

FARMOWNERS – COMPREHENSIVE FORM

PROPERTY COVERAGES

Describes the insurance for “Your” property. It also includes additional living expenses and/or fair rental value in certain circumstances.

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IMPORTANT

This Form contains various exclusions and limitations which eliminate or restrict coverage. Please read it carefully.

Insurance cannot be a source of profit. It is only designed to indemnify “You” against actual losses or expenses incurred by “You” or for which “You” are liable.

PROPERTY COVERAGES

DEFINITIONS

“Civil Authority” means any person acting under the authority of the Governor General in Council of Canada or the Lieutenant Governor in Council of a Province, and/or any person acting with authority under a Federal, Provincial or Territorial legislation with respect to the protection of persons and property in the event of an emergency.

“Dwelling” means the building described on the Declaration Page, wholly or partially occupied by “You”, as a private farm residence.

“Ground water” means water in the soil beneath the surface of the ground, including but not limited to water in wells and in underground streams, and percolating waters.

“Farmowner” means an owner of a freehold farm dwelling.

“Parent” means “Your” parent, who is residing in a nursing home.

“Premises” means the dwelling and land contained within the lot lines on which the dwelling is situated.

“Specified Perils” means, subject to the exclusions and conditions in this Form:

1. fire;
2. lightning;
3. explosion;
4. smoke due to a sudden, unusual and faulty operation of any heating or cooking unit in or on the premises;
5. falling objects which strike the exterior of a building;
6. impact by aircraft or land vehicle;
7. riot;
8. vandalism or malicious acts, not including loss or damage caused by theft or attempted theft;
9. water damage meaning damage caused by:
 - a) the sudden and accidental escape of water from a water main;
 - b) the sudden and accidental escape of water from within a heating, plumbing, sprinkler or air conditioning system or domestic water container, which is located inside “Your” dwelling; ;
 - c) the sudden and accidental escape of water from a domestic water container located outside “Your” dwelling but such damage is not covered when the escape of water is caused by freezing; or
 - d) water which enters “Your” dwelling through an opening which has been created suddenly and accidentally by an insured peril;
10. windstorm or hail;
11. transportation meaning loss or damage caused by collision, upset, overturn, derailment, stranding or sinking of any automobile or attached trailer in which the insured property is being carried. This would also apply to any conveyance of a common carrier, but does not include loss or damage to property in a vacation or home trailer which “You” own.

“Student” means any student insured by this Form, who is temporarily living away from home for the purpose of attending a school, college or university. The student must be dependent on the Named Insured or his or her spouse for support and maintenance and must intend to return to the principal residence upon completion of the school year in order for coverage on this Form to extend to him/her.

“Surface waters” means water on the surface of the ground where water does not usually accumulate in ordinary watercourses, lakes, or ponds. This includes any waterborne objects.

“Water” means the chemical element defined as H₂O in any of its three natural states, liquid, solid and gaseous.

“Water main” means a pipe forming part of a public water distribution system, which conveys consumable water but not wastewater.

**ALL STATUTORY AND ADDITIONAL CONDITIONS OF THIS POLICY
APPLY TO ALL COVERAGES OF SECTION I**

COVERAGES

The amounts of insurance are shown on the Declaration Page. These amounts include the cost of removing of debris of the property insured by this Form as a result of an insured peril. When the damage to the property plus the cost of cleaning and removal of debris exceed the limit of insurance for the damaged property, an additional 5% of the limit of insurance on the damaged Building(s) will be available to cover debris removal expenses.

If "You" must remove insured property from "Your" premises to protect it from loss or damage, it is insured by this Form for 30 days or until "Your" policy term ends, whichever occurs first. The amount of insurance will be divided in the proportions that the value of the property removed bears to the value of all property at the time of loss.

COVERAGE A – DWELLING BUILDING

"We" insure:

1. The dwelling and attached structures;
2. Permanently installed outdoor equipment on the premises;
3. Outdoor swimming pool and attached equipment on the premises;
4. Materials and supplies located on or adjacent to the premises intended for use in construction, alteration or repair of "Your" dwelling or private structures on the premises.

Building Fixtures and Fittings

"You" may apply up to 10% of the amount of insurance on "Your" dwelling to insure building fixtures and fittings temporarily removed from the premises for repair or seasonal storage.

Tear Out

If any walls, ceilings or other parts of insured buildings or structures must be torn apart before water damage, covered by this Form can be repaired "We" will pay the cost of such work and its restoration.

The cost of tearing out and replacing property to repair damage related to outdoor swimming pools or public water mains is not insured.

Outdoor Trees, Shrubs and Plants

"You" may apply up to 5%, in all, of the amount of insurance on "Your" dwelling to trees, plants and shrubs on "Your" premises. "We" will not pay more than \$500 for any one tree, plant or shrub including debris removal expenses. "We" insure these items against loss caused by fire, lightning, explosion, impact by aircraft or land vehicle, riot, vandalism and malicious acts, as described under Specified Perils.

"We" do not insure lawns or items grown for commercial purposes.

COVERAGE B – DETACHED PRIVATE STRUCTURES

"We" insure structures or buildings on "Your" premises separated from the dwelling by a clear space but not insured under Coverage A. If they are connected to the dwelling by a fence, utility line or similar connection only, they are considered to be detached structures.

"We" insure Hydro Poles and Transmission Lines including all poles, cross beam insulators and permanently installed outside electric wiring which is owned by "You", located on "Your" premises and services "Your" residential buildings for up to a maximum of \$5,000.

Property Not Included as Detached Private Structures

This coverage does not apply to any building or structure that is or was designed for agricultural purposes or is or was used in whole or in part for farming or any other commercial or business purposes, whether it is in use, unoccupied, or vacant.

COVERAGE C – PERSONAL PROPERTY

The description of Personal Property is as follows:

1. **ON PREMISES:** "We" insure the contents of "Your" dwelling and other personal property "You" own, wear or use while on "Your" premises which is usual to the ownership or maintenance of a dwelling.
If "You" wish, "We" will include uninsured personal property of others while it is on that portion of "Your" premises which "You" occupy but "We" do not insure property of roomers or boarders who are not related to "You".

2. **OFF PREMISES:** "We" insure "Your" personal property while it is temporarily away from "Your" premises, anywhere in the world. This includes personal property newly acquired by "You" and in "Your" possession when there has not been an opportunity to take such property to "Your" premises.
- Personal property normally kept at any other location "You" own is not insured.
 - Personal property stored in a warehouse is only insured for 30 days unless the loss or damage is caused by the peril of theft. To extend coverage in storage for a further period "We" must be notified in writing and endorse "Your" Policy as required.
 - If "You" wish, "We" will include personal property belonging to others while it is in "Your" possession or belonging to a residence employee traveling for "You".
 - Personal property used by any student, insured by this Form, for an amount up to \$10,000, while temporarily living away from home and the insured student is in attendance at a recognized educational facility.
 - Personal property owned by "You" or "Your" parent, for an amount up to \$10,000, while "Your" parent is residing in a nursing home.
 - Personal property that "You" are moving to a new principal residence within Canada is insured while in transit and while at "Your" new principal residence for up to 30 consecutive days beginning the day "You" start "Your" move. The amount of insurance will be divided in the proportion that the value of the property at each premise and in transit bears to the value of all "Your" personal property, at the time of loss.

Property Not Included As Personal Property

"We" do not insure loss or damage to motorized vehicles, trailers and aircraft or their equipment (except for motorized wheelchairs and motorized scooters for the handicapped, motorized lawn mowers, garden-type tractors up to 19 kW [25 HP] and their attachments, other motorized gardening equipment, snow blowers, watercraft or motorized golf carts). Equipment includes audio, visual, recording or transmitting equipment powered by the electrical system of a motor vehicle or aircraft. Equipment does not include spare automobile parts.

Special Limits of Insurance

The following Special Limits of Insurance apply after the Form deductible without increasing the amount of insurance shown on the Declaration Page for Personal Property.

"We" insure:

- (1) audio or visual cassettes or compact discs up to \$500 in all, while in a motorized vehicle or watercraft;
- (2) each bicycle, their equipment and accessories up to \$2,000 in all;
- (3) jewellery, watches, gems, fur garments and garments trimmed with fur, up to \$6,000 in all;
- (4) manuscripts, sports memorabilia collections, stamps and philatelic property (such as stamp collections) up to \$2,000 in all;
- (5) numismatic property (such as coin collections) up to \$500 in all;
- (6) silverware, meaning silverware, silver-plated ware, gold ware, gold-plated ware and pewter-ware for up to \$10,000 in all.

The above limits do not apply to any claim caused by a Specified Peril.

"We" insure:

- (7) animals, birds and other pets normally kept in "Your" dwelling, up to \$1,500 in all;
- (8) antiques only for their depreciated value (antique value is not covered unless specifically scheduled);
- (9) books, tools and instruments pertaining to a business, profession or occupation for an amount up to \$3,000 in all; but only while on "Your" premises. Other business property, including samples and goods held for sale, is not insured;
- (10) computer software for personal use up to \$3,000 in all. "We" do not insure the cost of gathering or assembling information or data;
- (11) harness, saddles, tack and other similar equipment usual to the ownership of pet animals for pleasure purposes up to \$2,000 in all;
- (12) money including cash cards (meaning cards designed to store a cash value by electronic means for use as a mode of payment, without a personal identification number and without direct access to a bank or other account) or bullion up to \$500 in all;
- (13) motorized wheelchairs, motorized scooters for the handicapped, motorized lawn mowers and their attachments, other motorized gardening equipment, snow blowers and motorized golf carts up to \$10,000 in all for any one occurrence;
- (14) property at any fairground, exhibition or exposition for the purpose of exhibition up to \$2,000 in all;
- (15) securities up to \$5,000 in all;
- (16) spare automobile parts up to \$3,000 in all;
- (17) watercraft, their furnishings, equipment, accessories and motors up to \$2,000 in all.

COVERAGE D – ADDITIONAL LIVING EXPENSE

The amount of insurance for Coverage D is the total amount for any one or a combination of the following coverages. The periods of time stated below are not limited by the expiration of the Policy.

1. **Additional Living Expense.** If, as a result of damage by an Insured Peril, “Your” dwelling is unfit for occupancy or “You” have to move out while repairs are being made, “We” insure any necessary increase in living expenses, including moving expenses incurred by “You”, so that “Your” household can maintain its normal standard of living. Payment shall be for the reasonable time required to repair or rebuild “Your” dwelling or, if “You” permanently relocate, the reasonable time required for “Your” household to settle elsewhere.
2. **Fair Rental Value.** If, as a result of damage by an Insured Peril makes that part of the dwelling or detached private structures rented to others or held for rental by “You” unfit for occupancy, “We” insure its Fair Rental Value. Payment shall be for the reasonable time required to repair or replace that part of the dwelling or detached private structures rented or held for rental. Fair Rental Value shall not include any expense that does not continue while that part of the dwelling or detached private structures rented or held for rental is unfit for occupancy.
3. **Prohibited Access.** If a civil authority prohibits access to “Your” dwelling:
 - (a) as a direct result of damage to neighbouring premises by an Insured Peril under this Form, “We” insure any resulting Additional Living Expense and Fair Rental Value loss for a period not exceeding two weeks; or
 - (b) by order for mass evacuation as a direct result of a sudden and accidental event within Canada or the United States of America, “We” insure any resulting necessary and reasonable increase in living expense incurred by “You” for the period access is prohibited. “You” are insured for a period not exceeding two weeks from the date of the order of evacuation or \$2,000, whichever is the lesser.“You” are not eligible for any claim arising from evacuation resulting from:
 - (i) flood, meaning waves, tides, tidal waves, tsunamis and the rising of, the breaking out or the overflow of, any body of water, whether natural or man-made;
 - (ii) earthquake;
 - (iii) any nuclear incident as defined in the Nuclear Liability Act, or any other nuclear liability act, law or statute, or any law amendatory thereof, or nuclear explosion, except for ensuing loss or damage which results directly from fire, lightning or explosion of natural, coal or manufactured gas.

“We” do not insure loss resulting from the cancellation of a lease or agreement.

EXTENSIONS OF COVERAGE

Bylaws Insurance

If there is a loss insured by this Form, “We” will pay up to a maximum of \$20,000 for the additional cost of demolition, construction or repair which is required to comply with any law regulating demolition, construction or repair of dwellings. “We” will not pay more than the minimum amount required to comply with an enforceable law.

Change of Temperature

“We” insure “Your” personal property damaged by change of temperature resulting from physical damage to “Your” dwelling or equipment by an Insured Peril. This only applies to personal property kept in the dwelling.

Conviction Reward

“We” will pay \$1,000 each, for information which leads to a conviction of any person(s):

- (1) who robs, steals or burglarizes “Your” insured personal property; or
- (2) for arson in connection with a fire loss to property insured by this Form.

This coverage may increase the amount otherwise applicable. However, the \$1,000 limit will not be increased regardless of the number of persons providing information. No deductible applies to this coverage.

Credit Card, Automated Teller Card, Library Card, Video Card, Forgery and Counterfeit Money

The maximum “We” will pay under this coverage during the term of this Policy is \$5,000 or the amount specified on the Declaration Page for:

- (1) “Your” legal obligation, under Canadian Law, to pay because of unauthorized use of credit or debit cards, automated teller cards, library or video cards issued to “You” or registered in “Your” name provided “You” have complied with all of the conditions under which the card was issued;
- (2) loss caused by the theft of “Your” credit or debit cards, automated teller cards, library or video cards issued to “You” or registered in “Your” name provided “You” have complied with all of the conditions under which the card was issued;
- (3) loss to “You” caused by forgery or alteration of cheques, drafts or other negotiable instruments;
- (4) loss by “Your” acceptance in good faith of counterfeit Canadian or United States paper currency.

“We” do not cover loss caused by the use of “Your” credit or debit cards, automated teller card, library card or video cards by a resident of “Your” household or by a person to whom the card has been entrusted.

No deductible applies to this coverage.

Fire Department Charges

"We" will reimburse "You" for up to a maximum of \$10,000 for fire department charges incurred for attending premises insured under this Form to save or protect insured property from loss or damage, or further loss or damage insured against by this Form. No deductible applies to this coverage.

Food Freezer

"We" will pay up to \$2,000 in all, unless otherwise shown on the Declaration Page, for loss or damage by spoilage of foodstuffs while contained in "Your" food freezer located within "Your" dwelling, caused by the accidental interruption of electrical power occurring on or off "Your" premises, or by mechanical breakdown of the freezer unit. This coverage includes damage to the freezer when it is due to the insured food spoilage and also reasonable expenses incurred by "You" to save and preserve the food from spoilage while "Your" freezer is being repaired.

"We" do not insure:

- loss from spoilage caused by the operation of an electrical circuit breaker or fuse or by accidental or intentional disconnection of the power supply in the building containing the freezer unit;
- expenses incurred in the acquisition of frozen food;
- due to inherent vice and/or natural spoilage;
- due to "Your" failure to take all reasonable steps to prevent further loss or damage to the insured property;
- resulting from any process of refinishing, renovating or repairing the freezer unit(s).

No deductible applies to this coverage.

Inflation Protection

"We" will automatically increase the amount(s) of insurance shown on the Declaration Page under this Form by amounts which are solely attributable to the inflation increase since the inception date of this Policy, the latest renewal or anniversary date or from the date of the most recent change to the amount(s) of insurance shown on the Declaration Page, whichever is the latest.

On renewal or anniversary date, "We" will automatically increase the amounts of insurance shown on the Declaration Page under this Form by amounts which are solely attributable to the inflation increase since the inception date or the latest renewal or anniversary date of this Policy.

Lock Replacement

"We" will pay up to \$500 to replace or re-key, at "Our" option, the locks on "Your" principal residence if the keys are stolen. No deductible applies to this coverage.

Pollution Damage – Insured Premises

If a sudden and unintentional event occurs during the policy term resulting in pollution or contamination of property of the insured premises, which is required to be reported to any provincial authority, "We" will pay up to \$5,000, in any one policy year, subject to the Form deductible, for costs to remove and restore property of the insured premises.

Safety Deposit Box

"We" insure "Your" personal property up to a maximum of \$25,000, for loss or damage caused by an insured peril, while contained in a safety deposit box located in a vault at a bank, trust or safe deposit company. The special limits on personal property do not apply to this coverage.

Sewer Backup Extension

If this coverage is shown on the Declaration Page and there is a loss under this Form, "We" will pay, subject to the Deductible, \$1,000 or the amount specified on the Declaration Page (whichever is higher), for direct loss or damage to the dwelling, detached private structures and personal property in the dwelling and detached private structures caused by: "Sewer, Septic Tank, Drain or Sump Back Up", meaning sudden and accidental leakage or escape of water from a sewer, drain, sump, septic tank, or sump pit within the insured dwelling and detached private structures.

"We" do not insure loss or damage:

- (1) resulting from escape of water from a sump pit not equipped with a sump pump; or
- (2) occurring while the dwelling insured is vacant or in the course of construction, irrespective of any permission for vacancy or construction elsewhere in the Form.

Tombstones, Monuments and Headstones

Up to \$2,000 in all may be applied to tombstones, monuments or headstones of "Your" deceased spouse or children located at any public or church cemetery in Canada. "We" insure these items for Specified Perils only.

INSURED PERILS

"You" are insured against all risks of direct physical loss or damage subject to the exclusions and conditions in this Form.

EXCLUSIONS

Property Excluded

"We" do not insure the loss of or damage to:

- (1) "Your" insured property when "Your" dwelling has to "Your" knowledge, been vacant, even if partially or fully furnished, for more than 30 consecutive days;

- (2) buildings or structures that is or was designed for agricultural purposes or is or was used in whole or in part for farming or any other commercial or business purposes, whether it is in use, unoccupied, or vacant unless declared on the Declaration Page;
- (3) any property illegally acquired, kept, stored or transported, or property subject to forfeiture;
- (4) any property lawfully seized or confiscated unless such property is destroyed to prevent the spread of fire;
- (5) property because of voluntary parting with title or ownership, whether or not induced to do so by any fraudulent scheme, trick, device or false pretence;
- (6) to buildings and/or structures, and their contents, used in whole or in part for the cultivation, harvesting, processing, manufacture, distribution or sale of marijuana or any product derived from, or containing, marijuana or any other substance falling within the Schedules of the Controlled Drugs and Substances Act, whether or not the insured is aware of such use of the property;
- (7) lawns, outdoor trees, shrubs or plants except as provided under Coverage A – Dwelling Building;
- (8) books of account and evidences of debt or title;
- (9) property undergoing any process or while being worked on, where the damage results from such process or work, but resulting damage to other property is insured;
- (10) animals, birds or other pets unless the loss or damage is caused by a Specified Peril other than impact by aircraft or land vehicle;
- (11) sporting equipment where the loss or damage is due to its use;
- (12) property at any fairground, exhibition or exposition for the purpose of exhibition except as provided under Special Limits of Insurance;
- (13) retaining walls not constituting part of any insured building;
- (14) losses or increased costs of repair or replacement due to operation of any law regulating the zoning, demolition, repair or construction of buildings and their related services, other than that coverage provided under Bylaws Insurance.

Perils Excluded

“We” do not insure against loss or damage resulting from, contributed to or caused directly or indirectly:

- (14) by or resulting from contamination or pollution or the release, discharge or dispersal of contaminants or pollutants, except damage caused by the sudden and accidental escape of fuel from a permanently installed domestic fuel tank (including any attached equipment, apparatus or piping) that is part of a heating unit for the insured dwelling or detached private structure or as provided under the Extensions of Coverage;
- (15) by any nuclear incident as defined in the Nuclear Liability Act, or any other nuclear liability act, law or statute, or any law amendatory thereof, or nuclear explosion, except for ensuing loss or damage which results from fire, lightning or explosion of natural, coal or manufactured gas;
- (16) by wear, tear, gradual deterioration, latent defect or mechanical breakdown, rust, corrosion, extremes of temperature, wet or dry rot, fungi or spore(s), or contamination;
- (17) by scratching, marring, abrasion or chipping of any property or breakage of any fragile or brittle articles unless caused by a Specified Perils, accident to a land vehicle, watercraft or aircraft, or theft or attempted theft;
- (18) by birds, moths, vermin (such as skunks and raccoons), rodents (such as squirrels and rats), insects or household pets, except loss or damage to building glass;
- (19) resulting from any intentional or criminal act or failure to act by “You”, “Your” employees or anyone to whom the damaged or lost property is entrusted;
- (20) due to the cost involved to correct faulty material or workmanship;
- (21) by settling, expansion, contraction, moving, bulging, buckling or cracking except resulting damage to building glass;
- (22) by smoke from agricultural smudging or industrial operations;
- (23) by buildup of smoke. Smoke damage must be sudden and accidental;
- (24) by any earth movement including, but not limited to, earthquake, landslide, snowslide, or iceslide. If any of these results in fire or explosion, “We” will pay only for the resulting loss or damage;
- (25) by collapse of:
 - (a) outside property such as awnings, fences, or trellises unless resulting from structural collapse of foundations, walls, floors or roof of a building;
 - (b) swimming pools, patios, driveways, walks or retaining walls, outdoor radio and/or television antennae, towers, satellite receivers and their attachments;
- (26) by water unless the loss or damage directly resulted from:
 - (a) the sudden and accidental escape of water from within a water main, swimming pool, hot tub or equipment attached;
 - (b) the sudden and accidental escape of water or steam from within a heating, sprinkler, air conditioning or plumbing system, domestic water or waterbed which is located inside “Your” dwelling;

- (c) the sudden and accidental escape of water from a domestic water container located outside "Your" dwelling, but such damage is not insured when the escape of water is caused by freezing; or
- (d) water which enters through an opening which has been created suddenly and accidentally by a peril not otherwise excluded;
- (e) water from the accumulation of ice or snow on the roof or eaves trough, which enters the dwelling through the roof;

But "We" do not cover loss or damage:

- (i) caused by continuous or repeated seepage or leakage of water;
 - (ii) caused by the backing up or escape of water from a sewer or drain, sump-or septic tank, eaves trough or downspout;
 - (iii) caused by ground water or rising of the water table;
 - (iv) caused by surface water, unless the water escapes from a water main or from a domestic water container located outside "Your" dwelling;
 - (v) caused by shoreline ice build-up or by water-borne ice or other objects, all whether driven by wind or not;
 - (vi) to water mains or system or domestic water container and equipment attached from which the water escaped;
 - (vii) occurring while the dwelling is under construction or vacant, even if permission for construction or vacancy has been given by "Us";
 - (viii) caused by freezing during the usual heating season:
 1. within a heated portion of "Your" dwelling if "You" have been away from "Your" premises for more than four consecutive days but "You" will still be insured if "You" had taken either of the following precautions:
 - arranged for a competent person to enter "Your" dwelling each day "You" were away to ensure that heating was being maintained; or
 - shut off the water supply and had drained all the pipes and domestic water containers,;
 2. within an unheated portion of "Your" dwelling;
- (27) caused by change of temperature unless the loss or damage:
- (a) is to personal property kept in "Your" dwelling; and
 - (b) is the result of physical damage to "Your" dwelling or equipment caused by a peril not otherwise excluded;
- (28) caused by vandalism or malicious acts or glass breakage occurring while "Your" dwelling is under construction or vacant even if permission for construction or vacancy has been given by "Us";
- (29) from the part of the dwelling rented to others, caused by theft or attempted theft by any tenant, tenant's employee, or members of a tenant's household.

Data Exclusion

This Form does not insure:

- (a) "Data"; or
- (b) loss or damage resulting from, contributed to or caused directly or indirectly by "Data Problem".

However, if loss or damage caused by "Data Problem" results in the occurrence of further loss or damage to property insured that is directly caused by "Specified Perils" as defined in this Form, this exclusion shall not apply to such resulting loss or damage.

BASIS OF CLAIM PAYMENT

When coverage applies, "We" will pay for insured loss or damage up to "Your" financial interest in the property, but not exceeding the applicable amount(s) of insurance for any loss or damage arising out of one occurrence.

Any loss or damage shall not reduce the amounts of insurance provided by this Form (except as limited under Pollution Coverage).

If "You" qualify for a tax credit, the loss payment will be reduced by that amount.

Deductible

In any one occurrence, "We" are responsible only for the amount by which the insured loss or damage caused by any of the Insured Perils exceeds the amount of the deductible shown on the Declaration Page.

However, the deductible shall not apply to any loss which exceeds \$25,000 in any one occurrence.

If one occurrence could lead to the application of more than one deductible, only the largest deductible will apply.

If "Your" claim involves personal property on which the "Special Limits of Insurance" apply, the limitations apply to losses exceeding the deductible amount.

Dwelling Building and Detached Private Structures

If "You" repair or replace the damaged or destroyed building on the same location, with a building of the same occupancy constructed with materials of similar quality within a reasonable time after the damage, "You" may choose as the basis of loss settlement either **(A)** or **(B)** below; otherwise, settlement will be as in **(B)**.

- (A)** The cost of repairs or replacement (whichever is less) without deduction for depreciation, in which case "We" will pay in the proportion that the applicable amount of insurance bears to 80% of the replacement cost of the

damaged building at the date of damage, but not exceeding the actual cost incurred.

(B) The Actual Cash Value of the damage at the date of the occurrence.

Guaranteed Replacement Cost – Dwelling Building

If this coverage is shown on the Declaration Page, “You” may choose as the basis of loss settlement for the building(s) designated with this coverage either (A) or (B) below; otherwise settlement will be as in (B).

- (A) “We” will pay the full cost of repairs or replacement even if it exceeds the amount of insurance stated on the Declaration Page for the Dwelling Building.
- (B) If “You” decide not to repair or replace, “We” will pay the Actual Cash Value of the damage to the Dwelling Building up to the applicable amount of insurance stated on the Declaration Page.

This coverage is available as long as the following conditions are met.

- (1) The building is insured to 100% of its replacement cost. This cost will be established by the use of an industry recognized evaluation calculator;
- (2) “You” agree to accept each annual adjustment in the coverage limits of liability and pay the additional premium;
- (3) “You” notify “Us” within 30 days of the start of any additions or other physical changes to the dwelling building(s) which may increase the replacement cost of the structure by 5% or more, and to pay any resulting additional premium;
- (4) “You” decide to repair or replace the damaged or destroyed dwelling building on the same location with a building of the same occupancy constructed with materials of similar quality within a reasonable time after the damage; and
- (5) This extension does not apply to Dwelling Buildings while in the course of construction.

This coverage is void if “You” fail to comply with the above noted conditions.

Personal Property (On Premises or Off Premises) – Replacement Cost

- (1) For electronic media “We” will pay the cost of reproduction from duplicates or from originals of the previous generation of the media. “We” will not pay the cost of gathering or assembling information or data for reproduction.
- (2) For other records, including books of account, drawings or card index systems, “We” will pay the cost of blank books, pages, cards or other materials plus the cost of actually transcribing or copying the records.
- (3) “We” will pay on the basis of replacement cost for all other personal property except:
 - (a) articles that cannot be replaced with new articles because of their inherent nature, including antiques, fine arts, paintings, and statuary;
 - (b) articles for which their age or history substantially contributes to their value, such as memorabilia, souvenirs, and collectors items;
 - (c) property that has not been maintained in good or workable condition;
 - (d) property that is no longer used for its originally purpose;for which “We” will pay only on the basis of Actual Cash Value.

Replacement Cost

Replacement Cost means the cost, on the date of the loss or damage, of the lower of:

- (1) repairing the property with materials of similar kind and quality; or
- (2) new articles of similar kind, quality and usefulness, without deduction for depreciation.

Loss of items such as fine arts, antiques, paintings and articles which, by their inherent nature, cannot be replaced with a comparable article will not be settled on a Replacement Cost basis.

“We” will pay on the basis of replacement cost only if the property lost or damaged is repaired or replaced as soon as reasonably possible. Otherwise “We” will pay on the basis of actual cash value.

“You” may choose payment on the basis of actual cash value initially. If “You” later decide to replace any destroyed or stolen property “You” may make an additional claim for the difference between the actual cash value and replacement cost basis within 180 days after the date of loss.

For personal property described under “Special Limits of Insurance” “We” will not pay more than the applicable limit under either the replacement cost or actual cash value basis.

Actual Cash Value

The Actual Cash Value will take into account such things as the cost of replacement less any depreciation, and in determining depreciation “We” will consider the condition immediately before the damage, the resale value and the normal life expectancy.

Single Inclusive Limit

If the amount of insurance stated on the Declaration Page for any of these coverages (Dwelling Building, Detached Private Structures, Personal Property or Additional Living Expense) is inadequate to satisfy “Your” loss, “You” may apply the unused amounts of insurance remaining under the other coverages of this Form until the total amounts of insurance under these coverages become exhausted.

The sum of the limits of insurance for Dwelling Building, Detached Private Structures, Personal Property or Additional Living Expense is the Single Inclusive Limit.

"You" must comply with the following conditions:

- (1) The Dwelling Building and all Detached Private Structures are insured to 100% of its rebuilding cost. This cost will be established by the use of an industry recognized evaluation calculator;
- (2) "You" agree to accept each annual adjustment in the coverage limits of liability as recommended by "Us" and pay the additional premium;
- (3) "You" notify "Us" within 30 days of the start of any additions or other physical changes to the building(s), which may increase the rebuilding cost of the structure by 5% or more, and pay any resulting additional premium; and
- (4) The building is promptly built on the same site.

If "You" do not comply with the above conditions the Single Inclusive Limit settlement basis will not apply. The applicable Form limits stated on the Declaration Page for Dwelling Building, Detached Private Structures, Personal Property or Additional Living Expense will apply.

If Guaranteed Replacement Cost is shown as included on the Declaration Page and in the event of an insured loss to the Dwelling Building, the limit shown for Dwelling Building is subtracted from the Single Inclusive Limit and the loss on the Dwelling Building is settled in accordance with Guaranteed Replacement Cost Clause. Additional loss on Detached Private Structures, Personal Property and/or Additional Living Expense will be paid up to the remaining portion of the Single Inclusive Limit.

Amounts Not Reduced

Any loss or damage shall not reduce the amounts of insurance provided by this Form.

Insurance Under More Than One Policy:

If "You" have insurance on specifically described property, "Our" Policy will be considered excess insurance and "We" will not pay any loss or claim until the amount of such other insurance is used up.

In all other cases, "We" will pay "Our" rateable proportion of the loss or claim under this Form.