"; or
- b. part-time business activities of minors who do not employ others. Examples of such activities are: newspaper delivery, baby-sitting, caddying or lawn care. (A minor is a person who is not yet eighteen.)
- c. employment as a:
 - 1) clerical office employee. This includes an officer whose duties are clerical only;
 - 2) salesman;
 - 3) collector; or
 - 4) messenger. But exception 3.c does not apply: to any installation, demonstration or servicing operations; to employment in a business if any insured is a sole owner or partner; or to bodily injury to a fellow employee arising in the course of their employment.

4. arising out of any premises owned, rented or controlled by any insured which is not an insured location;

This exclusion does not apply to bodily injury to any resident employee arising out of and in the course of the resident employee's employment by any insured.

5. which is expected or intended by the insured;
6. to any farm employee arising out of and in the course of his employment by any insured.

7. a. 1) "Bodily injury" and "property damage" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of pollutants:

- a) at or from any premises, site or location which is or was at any time owned or occupied by, or rented or loaned to, any "insured";

- b) at or from any premises, site or location which is or was at any time used by or for any "insured" or others for the handling, storage, disposal, processing or treatment of waste;

- c) which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for any "insured" or any person or organization for whom you may be legally responsible; or

- d) at or from any premises, site or location on which any "insured" or any contractors or subcontractors working directly or indirectly on any "insured's" behalf are performing operations:

- (i) if the pollutants are brought on or to the premises, site or location in connection with such operations by such "insured," contractor or subcontractor; or

- (ii) if the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of pollutants.

Subparagraphs (a) and (d)(i) do not apply to "bodily injury" or "property damage" arising out of heat, smoke or fumes from a hostile fire.

As used in this exclusion, a hostile fire means one which becomes uncontrollable or breaks out from where it was intended to be.

- 2) 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 a governmental authority for damages because of testing for, monitoring, cleaning up, or in any way responding to, or assessing 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.

- b. release or discharge from aircraft.

"Bodily injury" or "property damage" caused by or resulting from any substance released or discharged from any aircraft.

Aircraft means any device designed or used for flight. But aircraft does not mean model or hobby aircraft not designed or used to carry people or cargo.

8. due to war, including: undeclared war, civil war, insurrection, rebellion, revolution; warlike act by a military force, or military personnel; destruction or seizure or use for military purpose; and any consequence of any of these.

9. for which any insured under this policy is also an insured under a nuclear energy liability policy; or would be an insured but for its termination upon exhaustion of its limit of liability. A nuclear energy liability policy is a policy issued by: the Nuclear Energy Liability Insurance Association; Mutual Atomic Energy Liability Underwriters; Nuclear Insurance Association of Canada; or any of their successors.

COVERAGE G - FARM AND PERSONAL LIABILITY

Coverage G does not apply to:

1. liability assumed under any oral or written contract or agreement; or by any contract or agreement in connection with any business of the insured. But this does not apply to a warranty of goods or products;
2. bodily injury to any person eligible to receive any benefits required to be provided or voluntarily provided by the insured under: a worker's compensation law; a non-occupational disability law; or an occupational disease law;
3. sickness or disease of any residence employee. But this will not apply if, prior to 36 months after the end of the policy period, written claim is made or suit is brought against the insured for damages because of such sickness or disease;
4. property damage to:
 - a. property owned by the insured;

- b. property which the insured rents, occupies or uses; or which is in the care of the insured;
 - c. products manufactured, sold, handled or distributed by any insured; or
 - d. work performed by or for any insured;
5. bodily injury or property damage arising out of any substance released or discharged from any aircraft;
 6. personal injury:
 - a. arising out of liability assumed by an insured under a contract or agreement;
 - b. caused by a violation of a penal law or ordinance done by or with the knowledge of an insured;
 - c. caused by an act which relates, directly, or indirectly to their employment by an insured;
 - d. arising out of the business pursuits of an insured; or
 - e. arising out of civic or public activities performed by an insured for which compensation is paid.
 7. Punitive or exemplary damages, of any kind or nature. However if defense is provided in accordance with policy provisions, we will also defend against non-covered punitive damages when claimed along with compensatory damages.

COVERAGE H - MEDICAL PAYMENTS TO OTHERS

Coverage H does not apply to bodily injury:

1. to any insured;
2. to any person eligible to receive any benefits required to be provided under: a workers' compensation law; a non-occupational disability law; or an occupational disease law;
3. to any person, regularly residing on any part of the insured location. But this does not apply to a residence employee;
4. to any person while on the insured location because a business is conducted or professional services are rendered there; or
5. to any farm employee or other person engaged in work in the maintenance or use of the insured location as a farm. But this does not apply to any other person while on the insured location to exchange help for which the insured is not obligated to pay any money; or
6. to a residence employee if the injury:
 - a. occurs off the insured location; and
 - b. does not arise out of or in the course of the residence employee's employment by any insured.

7. Arising out of the use, operation or ownership of an unlicensed motor vehicle or farm truck off the insured location.

SECTION II - ADDITIONAL COVERAGES

1. DAMAGE TO PROPERTY OF OTHERS.

- a. We will pay up to \$500 per occurrence for property damage to property of others caused by any insured. At our option, we will either:
 - 1) pay for the actual cash value of the property; or
 - 2) repair or replace the property with other property of like quality and kind.
- b. We will not pay for property damage:
 - 1) to property covered under Section I of this policy;
 - 2) caused intentionally by any insured who is 13 years of age or older;
 - 3) to property owned by or rented to any insured; a tenant of any insured; or a resident in your household; or
 - 4) arising out of:
 - a) business pursuits or professional services;
 - b) any act of omission in connection with premises owned, rented or controlled by any insured, other than the insured location; or
 - c) the ownership, maintenance or use of a motor vehicle; farm machinery or equipment; aircraft or watercraft.

2. CLAIM EXPENSES.

We will pay:

- a. expenses incurred by us and costs taxed against any insured in any suit we defend.
- b. premiums on bonds required in a suit defended by us. But we will not pay premiums for bond amounts greater than the limit of insurance for Coverage G. We need not apply for or furnish any bond.
- c. up to \$500 for cost of bail bonds. This includes bonds for related traffic law violations required because of an accident we cover. We do not have to furnish these bonds.
- d. premiums on bonds to release attachments in a suit we defend. But we will pay only for bond amounts up to our limit of insurance.
- e. all interest accruing after the entry of the judgment in a suit we defend. Our duty to pay interest ends when we pay or tender our limit of insurance.

- f. reasonable expenses incurred by you at our request in helping us investigate or defend against claim or suit. This includes up to \$100 a day in actual lost earnings.

3. FIRST AID EXPENSES.

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

4. PROPERTY IN CONTROL OF THE INSURED. (FIRE LEGAL LIABILITY.)

We will pay under Coverage G for property damage to any residence premises, not owned by you, and to its house furnishings, not owned by you, if the damage is caused by fire, explosion or smoke and you are legally liable for damages.

We will also pay for property damage to structures other than dwellings that you rent, occupy or use if such damage is caused by fire, explosion or smoke, and you are legally liable for damages. But, the most we will pay for all such damage to such structures is \$50,000 for each occurrence.

5. CONSTRUCTION OF NEW RESIDENCE.

- a. we will pay under coverage G for bodily injury and property damage arising out of any vacant land owned by or rented to any insured on which a one or two family dwelling is being built as the insured's residence.
- b. This coverage does not apply to bodily injury to any employee, other than a residence employee, of any insured arising out of and in the course of the residence employee's employment by any insured.

SECTION II - CONDITIONS

1. LIMIT OF INSURANCE.

- a. Coverage G. Regardless of:
 - 1) the number of insureds;
 - 2) claims made; or
 - 3) persons or organizations who sustain bodily injury or property damage.

The most we will pay under coverage G for all damages, including prejudgment interest if any, resulting from any one occurrence is the limit of insurance for Coverage G stated in the Declarations. All bodily injury and property damage shall be considered the result of one occurrence if it results: from any one accident; or from continuous or repeated exposure to substantially the same conditions.

- b. Coverage H.

The most we will pay under Coverage H for all medical expense payable for bodily injury to one person as the result of one accident is the limit of insurance to Coverage H stated in the Declarations for each person. Regardless of the number of persons injured in any one accident, the most we will pay is the limit of insurance shown in the Declarations for each accident.

- c. Aggregate Limit Applicable to Coverage G and Coverage H.

The Aggregate Limit is the most we will pay for the sum of all damages, including prejudgment interest if any, under Coverage G and all medical expenses under Coverage H resulting from all occurrences and medical accidents during the policy period.

2. SEVERABILITY OF INSURANCE.

This insurance applies to each insured. But this shall not increase our limit of insurance for any one occurrence.

3. DUTIES AFTER LOSS.

In case of an accident or occurrence, you will cooperate with us in seeing that the following duties are performed:

- a. give written notice to us or our agent as soon as practicable, which sets forth:
 - 1) the identity of the policy and insured;
 - 2) information about the time, place and circumstances of the accident or occurrence; and
 - 3) names and addresses of: any persons injured; persons whose property is damaged; and available witnesses.
- b. forward to us every notice, demand, summons or other process relating to the accident or occurrence;
- c. at our request, assist in:
 - 1) making settlement;
 - 2) the enforcement of any right of contribution or indemnity against any person or organization who may be liable to any insured;
 - 3) the conduct of suits and attend hearings and trials;
 - 4) securing and giving evidence and obtaining the attendance of witnesses.
- d. under the Additional Coverage - Damage to the Property of Others: give us, within 60 days after the loss, a sworn statement of loss; and show us the damaged property, if within the insured's control.

4. DUTIES OF AN INJURED PERSON - COVERAGE H - MEDICAL PAYMENTS TO OTHERS.

The injured person or someone acting on that person's behalf must:

- a. give us written proof of claim, under oath if required, as soon as practicable;
- b. authorize us to obtain copies of medical reports and records; and
- c. allow physical examination by a doctor we choose when and as often as we reasonable require.

5. PAYMENT OF CLAIM - COVERAGE H - MEDICAL PAYMENTS TO OTHERS.

Payment under this coverage is not an admission of liability by any insured or us. We may pay the injured person or the medical supplier or jointly, at our discretion.

6. SUIT AGAINST US.

No action may be brought against us unless there has been compliance with the policy provisions.

No one will have any right to join us as a party to any action against any insured. Further, no action with respect to Coverage G may be brought against us until the obligation of the insured has been determined by final judgment or agreement signed by us.

7. BANKRUPTCY OF ANY INSURED.

Bankruptcy or insolvency of any insured will not relieve us of any of our obligations under this policy.

8. OTHER INSURANCE - COVERAGE G - FARM AND PERSONAL LIABILITY.

If a loss covered by this policy is also covered by other insurance we will pay our share. Our share is the proportion of the loss that this policy's limit of insurance bears to the total amount of insurance. But this insurance does not apply to the extent that any collectible insurance is available to you to cover a claim which arises out of the ownership, maintenance, operation, use, loading or unloading of:

- a. any motor vehicle on the insured location or the ways immediately adjoining; or
- b. watercraft.

This will be true whether the other insurance is primary, excess or contingent.

9. POLICY TERRITORY - UNDER COVERAGES G AND H - WE COVER YOUR FARM AND PERSONAL LIABILITY ANYWHERE IN THE WORLD EXCEPT AS FOLLOWS:

With respect to liability arising out of farm products or farming we cover bodily injury or property damage which occurs:

- a. within the United States of America, its territories or possessions, or Canada; or

- b. in international waters or air space. But not in the course of travel or transportation to or from any other country, state or nation; or
- c. anywhere in the world because of a product that was sold for use or consumption within the territory described in a. above. But the suit must be brought within such territory described in a. above.

10. LIMITATION OF FARMS COVERAGE TO FARM AND PERSONAL LIABILITY

No other insurance provided by this policy shall apply to bodily injury, property damage or personal injury with respect to which insurance is provided under Coverages G or H.

SECTION I AND SECTION II CONDITIONS

1. MISREPRESENTATION AND FRAUD

This entire policy shall be void if, whether before or after loss, any insured has willfully concealed or misrepresented any material fact or circumstance concerning this insurance or the subject thereof, or the interest of the insured therein, or in the case of any fraud or false swearing by any insured relating thereto.

2. LIBERALIZATION CLAUSE.

We may adopt a change in this policy which gives more coverage without additional premium. If we do so prior to or during the policy period, the broadened coverage will immediately apply to this policy.

3. WAIVER OR CHANGE OF POLICY PROVISIONS.

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

4. CANCELLATION.

- a. You may cancel this policy at any time by returning it to us; or by notifying us in writing of the date cancellation is to take effect.
- b. We may cancel this policy only for the reasons stated in this condition by notifying you in writing of the date cancellation takes effect. This notice may be delivered to you, or mailed to you at your mailing address shown in the Declarations. Proof of mailing shall be sufficient proof of notice.
 - 1) When you have not paid the premium, we may cancel at any time by notifying you at least 10 days before the date cancellation takes effect. This will be true whether the premium is payable to us, our agent, or under any finance or credit plan.

2) When this policy has been in effect for less than 60 days and is not a renewal with us, we may cancel for any reason by notifying you at least 10 days before the date cancellation takes effect.

3) When this policy has been in effect for 60 days or more, or at any time if it is a renewal with us, we may cancel: if there has been a material misrepresentation of fact which if known to us would have caused us not to issue the policy; or if the risk has changed substantially since the policy was issued. This can be done by notifying you at least 30 days before the date cancellations takes effect.

4) When this policy is written for a period longer than one year, we may cancel for any reason at anniversary by notifying you at least 30 days before the date cancellation takes effect.

c. When this policy is cancelled, the premium for the period from the date of cancellation to the expiration date will be refunded. When we cancel, the return premium will be pro rata. When you request cancellation, the return premium will be based on a short rate basis.

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 within reasonable time after the date cancellation takes effect.

5. NON-RENEWAL.

We may elect not to renew this policy. We may do so by delivering to you, or mailing to you at your mailing address shown in the Declarations, written notice at least 30 days before the expiration date of this policy. Proof of mailing shall be sufficient proof of notice.

6. ASSIGNMENT.

You may not assign or transfer this policy either before or after loss unless we give our written consent thereto. This includes claims made or to be made.

7. SUBROGATION.

Any 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, the insured must sign and deliver all related papers and cooperate with us in any reasonable manner.

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

8. DEATH.

If you or your 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 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.

9. INSPECTION AND AUDIT.

We may have your property and operations inspected at any time; but we are not obligated to do so. An inspection is for our benefit only. We make no representation that your property or operations are safe; are not harmful to health; or comply with any law, rule or regulation. This applies to any inspections and reports we make.

We may examine and audit your books and records at any time during the policy period and up to three years afterward.

10. TERMS OF POLICY CONFORMED TO STATUTE.

Any terms of this policy that are in conflict with the statutes of the state in which this policy is issued are changed to conform to such statute.

GLOSSARY

The following words and phrases have special meaning throughout this Policy.

1. "Bodily injury" means bodily harm, sickness or disease. It includes required care, loss of services and resulting death.

"Bodily injury" does not mean bodily harm, sickness, disease, or death that arises out of:

a. a communicable disease;

b. the actual, alleged, or threatened sexual molestation of a person;

c. mental or emotional injury, suffering, or distress that does not result from physical injury; or

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

2. "business" means:
 - a. a trade, profession or occupation other than farming. It includes the use of any premises or portion of residence premises for any such purposes; and home care services for monetary or other compensation;
 - b. the rental or holding for rental of the whole or any portion of the premises by any insured;
 but "business" does not mean:
 - 1) the occasional rental or holding for rent of the residence premises for dwelling purposes;
 - 2) the rental or holding for rent of a portion of the residence premises for dwelling purposes. But this does not apply to the lodging of three or more roomers or boarders;
 - 3) the rental or holding for rent of a portion of the residence premises for private garage purposes;
 - 4) the rental or holding for rent of a portion of the residence premises as an office, school or studio;
 - 5) maintenance of a portion of the residence premises by the insured for the office, professional, private school or studio occupancy described on the Declarations; or
 - 6) mutual exchange of home care services or care of a relative.
 - c. "business property" means merchandise or articles held for resale which are not the usual products of the farming operation.
3. "dwellings" means buildings used principally for family residential purposes. It includes mobile homes, modular and prefabricated homes. Buildings used in agricultural operations, such as storage of farm produce, livestock or poultry, are not considered dwellings.
4. "farm employee" means an employee of an insured: who performs duties in connection with farming; or who maintains or uses the insured's farm equipment. "Farm employee" does not include a residence employee or one engaged in the insured's non-farm business.
5. "farming" means the ownership, maintenance or use of premises for the production of crops or the raising or care of livestock. It includes all necessary operations. Farming also includes the operation of roadside stands maintained principally for the sale of the insured's farm products.
6. "farm personal property" means equipment and supplies; livestock, poultry, and produce; farm mobile machinery; and similar items used for agricultural purposes. This includes propane or fuel storage tanks, above or below the ground if used for farming purposes.
7. "improvements" means additions, alterations, fixtures or installations made part of the described building. We do not cover items which may be legally removed by an insured.
8. "named insured" means the person or entity shown in the Declarations and "insured" means:
 - a. you, and if you are an individual, the following residents of your household:
 - 1) your relatives; and
 - 2) any other person under the age of 21 who is in the care of any person named above.
 - b. Under Section II, "insured" also means:
 - 1) 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 8a. A person or organization using or having custody of these animals or watercraft in the course of business, or without the permission of the owner is not an "insured".
 - 2) with respect to any vehicle to which this policy applies, any person while employed by you or by any person included in 8a. if your residence is their sole residence.
9. "insured location" means:
 - a. the residence premises, all other premises which you own, rent or operate as a farm, and all private approaches to such premises;
 - b. the part of any other premises, other structures, and grounds, owned, rented or operated by you as a residence: which is shown in the Declarations; or which is acquired by you during the policy period for your use as a residence;
 - c. any premises used by you in conjunction with the premises included in 9a or 9b;
 - d. any part of a premises not owned by any insured but where any insured is temporarily residing;
 - e. vacant land owned by or rented to any insured other than farm land;
 - f. land owned by or rented to any insured on which a one or two family dwelling is being built as a residence for any insured;
 - g. individual or family cemetery plots or burial vaults of any insured;
 - h. any part of a premises occasionally rented to any insured for other than business purposes.
10. "medical expenses" means expenses for necessary medical, surgical, x-ray, and dental services; prosthetic devices; ambulance, hospital, professional nursing and funeral services.

11. "motor vehicle" means:
 - a. a motorized land vehicle which is: (1) designed for travel on public roads; or (2) subject to motor vehicle registration;
 - b. a trailer or semi-trailer which is: (1) designed for travel on public roads; and (2) subject to motor vehicle registration. A boat, camper trailer or utility trailer not being towed by or carried on a vehicle in 11a is not a motor vehicle;
 - c. while off an insured location; a motorized golf cart, snowmobile, or other motorized land vehicle which is: (1) owned, non-owned or operated by any insured; and (2) designed for recreational use off public roads.

A motorized golf cart while used for golfing purposes is not a motor vehicle.
 - d. any vehicle while being towed by or carried on a vehicle included in 11a, 11b or 11c.
12. "occurrence" means:
 - a. under Section I - Property: a loss to covered property caused by one or more perils insured against;
 - b. under Section II - Liability: an accident, including injurious exposures to conditions, which results, during the term of this policy, in bodily injury or property damage; or an act or series of acts which results in personal injury.
13. "personal injury" means injury including bodily or mental harm, caused by one or more of the following acts: false arrest; false detention; false imprisonment; malicious prosecution; libel; slander; defamation; invasion of privacy; wrongful entry; or wrongful eviction.
14. "property damage" means physical injury to or destruction of tangible property. It includes loss of use of this property.
15. "residence" means dwelling, its grounds and appurtenant structures. It also means that part of any other building used as a private residence; but it does not include any portion used for business purposes.
16. "residence employee" means an employee of any insured: who performs duties in connection with the maintenance or use of the residence premises, including household or domestic services; or who performs duties elsewhere of a similar nature not in connection with the business or farming operations of any insured.
17. "residence premises" means a dwelling which is your principal residence, its grounds and appurtenant structures. It also means that part of any other building which is your principal residence; but it does not include any portion used for business.
18. "household personal property" means clothing, jewelry, luggage, dishes, pots and pans, kitchen utensils, shoes, kitchen portable appliances, domestic appliances, books, televisions, cameras, video recorders, and personal property other than farm personal property as defined in this policy.
19. "farm equipment and machinery" means equipment and machinery used in the preparation and maintenance of the soil, planting and harvesting of crops, preparing crops for market on farm or for use in performing other farm operations and processes including but not limited to unlicensed motor vehicles used solely on the insured premises.
20. "vacant or vacancy" means unoccupied or unoccupancy and in the state of being empty of contents pertaining to customary use. "Vacancy" of all dwellings at any "insured location" constitutes "vacancy" of the entire "insured location".
21. "unoccupancy or unoccupied" means the condition of not being lived in or used; this condition can exist even if a building contains furnishings. If any "dwelling" at an "insured location" is occupied, all buildings at that "insured location" will be considered occupied; but "unoccupancy" of all "dwellings" at any "insured location" constitutes "unoccupancy" of the entire location.
22. "punitive or exemplary damages" means damage imposed to punish and deter irresponsible conduct rather than normal compensation for a wrong.
23. "actual cash value" means the amount required to repair or replace the damaged property with material of like kind and quality less allowance for physical deterioration and depreciation including obsolescence.
24. "domestic appliances" means stoves, ranges (electric or gas), refrigerators, trash compactors, dishwashers (portable or built-in), microwave ovens, freezers for food, vacuum sweepers, portable heaters, small appliances, washing machines and dryers, and similar objects.
25. "current market value" means the average cash value for livestock in the area the loss occurred but as applicable to slaughter and feeder livestock shall mean the average market value for the area in which the loss occurred on the date of loss as published by the United States Department of Agriculture.



SIGNATURE PAGE

In Witness Whereof, American Reliable Insurance Company has caused this policy to be executed and attested, and, if required by state law, this policy shall not be valid unless countersigned by our authorized representative.

Christine F. Cona

SECRETARY

Robert Hill

PRESIDENT

