PERSONAL LIABILITY COVERAGE

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Additional Policy Conditions -- These are shown on a separate form.

Endorsements may also apply. They are identified on the Declarations page.

Refer to the Definitions for words and phrases that have special meanings. These words and phrases are shown in quotation marks or "bold type".

AGREEMENT

Subject to all the terms that apply, and in return for your payment of the required premium, we provide Personal Liability Coverage during the policy period. Each principal coverage described herein applies only if a limit is shown on the Declarations for that coverage.

Policy terms that relate to changes made to the policy; inspections; examination of books; cancellation; and assignment or transfer of rights or duties also apply.

If this Personal Liability Coverage is attached to another policy, there may be some words which have different meanings. The definitions in this coverage form will apply to the Personal Liability Coverage provided.
DEFINITIONS

1. The words you and your mean the person or persons named on the Declarations and your spouse if a resident of your household. The words we, us, and our mean the company providing this insurance.

2. Bodily Injury means bodily harm to a person and includes sickness, disease or death. This also includes required care and loss of services.

   Bodily Injury does not mean bodily harm, sickness, disease or death that arises out of:
   a. a communicable disease; or
   b. the actual, alleged or threatened sexual molestation of a person.

3. Business means a trade, a profession or an occupation including farming, all whether full time, part time, occasional or any activity engaged in for money or other compensation. This includes the rental of property to others. It does not include the occasional rental for residential purposes of the part of the insured premises normally occupied solely by your household.

   Business includes services regularly provided by an insured for the care of others and for which an insured is compensated. A mutual exchange of like services is not considered compensation.

   Business does not include:
   a. one or more activities for which no “insured” receives more than $2,000 in total compensation in the 12 month period before the beginning of the current policy period.
   b. volunteer activities for which no money is received other than payment for expenses incurred to perform the activity.

4. Domestic Employee means a person employed by an insured to perform duties that relate to the use and care of the insured premises. This includes a person who performs duties of a similar nature elsewhere for an insured. This does not include a person while performing duties in connection with the business of an insured.

5. Insured means:
   a. you;
   b. your relatives if residents of your household;
   c. persons under the age of 21 in your care or in the care of your resident relatives;
   d. your legal representative, if you die while insured by this Personal Liability Coverage. This person is an insured only for liability arising out of the insured premises. An insured at the time of your death remains an insured while residing on the insured premises;
   e. persons using or caring for watercraft or animals owned by an insured to which this insurance applies (This does not include persons using or caring for watercraft or animals in the course of business or without the owner's consent.);
   f. persons in the course of performing domestic duties that relate to the insured premises; and
   g. persons in the course of acting as your real estate manager for the insured premises.

Each of the above is a separate insured, but this does not increase our limit.

6. Insured Premises means:
   a. the one to four family dwelling shown on the Declarations. This includes structures or parts of buildings where you reside;
   b. all other premises shown on the Declarations;
   c. all vacant land owned by or rented to an insured. This includes land where a residence is being built for the use of an insured. This does not include farm land;
   d. that part of a residence, acquired by you during the policy period, and to be used by you;
   e. your cemetery lots and your burial vaults or those of your resident relatives;
   f. that part of a premises not owned by an insured if it is temporarily used as a residence by an insured;
   g. all premises used by you in connection with your residence;
   h. that part of premises occasionally rented to an insured for other than business purposes.

7. Limit means the limit of liability that applies.

8. Motorized Vehicle means a self-propelled land or amphibious vehicle regardless of method of surface contact. This includes parts and equipment.

This does not include vehicles that are designed and used to assist the handicapped and are not required to be licensed for road use.
9. **Motor Vehicle** means a motorized vehicle, a trailer or a semi-trailer, and all attached machinery or equipment, if:

   a. it is subject to motor vehicle registration; or
   b. it is designed for use on public roads.

10. **Occurrence** means an accident. This includes loss from repeated exposure to similar conditions.

11. **Pollutant** means any solid, liquid, gaseous, thermal or radioactive irritant or contaminant, including acids, alkalis, chemicals, fumes, smoke, soot, vapor or waste. Waste includes materials to be disposed of, recycled, reconditioned or reclaimed.

12. **Property Damage** means physical injury to tangible property. This includes the loss of use.

13. **Recreational Motor Vehicle** means a motorized vehicle, a trailer, or attached equipment that is designed or is used for leisure time activities, and which is not a motor vehicle.

14. **Terms** means all provisions, limitations, exclusions, and definitions used in this Personal Liability Coverage.

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### PRINCIPAL PERSONAL LIABILITY COVERAGES

**Coverage L -- Liability** -- We pay, up to our limit, all sums for which an insured is liable by law because of bodily injury or property damage caused by an occurrence to which this coverage applies. We will defend a suit seeking damages if the suit resulted from bodily injury or property damage not excluded under this coverage. We may make investigations and settle claims or suits that we decide are appropriate. We do not have to provide a defense after we have paid an amount equal to our limit as a result of a judgment or written settlement.

**Coverage M -- Medical Payments To Others** -- We pay the necessary medical expenses if they are incurred or medically determined within three years from the date of an accident causing covered bodily injury. Medical expenses means the reasonable charges for medical, surgical, x-ray, dental, ambulance, hospital, professional nursing, funeral services, prosthetic devices and eyeglasses, including contact lenses. This applies only to:

1. a person on the insured premises with the permission of an insured; and
2. a person away from the insured premises if the bodily injury:
   a. is a result of a condition on an insured premises;
   b. is caused by an activity of an insured;
   c. is caused by a person in the course of performing duties as a domestic employee;
   d. is caused by an animal owned by or in the care of an insured; or
   e. is sustained by a domestic employee and arises out of and in the course of employment.

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### INCIDENTAL PERSONAL LIABILITY COVERAGES

These coverages are subject to all the terms of Coverages L and M. Except for Claims and Defense Cost and First Aid Expense, they do not increase the limit stated for the Principal Personal Liability Coverages.

1. **Damage To Property Of Others** -- Regardless of an insured's legal liability, we pay for property of others damaged by an insured, or we repair or replace the property, to the extent practical, with property of like kind and quality. Our per occurrence limit for this coverage is the amount stated on the policy declarations.

The exclusions that apply to Coverages L and M do not apply to this coverage. However, we do not pay for damage to property:

a. owned by an insured, or owned by, rented to or leased to another resident of your household or the tenant of an insured;
b. caused intentionally by an insured who has attained the age of 13; or
c. resulting in whole or in part from:
   1) activities related to a business of an insured;
   2) premises owned, rented or controlled by an insured, other than an insured premises; or
   3) the ownership, operation, maintenance, use, occupancy, renting, loaning, entrusting, supervision, loading or unloading of motorized vehicles, aircraft or watercraft. We do pay for property damage to motorized vehicles not subject to motor vehicle registration and not owned by an insured if the motorized vehicle is used only to service the premises or if it is designed for recreational use off public roads.

2. Contracts And Agreements -- We pay up to $1,000 per occurrence for damages for bodily injury or property damage resulting from liability assumed by an insured under a written contract made before the loss. The loss causing the bodily injury or property damage must have occurred during the policy period. This coverage does not apply to a contract in connection with business activities of an insured.

3. Claims And Defense Cost -- If we defend a suit, we pay:
   a. the costs taxed to an insured;
   b. the costs incurred by us;
   c. the actual loss of earnings by an insured for time spent away from work at our request (We pay up to $50 per day.);
   d. the necessary costs incurred by you at our request;
   e. the interest which accrues after the entry of a judgment, but ending when we tender or pay up to our limit;
   f. the premiums on appeal bonds or bonds for the release of attachments up to our limit (We are not required to apply for or furnish bonds.);
   g. the premiums up to $500 per bail bond required of an insured because of an accident or a traffic law violation arising out of the use of a vehicle to which this Personal Liability Coverage applies (We are not required to apply for or furnish bonds.); and
   h. prejudgment interest awarded against an insured on that part of the judgment we pay. If we offer to pay the limit, we will not pay any prejudgment interest based on that period of time after the offer.

4. First Aid Expense -- We pay the expenses incurred by an insured for first aid to persons, other than insureds, for covered bodily injury.

5. Motorized Vehicles -- We pay for the bodily injury or the property damage which:
   a. occurs on the insured premises and is a result of the ownership, maintenance, use, loading or unloading of:
      1) a motorized vehicle if it is not subject to motor vehicle registration because of its type or use; or
      2) a recreational motor vehicle;
   b. results from:
      1) a utility, boat, camp or mobile home trailer, except when the trailer is carried on, is towed by or is attached to a motor vehicle or a recreational motor vehicle; or
      2) a golf cart while used for golfing activities.
   c. results from an insured’s use of a recreational motor vehicle which is not owned by an insured.

6. Watercraft --
   a. We pay for the bodily injury or the property damage which results from the maintenance, use, loading or unloading of:
      1) a watercraft while it is on the insured premises;
      2) a watercraft which is not owned by or rented to an insured if the loss is a result of the activities of an insured;
      3) a watercraft which is owned by or is rented to an insured and which is powered by inboard or inboard/outboard motors which total 50 horsepower or less;
      4) a sailing vessel with or without auxiliary power which is owned by or is rented to an insured and is less than 26 feet in length; or
      5) a watercraft which is powered by outboard motors which total 50 horsepower or less.
b. We pay for the bodily injury or the property damage which results from the maintenance, use, loading or unloading of a watercraft that is powered by outboard motors which total more than 50 horsepower, if:

1) the motors are listed on the Declarations;
2) the motors are acquired by an insured during the policy period and a request for coverage is made within 45 days after they are acquired; or
3) the motors are not owned by an insured.

7. Business -- We pay for the bodily injury or the property damage which results from:

a. the rental of that part of the insured premises that is usually occupied by you as a residence;
b. the rental of other parts of the insured premises for use as a residence (No family unit may include more than two roomers or boarders.); or
c. the rental of a part of the insured premises for use as a school, studio, office or private garage.

EXCLUSIONS THAT APPLY TO COVERAGES L AND M

Personal Liability Coverage does not apply to bodily injury or property damage which results directly or indirectly from:

1. war (This includes undeclared war, civil war, insurrection, rebellion, revolution, warlike act by a military force or military personnel, or destruction, seizure or use of property for a military purpose. Discharge of a nuclear weapon is deemed a warlike act even if accidental.);

2. the ownership, operation, maintenance, use, occupancy, renting, loaning, entrusting, supervision, loading or unloading of aircraft, except for bodily injury to a person while performing duties as a domestic employee (This exclusion does not apply to model airplanes.);

3. the ownership, operation, maintenance, use, occupancy, renting, loaning, entrusting, supervision, loading or unloading of motorized vehicles or watercraft owned or operated by or rented or loaned to an insured.

We do pay:

a. for bodily injury to a person in the course of performing duties as a domestic employee; or
b. if coverage is provided by an Incidental Motorized Vehicle or Watercraft Coverage;

c. the use of a motorized vehicle in, or in the practice or the preparation for, racing, speed, pulling or pushing, demolition or stunt activities or contests;

5. liability imposed by law on an insured for the use of a motorized vehicle, aircraft or watercraft, except if coverage is provided for by an Incidental Motorized Vehicle or Watercraft Coverage;

6. the rendering of or the failing to render a professional service;

7. activities related to the business of an insured, except as provided for by an Incidental Business Coverage;

8. premises that are owned, rented or controlled by an insured and that are not the insured premises.

We do pay for bodily injury to a person in the course of performing duties as a domestic employee;

9. an intentional act of an insured or an act done at the direction of an insured;

10. an occurrence for which an insured is also an insured under a nuclear energy liability policy or would be an insured but for the exhaustion of its limits (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 their successors.); or

11. the discharge, dispersal, release or the escape of pollutants into or upon land, water or air. However, this exclusion does not apply to bodily injury or property damage that arises from the heat, smoke or fumes of hostile fire on the insured premises. Hostile fire is a fire that becomes uncontrollable or breaks out from where it was intended to be.

12. Actual or alleged Bodily Injury that results directly or indirectly from ingestion, inhalation or absorption of lead or asbestos in any form;

13. Actual or alleged Property Damage that results directly or indirectly from any form of lead or asbestos;
14. Any loss, cost or expense arising out of any 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 lead or asbestos; or

15. Any loss, cost or expense arising out of any claim or suit by or on behalf of any governmental authority for damages resulting from testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing or in any way responding to or assessing the effects of lead.

16. Damages awarded under the Migrant and Seasonal Agricultural Worker Protection Act (29 USC sections 1801 et seq.) or awarded under any law or regulation pertaining to that Act.

17. Punitive or Exemplary Damages or related defense costs. This exclusion applies regardless of any provisions of this policy or endorsements attached to it.

ADDITIONAL EXCLUSIONS THAT APPLY ONLY TO COVERAGE L

Coverage L does not apply to:

1. bodily injury to you, and if residents of your household, your relatives, and persons under the age of 21 in your care or in the care of your resident relatives;

2. liability assumed under a contract or an agreement, except as provided for by Incidental Contracts and Agreements Coverage;

3. damage to property owned by an insured;

4. damage to property that is rented to, occupied by, used by, or in the care of an insured, except for property damage caused by fire, smoke or explosion;

5. sickness, disease or death of a domestic employee unless a written notice is received by us within 36 months after the end of the policy period in which the injury occurred; or

6. bodily injury to a person, including a domestic employee, if the insured has a workers' compensation policy covering the injury or if benefits are payable or are required to be provided by an insured under a workers' compensation, non-occupational disability, occupational disease or like law.

ADDITIONAL EXCLUSIONS THAT APPLY ONLY TO COVERAGE M

Coverage M does not apply to bodily injury to:

1. an insured or other person who resides on the insured premises, except a domestic employee;

2. a person who is on the insured premises because a business is conducted or professional services are rendered on the insured premises; or

3. a person, including a domestic employee, if a workers' compensation policy covers the injury or if benefits are provided under a workers' compensation, non-occupational disability, occupational disease or like law.

WHAT YOU MUST DO IN CASE OF LOSS

1. Notice -- In the case of an occurrence (or if an insured becomes aware of anything that indicates that there might be a claim under this Personal Liability Coverage), the insured must promptly give us or our agent notice (in writing if requested).

   The notice must state:
   a. the name of the insured; the policy number; and the time, place, and the details of the occurrence; and
   b. the names and the addresses of all known potential claimants and witnesses.

2. Cooperation -- The insured must cooperate with us in performing all acts required by this Personal Liability Coverage.

3. Volunteer Payments -- An insured must not make payments, pay or offer rewards or assume obligations or other costs except at the insured's own cost. This does not apply to costs that are allowed by this Personal Liability Coverage.

4. Other Duties -- Liability Coverage -- In case of an occurrence which might result in a claim, the insured must promptly give us copies of all legal papers, demands and notices that relate to the occurrence or claim.
At our request, the insured must help us:

a. to settle a claim;
b. to conduct suits (This includes being at trials and hearings);
c. to enforce the right of recovery or indemnification against all parties who may be liable to an insured for the injury or damage;
d. in the securing of and giving of evidence; and
e. in obtaining the attendance of all witnesses.

5. Other Duties -- Medical Payments To Others Coverage -- In case of a loss the injured person or someone acting on behalf of that person must:

a. give us written proof of claim (under oath if we request) as soon as practical; and
b. authorize us to get copies of medical records.

The injured person must submit to physical exams by doctors chosen by us when and as often as we may require.

HOW MUCH WE PAY FOR LOSS OR CLAIM

1. Coverage L -- Liability --

a. The limit shown on the Declarations for Coverage L is the most we pay for loss for each occurrence. This applies regardless of the number of:
   1.) persons insured under this Farm Personal Liability Coverage;
   2.) parties who sustain injury or damage; or
   3.) claims made or suits brought.

b. The General Aggregate Limit shown on the Declarations for Coverage L is the most we will pay during a policy period for the sum of:
   1.) all “damages” under Coverage L; and
   2.) all medical expenses under Coverage M.

2. The General Aggregate Limit applies to each consecutive 12-month period beginning with the inception date shown on the Declarations.

3. Coverage M -- Medical Payments To Others --

The limit shown on the Declarations per person for Coverage M is the most we pay for all medical expenses payable for bodily injury to one person as the result of one accident. When a limit is shown on the Declarations per accident for Coverage M, that limit is the most we pay for any one accident.

The payment of a claim under Coverage M does not mean we admit we are liable under Coverage L.

4. Insurance Under More Than One Coverage -- If more than one coverage applies to a loss, we pay no more than the actual loss.

5. Coverage L -- Insurance Under More Than One Policy -- Coverage L is excess over other valid and collectible insurance that applies to the loss or claim.

If the other valid and collectible insurance is also excess, we pay only our share of the loss. We pay only that part of the loss that the applicable limit under this policy bears to the total amount of insurance covering the loss.

PAYMENT OF LOSS OR CLAIM

A person who has secured a judgment against an insured for an insured loss or has liability established by a written agreement between the claimant, an insured and us is entitled to recover under this Personal Liability Coverage to the extent of coverage provided.
CONDITIONS

1. **Bankruptcy Of An Insured** -- Bankruptcy or insolvency of an insured does not relieve us of our obligations under this Personal Liability Coverage.

2. **Conformity With Statute -- Terms** in conflict with the laws of the state where the premises described on the Declarations is located are changed to conform to such laws.

3. **Misrepresentation, Concealment Or Fraud** -- This Personal Liability Coverage is void if, before or after a loss:
   a. an insured has willfully concealed or misrepresented:
      1) a material fact or circumstances with respect to this insurance; or
      2) an insured's interest herein.
   b. there has been fraud or false swearing by an insured with respect to this insurance or the subject thereof.

4. **Subrogation** -- If we pay for a loss, we may require that the insured assign to us the right of recovery up to the amount we pay. We are not liable for a loss if, after the loss, an insured impairs our right to recover against others. You may waive your right to recover, in writing, before a loss occurs, without voiding coverage.

   Subrogation does not apply to Coverage M -- Medical Payments to Others or to Damage to Property of Others under the Incidental Personal Liability Coverages.

5. **Suit Against Us** -- No suit may be brought against us by anyone other than an insured, unless:
   a. all the terms of this Personal Liability Coverage have been complied with; and
   b. the amount of an insured's liability has been fixed by:
      1) a final judgment against an insured which is the result of a trial; or
      2) a written agreement of the insured, the claimant and us.

   No person has a right under this Personal Liability Coverage to join us or implead us in actions that are brought to fix the liability of an insured.