

LIABILITY COVERAGE SECTION

PRINCIPAL COVERAGES — LIABILITY AND MEDICAL PAYMENTS TO OTHERS

Coverage L — Personal 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 **bodily injury** covered by this policy. 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.

INCIDENTAL 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 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 limit** for this coverage is \$500 per **occurrence**.

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 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 policy 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.

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

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 golf cart while used for golfing;
- 2)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
- 3)a **motorized vehicle** which is designed only for use off public roads and which is used mainly to service the **insured premises**;

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 25 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 25 horsepower, if:

- 1)the motors are listed on the Declarations as insured for personal liability;
- 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

This policy 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 for by an Incidental Motorized Vehicle or Watercraft Coverage;

4.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.

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.