



PERSONAL CONDITIONS PROVISIONS

POLICY CONDITIONS

In addition to the policy *terms* which are contained in other sections of this policy, the following conditions also apply.

CONDITIONS APPLICABLE TO ALL COVERAGES.

1. **Assignment**-Assignment of this policy is not valid without *our* written consent.

2. **Cancellation:**

With respect to cancellation and non-renewal, *Required Policy Period* means a period of three years from the date the policy is first issued or voluntarily renewed.

a. **By You-You** may cancel this policy at any time by giving *us* written notice or returning the policy to *us* and stating when thereafter the cancellation is to be effective.

b. **By Us-We** may cancel this policy by written notice delivered to or mailed to the first named *insured* at the mailing address shown in the Declarations. Proof of delivery or mailing is sufficient proof of notice. This notice must be delivered or mailed the required number of days prior to the effective date of the cancellation or nonrenewal. For a description of the number of days of required notice, refer to: (1) Nonpayment of premium, (2) New Policy, (3) Policy with a Term over One Year, (4) Nonrenewal, and (5) All Other Situations.

c. **When We May Cancel or Nonrenew-We** may cancel or nonrenew the policy under the following conditions:

- 1) Non-Payment of Premium-If the premium has not been paid when due, *we* may cancel at any time by giving the required notice to the first named *insured* at least 15 days before cancellation is effective.
- 2) New Policy-If this is a new policy which has been in effect less than 60 days and is not a renewal, *we* may cancel by providing a statement giving the specific reason or reasons for cancellation and by giving the required notice to the first named *insured* at least 30 days before cancellation is effective. A renewal of a policy issued by *us* is not a new policy.
- 3) Policy with Term over One Year-If this policy is written for a term longer than one year, *we* may cancel for any reason by giving the first named *insured* the required notice at least 45 days (but not more than 60 days) prior to the inception of a renewal policy at the end of the three year *required policy period*.
- 4) Non-Renewal-*We* may elect not to renew or continue this policy by giving the first named *insured* written notice of *our* intent at least 45 days (but not more than 60 days) before the end of the *required policy period*. This notice shall contain *our* specific reason(s) for non-renewal or conditional renewal. The notice may be delivered to or mailed to the first named *insured* at the mailing address shown in the Declarations. Proof of delivery or mailing shall be sufficient proof of notice.
- 5) All Other Situations-If this policy has been in effect 60 days or more or is a renewal of a policy issued by *us*, *we* may cancel only for the reasons set forth below and by giving the required notice to the first named *insured* at least 30 days before cancellation is effective.

The reasons are:

- a. conviction of a crime arising out of acts increasing the hazard insured against;
- b. discovery of fraud or material misrepresentation in obtaining the policy or in the presentation of a claim thereunder;
- c. discovery of willful or reckless acts or omissions increasing the hazard insured against;
- d. physical changes in the property insured occurring after issuance or last annual anniversary date of the policy which result in the property becoming uninsurable in accordance with the insurer's objective, uniformly applied underwriting standards in effect at the time the policy was issued or last voluntarily renewed; or
- e. a determination by the superintendent that the continuation of the policy would violate or would place the insurer in violation of the Insurance Law.

d. **We** refund premium for the unexpired policy period on a pro rata basis. Any unearned premium amounts under \$5.00 will be refunded only on *your* request.

e. **Refund of Premium**-Payment or tender of unearned premium is not a condition of cancellation. If the unearned premium is not refunded with the cancellation notice, it will be sent to *you* within a reasonable time.

3. **Conditional Reinstatement**-If *we* issue a cancellation notice because *you* didn't pay the required premium when due and *you* then tender a check, draft or other remittance which is not honored on presentation, *your* policy will terminate on the date and time shown on the cancellation notice and any notice *we* issue which waives the

cancellation or reinstates the policy is void. This means that **we** will not be liable under this policy for claims or damages after the date and time indicated on the cancellation notice. **We** will give the first named **insured** notice of the dishonor of **your** remittance as soon as practicable but this shall not interrupt the cancellation of this policy.

4. **Transition of Duties**-**We** are not obligated to provide a defense after **we** have paid, either by judgment or settlement, an amount equal to **our** limit of liability.

To assure an orderly transfer of duties when limits are exhausted:

1. **We** will notify the first **named insured** in writing, as soon as practicable, that the applicable limit of liability has been exhausted. The notice will confirm that **our** duty to defend suits has terminated.
 2. **We** will initiate and cooperate in the orderly transfer of control to any appropriate **insured**. **We** will take such steps as **we** deem appropriate to avoid a default in or to continue the defense of such suits until the transfer to a cooperating **insured** is complete. **We** will not defend any other suits subject to those limits of liability which have been exhausted.
 3. The **insured** must take control of the suit, at their expense, within the agreed upon time or as soon as practicable in the absence of any agreement.
 4. The first **named insured** is obliged to reimburse **our** expenses incurred in continuing the defense during the transition period referred to in 2. above. Effective the date of mailing, reimbursement will be payable for all expenses **we** incur after providing the written notice referred to in 1. above.
 5. The exhaustion of **our** limit of liability by payment of judgments or settlements, and the resulting termination of **our** duty to defend, will not be waived by **our** failure to comply with any of the provisions of 1. through 4. above.
5. **Change, Modification, or Waiver of Policy Terms**-A waiver or change of any **terms** of this policy must be issued by **us** in writing to be valid. **Our** request for an appraisal or examination under oath does not waive any of **our** rights. If **we** adopt any revision of forms or endorsements during a policy period which would broaden coverage under this policy without additional premium, the broadened coverage will automatically apply to this policy. If this policy is issued on a continuous basis, (with no specified expiration date) **we** may substitute or add, upon any anniversary date, forms or endorsements which are authorized for use on this policy in accordance with **our** manual rules in effect at the time. If the change in forms or endorsements reduces coverage or limits, **we** must notify **you** as provided under the Non-Renewal **terms** contained in this endorsement.
6. **Conformity with Statute-Terms** of this policy, in conflict with the statutes of the state where the premises described in the Declarations are located, are amended to conform to such statutes.
7. **Misrepresentation, Concealment or Fraud**-**We** do not provide coverage if, whether before or after a loss:
- a. An **insured** has willfully concealed or misrepresented:
 - 1) any material fact or circumstance concerning this insurance; or
 - 2) an **insured's** interest herein.
 - b. There has been fraud or false swearing by an **insured** regarding any matter relating to this insurance or the subject thereof.
8. **Inspection and Audit**-**We** are permitted but not obligated to inspect **your** property and operations. **Our** inspection or any resulting advice or report does not warrant that **your** property or operations are safe or healthful or are in compliance with any law, rule or regulation.
- a. An audit to determine final premium for policies under which the initial premium is based on an estimate of **your** exposure base shall be conducted within 180 days after expiration of such policy, and may not be waived except in the following circumstances:
 - (1) the total annual premium attributable to the auditable exposure base is not reasonably expected to exceed \$1,500;
 - (2) the policy requires notification to **us** with specific identification of any additional exposure units for which coverage is requested; or
 - (3) the policy is a commercial umbrella for which the rate or premium is determined by the application of a factor to the rate or premium of an auditable underlying policy.
 - b. **We** shall, as soon as practicable following such audit, refund or credit **your** account for any return premium due **you**, or bill and make a good faith effort to collect any additional premium due **us**, as a result of the audit.
 - c. If **you** fail to cooperate with **us** in **our** attempt to conduct such audit, including **your** failure to return any questionnaires or self-audit worksheets, **we** shall nonrenew **your** policy upon completion of the current policy period, in accordance with the provisions of the applicable Insurance Law, due to **our** inability to establish a proper premium for **you**.
9. **Policy Premium**-If this policy is issued without a specified expiration date, it may be continued by payment of the required premium for the next annual period. The premium must be paid to **us** on or before each anniversary date. Premium is subject to adjustment on the basis of the rates in effect at each anniversary date.
10. **Recoveries**-If **we** pay an **insured** for loss under this policy and lost or damaged property is recovered, or payment is made by those responsible for the loss, the following provisions apply:

- a. The *insured* must notify *us* or *we* will notify the *insured* promptly if either recovers property or receives payment.
 - b. Any proper expenses incurred by either party in making the recovery are reimbursed first.
 - c. The *insured* may keep recovered property by refunding to *us* the amount of the claim paid or any lesser amount to which *we* agree.
 - d. If the claim paid is less than the agreed loss due to a deductible, special limit of liability or other limiting *terms* of the policy, any recovery will be pro-rated between the *insured* and *us* based on *our* respective interests in the loss.
11. **Subrogation:**
- a. If *we* make a payment under this policy, *we* may require that the *insured* assign to *us* his or her right of recovery against any person for the loss to the extent of the payment. The *insured* must do everything necessary to make this assignment and secure *our* rights.
 - b. *We* are not liable for any loss if an *insured* does anything after the loss occurs to impair *our* right to recover. *You* may waive *your* right of recovery in writing before a loss occurs without voiding the coverage.
 - c. If *we* pay a loss to or on behalf of an *insured* and the *insured* recovers damages from another person for the same loss, the *insured* shall hold the amount recovered in trust for *us* and shall reimburse *us* as provided under Recoveries.
12. **Suit Against Us.**
- a. **Property Coverages**-No suit to recover for any property claim may be brought against *us* unless:
 - 1) the *terms* of this policy have been fully complied with; and
 - 2) the suit is commenced within 2 years after the loss.
 - b. **Liability Coverage**-No suit may be brought against *us* to recover amounts due for *bodily injury* or *property damage* liability unless:
 - 1) the *terms* of this policy have been fully complied with; and
 - 2) the amount of any *insured's* liability has been conclusively fixed:
 - (a) by a final judgment against the *insured*; or
 - (b) by written agreement of the *insured*, the claimant and *us*.
- No person shall have any right under this policy to join or implead *us* in any action brought to determine an *insured's* liability.
13. **Bankruptcy of an Insured**-Bankruptcy or insolvency of any *insured* or his or her estate does not relieve *us* of any of *our* obligations under this policy.

CONDITIONS APPLICABLE TO PROPERTY COVERAGE ONLY

14. **Abandonment of Property**-*We* may take the property or any part of it at the agreed or appraised value, but an *insured* may not abandon the covered property to *us* unless *we* specifically agree.
15. **Appraisal**-If *you* and *we* do not agree on the cost to repair or replace, actual cash value of or amount of loss to covered property when loss occurs, either party may demand that these amounts be determined by appraisal. If either makes a written demand for appraisal, each will select a competent, independent appraiser and notify the other of the appraiser's identity within 20 days of receipt of the written demand. The two appraisers will then select a competent, impartial umpire. If the two appraisers are unable to agree upon an umpire within 15 days, *you* or *we* can ask a judge of a court of record in the state where the property is located to select an umpire. The appraisers will then determine the amount of the damage stating separately, in detail: the cost to repair or replace, actual cash value of, and amount of loss to each building item and item of personal property. If the appraisers submit a written report of any agreement to *us*, the amount agreed upon will be the amount of the damage or value. If the appraisers fail to agree within a reasonable time, they will submit only their differences to the umpire. Written agreement so itemized and signed by any two of these three sets the cost to repair or replace, actual cash value of and amount of loss to each item. Each appraiser will be paid by the party selecting that appraiser. Other expenses of the appraisal and the compensation of the umpire will be paid equally by *you* and *us*.
16. **No Benefit to Bailee**-Insurance under this policy shall not directly or indirectly benefit any hired carrier or anyone else who is paid for assuming custody of covered property.
17. **Secured Party Coverage-APPLIES ONLY TO COVERAGE ON MANUFACTURED HOMES AND PERSONAL PROPERTY.** (This entire clause is void unless the name of a secured party is inserted in the Declarations. This clause applies only to the interest of a secured party and does not affect the *insured's* rights or duties under the policy).
- If a secured party is named in this policy, any loss payable on property subject to the security interest shall be payable to the secured party and *you* as interest may appear. If there is more than one security interest in the same property, the order of payment shall be the same as their order of priority.
- If *we* deny *your* claim, that denial shall not apply to valid claim of a secured party, if such party has:

- a. notified **us** of any change in ownership, occupancy or substantial change in risk of which the secured party became aware;
- b. paid any premium due under the policy on demand if **you** have not made such payment; and
- c. submitted a signed, sworn proof of loss within 60 days if an **insured** has failed to do so.

Policy conditions relating to Appraisal, Suit Against **Us** and Loss Payment apply to the secured party. If the policy is canceled by **us**, the secured party shall be notified at least 10 days before the date cancellation takes effect.

If **we** pay the secured party for any loss for which **we** have denied payment to **you**:

- a. **we** are subrogated to all the rights of the secured party granted under the security agreement; or
- b. at **our** option, **we** may pay the secured party the remaining amount due on the security agreement plus interest and receive a full assignment of the security agreement and any securities held as collateral for the agreement.

However, the secured party's interest is not covered for conversion, embezzlement or secretion by an **insured** in possession of the encumbered property, unless specifically insured against and premium paid for such.

18. **Mortgage Clause-APPLIES ONLY TO COVERAGE ON BUILDINGS** (This entire clause is void unless the name of the mortgagee, or trustee under a trust deed, is inserted in the Declarations. This clause applies only to the mortgagee (or trustee) and does not affect the **insured's** rights or duties under this policy.)

Loss, if any, under this policy, shall be payable to the mortgagee (or trustee), named on the Declarations Page of this policy, as interests may appear, under all present or future mortgages upon the property herein described in which the aforesaid may have an interest as mortgagee (or trustee), in order of precedence of said mortgages, and this insurance as to the interest of the mortgagee (or trustee) only therein, shall not be invalidated by any act or neglect of the mortgagor or owner of the within described property, nor by any foreclosure or other proceedings or notice of sale relating to the property, nor by any change in the title or ownership of the property, nor by the occupation of the premises for purposes more hazardous than are permitted by this policy; provided, that in case the mortgagor or owner shall neglect to pay any premium due under this policy, the mortgagee (or trustee) shall, on demand, pay the same.

Provided, also, that the mortgagee (or trustee) shall notify **us** of any change of ownership or occupancy or increase of hazard which shall come to the knowledge of said mortgagee (or trustee) and, unless permitted by this policy, it shall be noted thereon and the mortgagee (or trustee) shall, on demand, pay the premium for such increased hazard for the term of the use thereof; otherwise this policy shall be null and void.

We reserve the right to cancel this policy at any time as provided by its **terms** but in such case this policy shall continue in force for the benefit only of the mortgagee (or trustee) for 10 days after notice to the mortgagee (or trustee) of such cancellation and shall then cease, and **we** shall have the right, on like notice to cancel this agreement.

Whenever **we** shall pay the mortgagee (or trustee) any sum for loss under this policy, and shall claim that, as to the mortgagor or owner, no liability therefore existed, **we** shall, to the extent of such payment, be thereupon legally subrogated to all the rights of the party to whom such payment shall be made, under all securities held as collateral to the mortgage debt; or may at **our** option pay to the mortgagee (or trustee) the whole principal due or to grow due on the mortgage, with interest accrued and shall thereupon receive a full assignment and transfer of the mortgage and of all such other securities; but no subrogation shall impair the right of the mortgagee (or trustee) to recover the full amount of said mortgagee's (or trustee's) claim.