

PERSONAL UMBRELLA LIABILITY POLICY

AGREEMENT

In return for payment of the premium and subject to all the terms of this Policy, we agree with you as follows:

I. Definitions

A. Throughout this Policy, "you" and "your" refer to:

1. The "named insured" shown in the Declarations; and
2. The spouse if a resident of the same household.

B. "We", "us" and "our" refer to the company providing this insurance.

C. For purposes of this Policy, a private passenger type auto, pickup or van shall be deemed to be owned by a person if leased:

1. Under a written agreement to that person; and
2. For a continuous period of at least six months.

Other words and phrases are defined. They are in quotation marks when used.

D. "Aircraft Liability", "Hovercraft Liability", "Recreational Motor Vehicle Liability" and "Watercraft Liability", subject to the provisions in 2. below, mean the following:

1. Liability for "bodily injury" or "property damage" arising out of:
 - a. The ownership of such vehicle or craft by an "insured";
 - b. The maintenance, occupancy, operation, use, loading or unloading of such vehicle or craft by any person;
 - c. The entrustment of such vehicle or craft by an "insured" to any person;
 - d. The failure to supervise or negligent supervision of any person involving such vehicle or craft by an "insured"; or
 - e. Vicarious liability, whether or not imposed by law, for the actions of a child or minor involving such vehicle or craft.
2. For the purpose of this definition:
 - a. Aircraft means any contrivance used or designed for flight, except model or hobby aircraft not used or designed to carry people or cargo;

b. Hovercraft means a self-propelled motorized ground-effect vehicle and includes, but is not limited to, flarecraft and air cushion vehicles;

c. Watercraft means a craft principally designed to be propelled on or in water by wind, engine power or electric motor; and

d. Recreational Motor Vehicle means a "recreational motor vehicle" as defined in Paragraph N.

E. "Auto" means:

1. A private passenger motor vehicle, motorcycle, moped or motor home;
2. A vehicle designed to be pulled by a private passenger motor vehicle or motor home; or
3. A farm wagon or farm implement while towed by a private passenger motor vehicle or motor home.

F. "Bodily injury" means bodily harm, sickness or disease, including required care, loss of services and death that results.

G. "Business" means:

1. A trade, profession or occupation engaged in on a full-time, part-time or occasional basis; or
2. Any other activity engaged in for money or other compensation, except the following:
 - a. One or more activities, not described in b. through d. below, for which no "insured" receives more than \$2,000 in total compensation for the 12 months before the beginning of the policy period;
 - b. Volunteer activities for which no money is received other than payment for expenses incurred to perform the activity;
 - c. Providing home day care services for which no compensation is received, other than the mutual exchange of such services; or
 - d. The rendering of home day care services to a relative of an "insured".

H. "Family member" means a resident of your household who is:

1. Your relative, including a ward or foster child; or

2. Under the age of 21 and in the care of you or an "insured" who is age 21 or over.
- I. "Fuel system" means:
1. One or more containers, tanks or vessels which have a total combined storage capacity of 100 or more U.S. gallons of liquid fuel; and
 - a. Are, or were, located on any single location covered by "underlying insurance"; and
 - b. Are, or were, used to hold liquid fuel that is intended to be used solely for one or more of the following:
 - (1) To heat or cool a building;
 - (2) To heat water;
 - (3) To cook food; or
 - (4) To power motor vehicles, other motorized land conveyances or watercraft owned by an "insured";
 2. Any pumping apparatus, which includes the motor, gauge, nozzle, hose or pipes that are, or were, connected to one or more containers, tanks or vessels described in Paragraph I.1.;
 3. Filler pipes and flues connected to one or more containers, tanks or vessels described in Paragraph I.1.;
 4. A boiler, furnace or a water heater, the liquid fuel for which is stored in a container, tank or vessel described in Paragraph I.1.;
 5. Fittings and pipes connecting the boiler, furnace or water heater to one or more containers, tanks or vessels described in Paragraph I.1.;
 6. A structure that is specifically designed and built to hold the liquid fuel that escapes from one or more containers, tanks or vessels described in Paragraph I.1.
- J. "Insured" means:
1. You.
 2. A "family member".
 3. Any person using an "auto", "recreational motor vehicle", or watercraft, which is owned by you and covered under this Policy. Any person using a temporary substitute for such "auto" or "recreational motor vehicle" is also an "insured".
4. Any other person or organization but only with respect to the legal responsibility for acts or omissions of you or any "family member" while you or any "family member" is using an "auto" or "recreational motor vehicle" covered under this Policy. However, the owner or lessor of an "auto" or "recreational motor vehicle" loaned to or hired for use by an "insured" or on an "insured's" behalf, is not an "insured".
 5. With respect to animals owned by you or any "family member", any person or organization legally responsible for such animals. However, a person or organization using or having custody of such animals in the course of any "business" or without the consent of the owner is not an "insured".
- K. "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions, which results, during the policy period, in:
1. "Bodily injury"; or
 2. "Property damage".
- L. "Personal injury" means injury arising out of one or more of the following offenses, but only if the offense was committed during the policy period:
1. False arrest, detention or imprisonment;
 2. Malicious prosecution;
 3. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;
 4. Oral or written publication, in any manner, of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services; or
 5. Oral or written publication, in any manner, of material that violates a person's right of privacy.
- M. "Property damage" means physical injury to, destruction of, or loss of use of tangible property.
- N. "Recreational motor vehicle" means:
1. All-terrain vehicle;

2. Dune buggy;
3. Golf cart;
4. Snowmobile; or
5. Any other motorized land vehicle which is designed for recreational use off public roads.

O. "Retained limit" means:

1. The total limits of any "underlying insurance" and any other insurance that applies to an "occurrence" or offense which:
 - a. Are available to an "insured"; or
 - b. Would have been available except for the bankruptcy or insolvency of an insurer providing "underlying insurance"; or
2. The deductible, if any, as stated in the Declarations, if the "occurrence" or offense:
 - a. Is covered by this Policy; and
 - b. Is not covered by "underlying insurance" or any other insurance.

P. "Underlying insurance" means any policy providing the "insured" with primary liability insurance covering one or more of the types of liability listed in the Declarations and at limits no less than the retained policy limits shown for those types of liability listed in the Declarations.

II. Coverages

A. Insuring Agreement

We will pay damages, in excess of the "retained limit", for:

1. "Bodily injury" or "property damage" for which an "insured" becomes legally liable due to an "occurrence" to which this insurance applies; and
2. "Personal injury" for which an "insured" becomes legally liable due to one or more offenses listed under the definition of "personal injury" to which this insurance applies.

Damages include prejudgment interest awarded against an "insured".

B. Defense Coverage

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

a. Will provide a defense at our expense by counsel of our choice, even if the suit is groundless, false or fraudulent. However, we are not obligated to defend any suit or settle any claim if:

- (1) The "occurrence" or offense is covered by other "underlying insurance" available to the "insured"; or
- (2) There is no applicable "underlying insurance" in effect at the time of the "occurrence" or offense and the amount of damages claimed or incurred is less than the applicable deductible amount shown in the Declarations;

b. May join, at our expense, with the "insured" or any insurer providing "underlying insurance" in the investigation, defense or settlement of any claim or suit which we believe may require payment under this Policy.

However, we will not contribute to the costs and expenses incurred by any insurer providing "underlying insurance"; and

c. Will pay any expense incurred for the "insured's" defense, with our written consent, in any country where we are prevented from defending an "insured" because of laws or other reasons.

2. We may investigate and settle any claim or suit that we decide is appropriate. Our duty to settle or defend ends when our limit of liability for the "occurrence" or offense has been exhausted by payment of judgments or settlements.

C. Additional Coverages

We will pay:

1. Expenses we incur and costs taxed against an "insured" in any suit we defend;

2. Premiums on bonds required in a suit we defend, but not for bond amounts to the extent they exceed our limit of liability. We need not apply for or furnish any bond;
3. Reasonable expenses incurred by an "insured" at our request, including actual loss of earnings (but not loss of other income) up to \$250 per day, for assisting us in the investigation or defense of a claim or suit; and
4. Interest on our share of the judgment which accrues after entry of the judgment and before we pay or tender, or deposit in court, that part of the judgment which does not exceed the limit of liability that applies.

These payments will not reduce the limit of liability.

D. Limit Of Liability

Our total liability under this Policy for all damages resulting from any one "occurrence" or offense will not be more than the Limit Of Liability as shown in the Declarations of this Policy. This limit is the most we will pay regardless of the number of "insureds", claims made, persons injured, or vehicles involved in an accident.

III. Exclusions

A. The coverages provided by this Policy do not apply to:

1. "Bodily injury" or "property damage" which is expected or intended by an "insured" even if the resulting "bodily injury" or "property damage":
 - a. Is of a different kind, quality or degree than initially expected or intended; or
 - b. Is sustained by a different person, entity or property than initially expected or intended.

However, this exclusion (A.1.) does not apply to:

- (1) "Bodily injury" or "property damage" resulting from the use of reasonable force by an "insured" to protect persons or property; or
- (2) "Bodily injury" or "property damage" resulting from the use of reasonable force by an "insured" to prevent or eliminate danger in the operation of "autos", "recreational motor vehicles" or watercraft;

2. "Personal injury":
 - a. Caused by or at the direction of an "insured" with the knowledge that the act would violate the rights of another and would inflict "personal injury";
 - b. Arising out of oral or written publication of material, if done by or at the direction of an "insured" with knowledge of its falsity;
 - c. Arising out of oral or written publication of material whose first publication took place before the beginning of the policy period;
 - d. Arising out of a criminal act committed by or at the direction of an "insured"; or
 - e. Sustained by any person as a result of an offense directly or indirectly related to the employment of this person by an "insured";
3. "Bodily injury", "personal injury" or "property damage" arising out of or in connection with a "business":
 - a. Engaged in by an "insured"; or
 - b. Conducted from:
 - (1) Any part of a premises owned by or rented to an "insured"; or
 - (2) Vacant land owned by or rented to an "insured".

This exclusion (A.3.) applies but is not limited to an act or omission, regardless of its nature or circumstance, involving a service or duty rendered, promised, owed, or implied to be provided because of the nature of the "business".

However, this exclusion (A.3.) does not apply to:

- (1) The rental or holding for rental of:
 - (a) The residence premises shown in the Declarations:
 - (i) On an occasional basis if used only as a residence;
 - (ii) In part, for use only as a residence, unless a single-family unit is intended for use by the occupying family to lodge more than two roomers or boarders; or
 - (iii) In part, as an office, school, studio or private garage;

- (b) Any part of a one- to four-family dwelling, other than the residence premises, to the extent that personal liability coverage is provided by "underlying insurance";
 - (c) A condominium, cooperative, or apartment unit, other than the residence premises, to the extent that personal liability coverage is provided by "underlying insurance";
- (2) Civic or public activities performed by an "insured" without compensation other than reimbursement of expenses;
 - (3) An insured minor involved in self-employed "business" pursuits, which are occasional or part-time and customarily undertaken on that basis by minors. A minor means a person who has not attained his or her:
 - (a) 18th birthday; or
 - (b) 21st birthday if a full-time student;
 - (4) The use of an "auto" you own, or a temporary substitute for such "auto", by you, a "family member" or a partner, agent or employee of you or a "family member" while employed or otherwise engaged in the "business" of:
 - (a) Selling;
 - (b) Repairing;
 - (c) Servicing;
 - (d) Storing; or
 - (e) Parking;
 vehicles designed for use mainly on public highways;
 - (5) The use of an "auto" for "business" purposes, other than an auto business, by an "insured";
4. "Bodily injury" or "property damage" arising out of the ownership or operation of an "auto" while it is being used as a public or livery conveyance. This exclusion (A.4.) does not apply to:
 - a. A share-the-expense car pool; or
 - b. The ownership or operation of an "auto" while it is being used for volunteer or charitable purposes;
 5. "Bodily injury" or "property damage" arising out of the ownership, maintenance or use of an "auto" while:
 - a. Enrolled in a personal vehicle sharing program under the terms of a written agreement; and
 - b. Being used in connection with such personal vehicle sharing program by anyone other than you or any "family member";
 6. "Bodily injury", "personal injury" or "property damage" arising out of the rendering of or failure to render professional services;
 7. "Aircraft Liability";
 8. "Hovercraft Liability";
 9. "Watercraft Liability".

However, this exclusion (A.9.) does not apply to the extent that watercraft coverage is provided by "underlying insurance" at the time of the "occurrence";
 10. "Recreational Motor Vehicle Liability".

However, this exclusion (A.10.) does not apply with respect to any "recreational motor vehicle":

 - a. Owned by you or a "family member" to the extent that "recreational motor vehicle" coverage is provided by "underlying insurance" at the time of the "occurrence"; or
 - b. That you or a "family member" does not own;
 11. "Bodily injury" or "property damage" caused directly or indirectly by war, including the following and any consequence of any of the following:
 - a. Undeclared war, civil war, insurrection, rebellion or revolution;
 - b. Warlike act by a military force or military personnel; or
 - c. Destruction, seizure or use for a military purpose.

Discharge of a nuclear weapon will be deemed a warlike act even if accidental;
 12. A person using an "auto", "recreational motor vehicle" or watercraft without a reasonable belief that that person is entitled to do so. This exclusion (A.12.) does not apply to a "family member" using an "auto", "recreational motor vehicle" or watercraft you own;

13. The ownership, maintenance or use of:

a. Any "auto" for the purpose of:

- (1) Participating or competing in; or
- (2) Practicing or preparing for;

any prearranged or organized:

- (a) Racing or speed contest; or
 - (b) Driver skill training or driver skill event; and
- b. Any watercraft which, at the time of the "occurrence", is:

- (1) Being operated in; or
- (2) Practicing or preparing for;

any prearranged or organized:

- (a) Race;
- (b) Stunt activity;
- (c) Speed contest; or
- (d) Other competition.

However, this exclusion **(A.13.)** does not apply to:

- (1) Motorcycle rider skill training in connection with a course designed by the Motorcycle Safety Foundation, or any similar course administered by any state agency, to improve motorcycle rider skills;
- (2) A sailing vessel; or
- (3) Watercraft involved in predicted log cruises;

14. "Bodily injury" or "personal injury" to you or a "family member".

This exclusion also applies to any claim made or suit brought:

a. To repay; or

b. Share damages with;

another person who may be obligated to pay damages because of "bodily injury" or "personal injury" to you or a "family member";

15. "Bodily injury" or "personal injury" arising out of:

a. The transmission of a communicable disease by an "insured";

b. Sexual molestation, corporal punishment or physical or mental abuse; or

c. The use, sale, manufacture, delivery, transfer or possession by any person of a Controlled Substance(s) as defined by the Federal Food and Drug Law at 21 U.S.C.A. Sections 811 and 812. Controlled Substances include but are not limited to cocaine, LSD, marijuana and all narcotic drugs. However, this exclusion **(A.15.)** does not apply to the legitimate use of prescription drugs by a person following the lawful orders of a licensed health care professional;

16. "Bodily injury", "personal injury" or "property damage" arising out of an act or omission of an "insured" as an officer or member of a board of directors of a corporation or organization. However, this exclusion **(A.16.)** does not apply if the corporation or organization is not-for-profit and the "insured" receives no compensation other than reimbursement of expenses;

17. "Property damage" to property owned by an "insured". This includes costs or expenses incurred by an "insured" or others to repair, replace, enhance, restore or maintain such property to prevent injury to a person or damage to property of others, whether on or away from the residence premises shown in the Declarations;

18. "Property damage" to property rented to, occupied or used by, or in the care, custody or control of, an "insured" to the extent that the "insured" is obligated by contract to provide insurance for such property. However, this exclusion **(A.18.)** does not apply to "property damage" caused by fire, smoke or explosion;

19. "Bodily injury" to any person eligible to receive any benefits:

a. Voluntarily provided; or

b. Required to be provided;

by an "insured" under any:

- (1) Workers' compensation law;
- (2) Nonoccupational disability law; or
- (3) Occupational disease law;

20. "Bodily injury" or "property damage" for which an "insured" under this Policy:

a. Is also an insured under a nuclear energy liability policy issued by the:

- (1) Nuclear Energy Liability Insurance Association;
- (2) Mutual Atomic Energy Liability Underwriters; or

- (3) Nuclear Insurance Association of Canada;
or any of their successors; or
- b. Would be an insured under that policy but for the exhaustion of its limit of liability;
- 21. "Bodily injury", "personal injury" or "property damage" caused by an "occurrence" or offense involving the escape of fuel from a "fuel system";
- 22. "Bodily injury" or "personal injury" caused by an "occurrence" or offense involving the absorption, ingestion or inhalation of lead; or
- 23. "Personal injury" or "property damage" caused by an "occurrence" or offense of lead contamination.
- B. Liability coverage does not apply to any assessment charged against you as a member of an association, corporation or community of property owners.
- C. We do not provide:
 - 1. Automobile no-fault or any similar coverage under this Policy; or
 - 2. Uninsured Motorists Coverage, Underinsured Motorists Coverage, or any similar coverage unless this Policy is endorsed to provide such coverage.

IV. Maintenance Of Underlying Insurance

You must maintain the "underlying insurance" at the full limits stated in the Declarations and with no change to more restrictive conditions during the term of this Policy. If any "underlying insurance" is canceled or not renewed and not replaced, you must notify us at once.

If you fail to maintain "underlying insurance", we will not be liable under this Policy for more than we would have been liable if that "underlying insurance" was in effect.

V. Duties After Loss

In case of an "occurrence" or offense likely to involve the insurance under this Policy, you or another "insured" will perform the following duties that apply. We have no duty to provide coverage under this Policy if your failure to comply with the following duties is prejudicial to us. You will help us by seeing that these duties are performed:

- A. Give written notice to us or our agent as soon as is practical. Such notice shall set forth:
 - 1. The identity of the Policy and named insured shown in the Declarations;

- 2. Reasonably available information about the time, place and circumstances of the "occurrence" or offense; and
- 3. The names and addresses of any claimants and witnesses.
- B. If a claim is made or a suit is brought against an "insured", the "insured" must:
 - 1. Notify us immediately in writing;
 - 2. Cooperate with us in the investigation, settlement or defense of any claim or suit;
 - 3. Promptly forward to us every notice, demand, summons or other process relating to the "occurrence" or offense;
 - 4. At our request, help us:
 - a. To make settlement;
 - b. To enforce any right of contribution or indemnity against any person or organization who may be liable to an "insured";
 - c. With the conduct of suits and attend hearings and trials; and
 - d. To secure and give evidence and obtain the attendance of witnesses.
- C. The "insured" will not, except at the "insured's" own cost, voluntarily make payment, assume obligation or incur expense to others.

VI. General Provisions

A. Appeals

If an "insured" or any insurer providing "underlying insurance" elects not to appeal a judgment which exceeds the "retained limit", we may do so at our own expense. We will pay all costs, taxes, expenses and interest related to our appeal. These payments will not reduce the limit of liability.

B. Bankruptcy Of An Insured

Bankruptcy or insolvency of an "insured" will neither:

- 1. Relieve us of our obligations under this Policy; nor
- 2. Operate to cause this Policy to become primary in the event the "insured" is unable to satisfy the "retained limit" either because of insufficient "underlying insurance" or insufficient personal assets.

C. Bankruptcy Of An Underlying Insurer

In the event of bankruptcy or insolvency of any underlying insurer, the insurance afforded by this Policy shall not replace such "underlying insurance", but shall apply as if the "underlying insurance" was valid and collectible.

D. Fraud

We do not provide coverage for any "insured" who has made fraudulent statements or engaged in fraudulent conduct in connection with any "occurrence" or offense for which coverage is sought under this Policy.

E. Liberalization Clause

If we make a change which broadens coverage under this edition of our policy without additional premium charge, that change will automatically apply to your insurance as of the date we implement the change in your state, provided that this implementation date falls within 60 days prior to or during the policy period stated in the Declarations.

This Liberalization Clause does not apply to changes implemented with a general program revision that includes both broadenings and restrictions in coverage, whether that general program revision is implemented through introduction of:

1. A subsequent edition of this Policy; or
2. An amendatory endorsement.

F. Other Insurance

The coverage afforded by this Policy is excess over any other insurance available to an "insured", except insurance written specifically to be excess over this Policy.

G. Our Right To Recover Payment

If we make a payment under this Policy and the person to or for whom payment was made has a right to recover damages from another, we shall be subrogated to that right. That person shall do:

1. Whatever is necessary to enable us to exercise our rights; and
2. Nothing after loss to prejudice them.

H. Policy Period And Territory

The policy period is stated in the Declarations. This Policy applies to an "occurrence" or offense which takes place anywhere in the world.

I. Severability Of Insurance

This insurance applies separately to each "insured". However, this provision will not increase our limit of liability for any one "occurrence" or offense.

J. Suit Against Us

1. No legal action can be brought against us:
 - a. Unless there has been full compliance with all of the terms of this Policy; and

- b. Until the obligation of the "insured" has been determined by final judgment or by agreement signed by us.

2. No person or organization has any right under this Policy to join us as a party to any legal action against an "insured".

K. Termination

1. Cancellation By You

You may cancel this Policy by:

- a. Returning it to us; or
- b. Giving us advance written notice of the date cancellation is to take effect.

2. Cancellation By Us

We may cancel this Policy as stated below by letting you know in writing of the date cancellation takes effect. This cancellation notice may be delivered to you or mailed to you at your mailing address shown in the Declarations.

Proof of mailing will be sufficient proof of notice.

- a. When you have not paid the premium, we may cancel at any time by letting you know at least 10 days before the date cancellation takes effect.
- b. When this Policy has been in effect for less than 60 days and is not a renewal with us, we may cancel for any reason by letting you know at least 10 days before the date cancellation takes effect.
- c. 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 by letting you know at least 30 days before the date cancellation takes effect.

3. Nonrenewal

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 will be sufficient proof of notice.

4. Other Termination Provisions

- a. When this Policy is canceled, the premium for the period from the date of cancellation to the expiration date will be refunded pro rata.
- b. 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 a reasonable time after the date cancellation takes effect.

L. Transfer Of Your Interest In This Policy

1. Your rights and duties under this Policy may not be assigned without our written consent. However, if you die, coverage will be provided for:
 - a. The surviving spouse if resident in the same household at the time of death. Coverage applies to the spouse as if a named insured shown in the Declarations;
 - b. Any member of your household who is an "insured" at the time of your death, but only while a resident of the residence premises; or

- c. The legal representative of the deceased person as if a named insured shown in the Declarations. This applies only with respect to the representative's legal responsibility to maintain or use your "autos" or the residence premises shown in the Declarations.

2. Coverage will only be provided until the end of the policy period.

M. Waiver Or Change Of Policy Provisions

This Policy contains all the agreements between you and us. Its terms may not be changed or waived except by endorsement issued by us. If a change requires a premium adjustment, we will adjust the premium as of the effective date of the change.