

COMPREHENSIVE PERSONAL LIABILITY POLICY

INSURING AGREEMENT

We will provide the insurance described in this policy in return for the premium and compliance with all applicable provisions of this policy.

DEFINITIONS

In this policy "you" and "your" refer to the "named insured" shown in the Declarations and the spouse if a resident of the same household. "We", "us" and "our" refer to the Company providing this insurance. In addition, certain words and phrases are defined as follows:

1. "Bodily injury" means bodily harm, sickness or disease, including required care, loss of services and death that results.
2. "Business" includes trade, profession or occupation.
3. "Insured" means you and residents of your household who are:
 - a. Your relatives;
 - b. Other persons under the age of twenty-one (21) years and in the care of any person named above.
 - c. With respect to animals or watercraft to which this policy applies, any person or organization legally responsible for these animals or watercraft which are owned by you or any person included in 3.a. or 3.b. above. A person or organization using or having custody of these animals or watercraft in the course of any "business" or without consent of the owner is not an "insured"; or
 - d. With respect to any vehicle to which this policy applies:
 - (1) Persons while engaged in your employ or that of any person included in 3.a. or 3.b. above;or
 - (2) Other persons using the vehicle on an "insured location" with your consent.
4. "Insured location" means:
 - a. The "residence premises";
 - b. The part of other premises, other structures and grounds used by you as a residence and:
 - (1) Which is shown in the Declarations; or
 - (2) Which is acquired by you during the policy period for your use as a residence;
 - c. Any premises used by you in connection with a premises in 4.a. and 4.b. above;
 - d. Any part of a premises;
 - (1) Not owned by an "insured"; and
 - (2) Where an "insured" is temporarily residing;
 - e. Vacant land, other than farm land, owned by or rented to an "insured";

- f. Land owned by or rented to an "insured" on which a one or two family dwelling is being built as a residence for an "insured";
 - g. Individuals or family cemetery plots or burial vaults of an "insured"; or
 - h. Any part of a premises occasionally rented to an "insured" for other than "business" use.
5. "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions, which results, during the policy period, in:
 - a. "Bodily Injury"; or
 - b. "Property damage."
 6. "Property damage" means physical injury to, destruction of or loss of use of tangible property.
 7. "Residence employee" means:
 - a. An employee of an "insured" whose duties are related to the maintenance or use of the "residence premises", including household or domestic services; or
 - b. One who performs similar duties elsewhere not related to the "business" of an "insured".
 8. "Residence premises" means:
 - a. The one family dwelling, other structures and grounds; or
 - b. That part of any other building;

where you reside and which is shown as the "residence premises" in the Declarations.

"Residence premises" also means a two family dwelling where you reside in at least one of the family units and which is shown as the "residence premises" in the Declarations.

PERSONAL LIABILITY COVERAGE

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" to which this coverage applies, we will:

1. Pay up to our limit of liability for the damages for which the "insured" is legally liable. Damages include prejudgment interest awarded against the "insured"; and
2. Provide a defense at our expense by counsel of our choice, even if the suit is groundless, false or fraudulent. We may investigate and settle any claim or suit that we decide is appropriate. Our duty to settle or defend ends when the amount we pay for damages resulting from the "occurrence" equals our limit of liability.

MEDICAL PAYMENTS TO OTHERS

We will pay the necessary medical expenses that are incurred or medically ascertained within three (3) years from the date of an accident causing "bodily injury." Medical expenses means reasonable charges for medical, surgical, x-ray, dental, ambulance, hospital, professional nursing, prosthetic devices and funeral services. This coverage does not apply to you or regular resident of your household except "residence employees."

EXCLUSIONS

1. **Personal Liability and Medical Payments to Others** do not apply to "bodily injury" or "property damage":

- (a) Which is expected or intended by the "insured";
- (b) Arising out of or in connection with a "business" engaged in by an "insured". This exclusion 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";
- (c) Arising out of the rental or holding for rental of any part of any premises by an "insured".

This exclusion does not apply to the rental or holding for rental of an "insured location":

- (1) On an occasional basis if used only as a residence;
 - (2) 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
 - (3) In part, as an office, school, studio or private garage;
- (d) Arising out of the rendering of or failure to render professional services;
- (e) Arising out of a premises:
- (1) Owned by an "insured";
 - (2) Rented to an "insured"; or
 - (3) Rented to others by an "insured";
- that is not an "insured location";
- (f) Arising out of:
- (1) The ownership, maintenance, use, loading or unloading of motor vehicles or all other motorized land conveyances, including trailers, owned or operated by or rented or loaned to an "insured";
 - (2) The entrustment by an "insured" of a motor vehicle or any other motorized land conveyance to any person; or
 - (3) Vicarious liability, whether or not statutorily imposed, for the actions of a child or minor using a conveyance excluded in paragraph (1) or (2) above.

This exclusion does not apply to:

- (1) A trailer not towed by or carried on a motorized land conveyance;
- (2) A motorized land conveyance designed for recreational use off public roads, not subject to motor vehicle registration and:
 - a. Not owned by an "insured"; or
 - b. Owned by an "insured" and on an "insured location";

- (3) A motorized golf cart when used to play golf on a golf course;
- (4) A vehicle or conveyance not subject to motor vehicle registration which is:
 - a. Used to service an "insured's" residence;
 - b. Designed for assisting the handicapped; or
 - c. In dead storage on an "insured location";

(g) Arising out of:

- (1) The ownership, maintenance, use, loading or unloading of an excluded watercraft described below;
- (2) The entrustment by an "insured" of an excluded watercraft described below to any person; or
- (3) Vicarious liability, whether or not statutorily imposed, for the actions of a child or minor using an excluded watercraft described below.

Excluded watercraft are those that are principally designed to be propelled by engine power or electric motor, or are sailing vessels, whether owned by or rented to an "insured." This exclusion does not apply to watercraft:

- (1) That are not sailing vessels and are powered by:
 - a. Inboard or inboard-outdrive engine or motor power of 50 horsepower or less not owned by an "insured";
 - b. Inboard or inboard-outdrive engine or motor power of more than 50 horsepower not owned by or rented to an "insured";
 - c. One or more outboard engines or motors with 25 total horsepower or less;
 - d. One or more outboard engines or motors with more than 25 total horsepower if the outboard engine or motor is not owned by an "insured";
 - e. Outboard engines or motors of more than 25 total horsepower owned by an "insured" if:
 - (i) You acquire them prior to the policy period; and
 - (a) You declare them at policy inception; or
 - (b) Your intention to insure is reported to us in writing within 45 days after you acquire the outboard engines or motors.
 - (ii) You acquire them during the policy period.

This coverage applies for the policy period.

- (2) That are sailing vessels, with or without auxiliary power:
 - a. Less than 26 feet in overall length; or
 - b. 26 feet or more in overall length, not owned by or rented to an "insured".
- (3) That are stored;

(h) Arising out of:

- (1) The ownership, maintenance, use, loading or unloading of an aircraft;
- (2) The entrustment by an "insured" of an aircraft to any person; or
- (3) Vicarious liability, whether or not statutorily imposed, for the actions of a child or minor using an aircraft.

An aircraft means any contrivance used or designed for flight, except model or hobby aircraft not used or designed to carry people or cargo;

(i) Caused directly or indirectly by war, including the following and any consequence of any of the following:

- (1) Undeclared war, civil war, insurrection, rebellion or revolution;
- (2) Warlike act by a military force or military personnel; or
- (3) Destruction, seizure or use for a military purpose.

Discharge of a nuclear weapon will be deemed a warlike act even if accidental;

(j) Which arises out of the transmission of a communicable disease by an "insured";

(k) Arising out of sexual molestation, corporal punishment or physical or mental abuse or;

(l) Arising out of 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 does not apply to the legitimate use of prescription drugs by a person following the orders of a licensed physician.

Exclusions (e), (f), (g), and (h) do not apply to "bodily injury" to a "residence employee" arising out of and in the course of the "residence employee's" employment by an "insured."

2. Personal Liability, does not apply to:

(a) Liability:

- (1) For any loss assessment charged against you as a member of an association, corporation or community of property owners;
- (2) Under any contract or agreement. However, this exclusion does not apply to written contracts:
 - a. That directly relate to the ownership, maintenance or use of an "insured location"; or
 - b. Where the liability of others is assumed by the "insured" prior to an "occurrence"

unless excluded in (1) above or elsewhere in this policy;

(b) "Property damage" to property owned by the "insured";

(c) "Property damage" to property rented to, occupied or used by or in the care of the "insured."

This exclusion does not apply to "property damage" caused by fire, smoke or explosion;

(d) "Bodily Injury" to any person eligible to receive any benefits;

(1) Voluntarily provided; or

(2) Required to be provided by the "insured" under any;

a. Workers' compensation law;

b. Non-occupational disability law; or

c. Occupational disease law;

(e) "Bodily Injury" or "property damage" for which an "insured" under this policy:

(1) Is also an insured under a nuclear energy liability policy; or

(2) Would be an insured under that policy but for the exhaustion of its limit of liability.

A nuclear energy liability policy is one issued by:

a. American Nuclear Insurers;

b. Mutual Atomic Energy Liability Underwriters;

c. Nuclear Insurance Association of Canada;

or any of their successors; or

(f) "Bodily injury" to you or an "insured" within the meaning of part a. or b. of "insured" as defined.

3. Medical Payments to Others, does not apply to "bodily injury":

(a) To a "residence employee" if the "bodily injury":

(1) Occurs off the "insured location"; and

(2) Does not arise out of or in the course of the "residence employee's" employment by an "insured";

(b) To any person eligible to receive benefits:

(1) Voluntarily provided; or

(2) Required to be provided under any;

a. Workers' compensation law;

b. Non-occupational disability law; or

c. Occupational disease law;

(c) From any:

(1) Nuclear reaction;

(2) Nuclear radiation; or

(3) Radioactive contamination;

all whether controlled or uncontrolled or however caused; or

(4) Any consequence of any of these; or

(d) To any person other than a "residence employee" of an "insured," regularly residing on any part of the "insured location."

ADDITIONAL COVERAGE

We cover the following in addition to the limits of liability:

1. Claim Expenses. We pay:

(a) Expenses we incur and costs taxed against an "insured" in any suit we defend;

(b) Premiums on bonds required in a suit we defend, but not for bond amounts more than the limit of liability for Personal Liability. We need not apply for or furnish any bond;

(c) Reasonable expenses incurred by an "insured" at our request, including actual loss of earnings (but not loss of other income) up to \$50 per day, for assisting us in the investigation or defense of a claim or suit; and

(d) Interest on the entire judgment which accrues after entry of the judgment and before we pay or tender, or deposit in court that of the judgment which does not exceed the limit of liability that applies.

2. First Aid Expenses. We will pay expenses for first aid to other incurred by an "insured" for "bodily injury" covered under this policy. We will not pay for first aid to you or any other "insured".

3. Damage to Property of Others. We will pay up to \$1000 per "occurrence" for "property damage" to property of others caused by an "insured". We will not pay for "property damage".

(a) Caused intentionally by an "insured" who is 13 years of age or older;

(b) To property owned by an "insured";

(c) To property owned by or rented to a tenant of an "insured" or a resident in your household; or

(d) Arising out of:

(1) A "business" engaged in by an "insured";

(2) Any act or omission in connection with a premises owned, rented or controlled by an "insured," other than the "insured location", or

(3) The ownership, maintenance, or use of aircraft, watercraft or motor vehicles or all other motorized land conveyances.

This exclusion does not apply to a motorized land conveyance designed for recreational use off public roads, not subject to motor vehicle registration and not owned by an "insured".

CONDITIONS

1. Limit of Liability. Our total liability under Personal Liability for all damages resulting from any one "occurrence" will not be more than the limit of liability for Personal Liability as shown in the Declarations. This limit is the same regardless of the number of "insured's," claims made or persons injured. All "bodily injury" and "property damage" resulting from any one accident or from continuous or repeated exposure to substantially the same general harmful conditions shall be considered to be the result of one "occurrence."

Our total liability under Medical Payments to Others for all medical expense payable for "bodily injury" to one person as the result of one accident will not be more than the limit of liability for Medical Payments to Others as shown in the Declarations.

2. **Severability of Insurance.** This insurance applies separately to each "insured". This condition will not increase our limit of liability for any one "occurrence."
3. **Duties After Loss.** In case of an accident or "occurrence," the "insured" will perform the following duties that apply. 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, which sets forth:
 - (1) The identity of the policy and "insured";
 - (2) Reasonably available information on the time, place and circumstances of the accident or "occurrence"; and
 - (3) Names and addresses of any claimants and witnesses;
 - (b) Promptly forward to us every notice, demand, summons or other process relating to the accident or "occurrence";
 - (c) At our request, help us: (1) To make settlement;
 - (2) To enforce any right of contribution or indemnity against any person or organization who may be liable to an "insured";
 - (3) With the conduct of suits and attend hearings and trials; and
 - (4) To secure and give evidence and obtain the attendance of witnesses;
 - (d) Under the Coverage - **Damage to Property of Others**, submit to us within sixty (60) days after the loss, a sworn statement of loss and show the damaged property, if in the "insured's" control;
 - (e) The "insured" will not, except at the "insured's" own cost, voluntarily make payment, assume obligation or incur expense other than for first aid to others at the time of the "bodily injury"; and
 - (f) We reserve the right to inspect any damaged property before determining coverage or making reimbursement.
4. **Duties of an Injured Person - Medical Payments to Others.** The injured person or someone acting for the injured person will:
 - (a) Give us written proof of claim, under oath if required, as soon as is practical; and
 - (b) Authorize us to obtain copies of medical reports and records.The injured person will submit to a physical exam by a doctor of our choice when and as often as we reasonably require.
5. **Payment of Claim - Medical Payments to Others.** Payment under this coverage is not an admission of liability by an "insured" or us.
6. **Suit Against Us.** No action can be brought against us unless there has been compliance with the policy provisions.

No one will have the right to join us as a party to any action against an "insured." Also, no action with respect to Personal Liability can be brought against us until the obligation of the "insured" has been determined by final judgment or agreement signed by us.
7. **Bankruptcy of an Insured.** Bankruptcy or insolvency of an "insured" will not relieve us of our obligations under this policy.
8. **Other Insurance.** This insurance is excess over other valid and collectible insurance except insurance written specifically to cover as excess over the limits of liability that apply in this policy.
9. **Policy Period.** This policy applies only to loss for "bodily injury" or "property damage" which occurs during the policy period.
10. **Concealment or Fraud.** The entire policy will be void if, whether before or after a loss, an "insured" has:
 - (a) Intentionally concealed or misrepresented any material fact or circumstance;
 - (b) Engaged in fraudulent conduct; or
 - (c) Made false statements;
relating to this insurance.
11. **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

sixty (60) days prior to or during the policy period stated in the Declarations. This Liberalization Clause does not apply to changes implemented through introduction of a subsequent edition of our policy.

12. Waiver or Change of Policy Provisions. A waiver or change of a provision of this policy must be in writing by us to be valid. Our request for an appraisal or examination will not waive any of our rights.

13. Cancellation.

- (a) You may cancel this policy at any time by returning it to us or by letting us know in writing of the date cancellation is to take effect.
- (b) We may cancel this policy only for the reasons 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.

- (1) When you have not paid the premium, we may cancel at any time by letting you know at least twenty (20) days before the date cancellation takes effect.
- (2) When this policy has been in effect for less than ninety (90) days and is not a renewal with us, we may cancel for any reason by letting you know at least twenty (20) days before the date cancellation takes effect.
- (3) When this policy has been in effect for ninety (90) days or more, or at any time if it is a renewal with us, we may cancel:
 - a. If there has been a material misrepresentation of fact which if known to us would have caused us not to issue the policy; or
 - b. If the risk has changed substantially since the policy was issued.

This can be done by letting you know at least thirty (30) days before the date cancellation takes effect.

- (4) When this policy is written for a period of more than one (1) year, we may cancel for any reason at anniversary by letting you know at least thirty (30) days before the date cancellation takes effect.
- (c) When this policy is canceled, the premium for the period from the date of cancellation to the expiration date will be refunded pro rata.
- (d) 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.

14. Non-renewal. 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 thirty (30) days before the expiration date of this policy. Proof of mailing will be sufficient proof of notice.

15. Assignment. Assignment of this policy will not be valid unless we give our written consent.

16. Subrogation. An "insured" may waive in writing before a loss all rights of recovery against any person. If not waived, we may require an assignment of rights of recovery for a loss to the extent that payment is made by us. If an assignment is sought, an "insured" must sign and deliver all related papers and cooperate with us.

Subrogation does not apply under Medical Payments to Others or Damage to Property of Others.

17. Death. If any person named in the Declarations or the spouse, if a resident of the same household, dies;

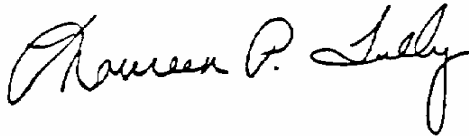
- (a) We insure the legal representative of the deceased but only with respect to the premises and property of the deceased covered under the policy at the time of death;
- (b) "Insured" includes:
 - (1) Any member of your household who is an "insured" at the time of your death, but only while a resident of the "residence premises"; and
 - (2) With respect to your property, the person having proper temporary custody of the property until appointment and qualification of a legal representative.

18. Currency and Exchange Rates. Unless otherwise stated, the amounts used herein are expressed in United States currency and any loss sustained under this policy shall be paid in that same currency unless the insured requests payment in local currency, in which case, the loss will be paid in local currency at the exchange rate applicable on the date of loss.

If, in the event of loss or damage, the amount of such loss or damage is computed in a foreign currency, the amount of such loss or damage will be converted into United States or local currency at the exchange rate applicable on the date of loss.

Should all or any part of the loss adjustment be based on the cost of replacement or repair, then the amount of the settlement so based shall be converted into United States or local currency at the rate of exchange prevailing on the date such cost of replacement or repair is incurred.

In Witness Whereof, The Insurance Company of the State of Pennsylvania has caused this policy to be signed by its President and a Secretary, but the same shall not be binding upon the Company unless it has been countersigned on the Declarations page by a duly authorized representative of the Company



Secretary



President

POLICY ENDORSEMENT HO144US. THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

COMPREHENSIVE PERSONAL LIABILITY POLICY TERRITORY AND JURISDICTION

It is hereby understood and agreed that the following is added to **Conditions**

19. Territory

Coverage is provided Worldwide, excluding: Puerto Rico, Cuba, Iran, Iraq, Libya, North Korea and any country or territory against which the Government of the United States of America has established embargoes or sanctions.

Jurisdiction

The company shall have the right and duty to defend any lawsuit against the insured seeking damages on account of such bodily injury or property damage, even if any of the allegations of the lawsuit are groundless, false or fraudulent, and may make such investigation and settlement of any claim or lawsuit as it deems expedient, provided that the claim or lawsuit is not brought in the following countries or territories:

- (a) any jurisdiction in which this policy may be prohibited by statute, regulation or local laws, or
- (b) Cuba, Iran, Iraq, Libya, North Korea or any country or territory for which a United States of America Governmental embargo, sanction or ban is in effect.

With respect to claims brought or lawsuits litigated within the countries in (a) above, the company shall have the right but not the duty to investigate, settle or defend any claim made or lawsuit brought against the insured. The insured shall arrange for the investigation and defense as are reasonably necessary and shall effect such settlement as they are legally obligated. Upon reasonable proof, the company shall reimburse the insured for the reasonable costs of such investigation, defense and the amount of any settlement.

With respect to claims brought or lawsuits litigated within the countries in (b) above, it is agreed that no coverage is provided under this policy, unless the existing United States of America governmental embargoes or sanctions prohibiting the transactions of business with or within those countries are removed for any reason, or no longer operate to prevent the conduct of business with or within those countries. For purposes of this clause, "transactions of business" is understood to include, but not be limited to, the ability of the company to conduct claims investigations.

The company shall not be obligated to pay any claim or judgment or to defend any lawsuit after the applicable limit of the company's liability has been exhausted by payment of judgments or settlements.

Nothing herein contained shall be held to vary, alter, waive, or change any of the terms, limits, or conditions of the Policy, except as herein above set forth.