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WASHINGTON – UMBRELLA

AGREEMENT

In return for payment of the premium, **we** agree to insure **you**, subject to all terms, conditions, and limitations of this policy. The policy consists of the Declarations, this policy contract, and all endorsements added to this policy.

DEFINITIONS

1. **We, us** and **our** mean the company shown on the Declarations as providing this insurance.
2. **You** and **your** refer to:
 - a. The named **insured** shown on the Declarations; and
 - b. That person's spouse or registered domestic partner, if a resident of the same household at the time of the accident or loss.
3. **Aircraft** means any contrivance, of any size, weight, or materials, used or designed for flight or hovering, including any related parts, equipment and accessories, whether or not attached to a specific **aircraft**. **Aircraft** includes, without limitation, airplanes, helicopters, drones, hobby aircraft, jetpacks, flyboards, hovercraft, gliders, parachutes, hot air balloons, missiles, spacecraft or any similar devices.
4. **Bodily injury** means bodily harm, sickness or disease, except a disease which is transmitted by an **insured** through sexual contact. **Bodily injury** includes required care, loss of services and death resulting from covered bodily harm, sickness or disease. **Bodily injury** does not include **personal injury**.
5. **Business** means:
 - a. A trade, profession or occupation engaged in on a full-time, part time or occasional basis;
 - b. A short-term rental or holding for rental of all or any part of the **residence premises**, including but not limited to rentals made through VRBO, Vacasa, AirBnb or any other rental organization, for a period of less than six months, regardless the amount earned during the twelve-month period preceding the date of loss.
 - c. Any other activity or agreement that results in receipt of \$2,000 or more in gross revenue or other compensation during the twelve-month period prior to the date of loss. It doesn't matter whether the activity or agreement is regular or intermittent, or is a primary, secondary or supplemental source of compensation.

Business doesn't include:

- a. Volunteer activities for which only expenses are reimbursed;
- b. The rendering of home daycare services by an **insured** to a relative of an **insured**;
- c. The mutual exchange of home daycare services; or
- d. Long-term rentals. Long-Term Rental means the rental of a portion of the dwelling to one or two persons, or one household of persons, other than an **insured**, as roomers or boarders for a term of six months or more, for exclusive use as a full-time residence. **You** must continue to reside in the dwelling during the rental.

6. **Business property** includes land, buildings and equipment used by an **insured** for a **business** purpose, including the **business** of farming.
7. **Day care** means providing care for a person or persons at the **residence premises** on a regular basis, with or without compensation. **Day care** does not include the activity of parents exchanging care of their children on a mutually cooperative basis, the care of a relative of **yours** without compensation or the care of an exchange student at the **residence premises**.
8. **Family member** means any resident of **your** household at the address listed in the Named **Insured** section on the Declarations of this policy and related to **you** by blood, marriage or adoption. It includes **your** resident foster children.
9. **Fungus** means any type or form of fungi, including but not limited to yeast, mold or mildew, mushrooms, and any mycotoxins, spores, scents or byproducts or other substances produced or released by **fungus**, whether past or present.
10. **Insured** means:
- a. **You**;
 - b. A **family member**; and
 - c. Any person or organization protected by the insurance provided by this policy or by **underlying insurance** listed in the **underlying insurance** section of the Declarations, but with respect to the ownership, use, loading or unloading of a **motor vehicle**, **insured** does not include a permissive user or permissive driver, whether or not that person is covered by **underlying insurance**.
11. **Motor vehicle** means a self-propelled land conveyance designed to be operated primarily on public roads, other than electric-powered and electric-assisted conveyances that cease powering, or are incapable of providing assistance, when reaching the speed of 20 miles per hour, including electric-assisted and electric-powered bicycles, hoverboards, scooters, and skateboards. **Motor vehicle** does not include conveyances operated on rails or crawler treads, snowmobiles, all-terrain vehicles, ground-effect vehicles, motorcycles, mopeds, riding lawnmowers, golf carts or farm equipment.
12. **Occurrence** means:

- a. An accident, including continuous or repeated exposure to substantially the same general or related harmful condition, that causes, during the policy period:
 - (1) **Bodily injury**; or
 - (2) **Property damage**.
- b. An offense, including continuous, repeated or comparable statements, conduct, or acts made regarding one or more persons or entities, which results in **personal injury**.

13. Personal injury means injury to a person or entity, other than **bodily injury** arising out of one or more of the following offenses, but only if the offense was committed during the policy period:

- a. False arrest, detention or imprisonment;
- b. Malicious prosecution;
- c. 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;
- d. Libel, slander or defamation of a person or organization; or
- e. Oral or written publication of material that violates a person's right to privacy.

Personal injury does not include any of the above offenses if the injury arises out of or is committed in connection with sexual misconduct, whether claimed as an isolated incident or as a pattern or practice of behavior by or against one or more persons; whether claimed separately or in combination with any other intentional or negligent acts or omissions of any person; and whether claimed against a person as perpetrator or as one who enabled or failed to stop, prevent or report such misconduct.

14. Property damage means physical injury to, destruction of, or loss of use of the damaged or destroyed property.

15. Recreational vehicle means a motorized land vehicle that does not require **motor vehicle** licensing or operator licensing, and that is intended for recreational use not on public highways, including, but not limited to, vehicles operated on rollers or crawler treads, snowmobiles, all-terrain vehicles, ground-effect vehicles, mopeds, motorbikes, go-carts and dune buggies. This does not include a motorized golf cart when used to play golf on a golf course.

16. Residence premises means any of the following premises covered by **underlying insurance**:

- a. The one- to four-family dwelling including other nonresidence and nonbusiness structures and grounds where **you** reside in at least one of the family units;
- b. For a condominium-unit owner, the unit in which **you** reside; or
- c. That part of any other building where **you** or an **insured** resides, and which is shown as the residence premises in the Declarations. **Residence premises** also includes the other structures and grounds at that location.

17. Retained limit means the greater of the following:

- a. The applicable required minimum policy limit of **underlying insurance** as shown in the Required Minimum Policy Limits of Underlying Insurance section of the Declarations; or

- b. All amounts payable under any other insurance available to the **insured**, or which would be payable under such a policy in the absence of this policy.

For liability covered by this insurance but not covered by **underlying insurance, retained limit** means the self-insured retention shown in the Coverage section of the Declarations. This does not apply if the liability is not covered because of **your** failure to maintain **underlying insurance** or if the **underlying insurance** is uncollectible because of bankruptcy, rehabilitation, insolvency or financial impairment.

- 18. **Ultimate net loss** means all damages an **insured** becomes legally obligated to pay because of **bodily injury, property damage** or **personal injury**, whether by judgment or by a good-faith compromise entered into with **our** written consent. All recoveries and salvage collected are deducted from that amount. Damages include prejudgment interest awarded against an **insured**.

Ultimate net loss does *not* include claims expenses as described in Section I – Coverages.

- 19. **Underlying insurance** means the insurance policies listed in the Schedule of Your Underlying Insurance section on the Declarations.
- 20. **Underlying insurer** means any company issuing a policy of **underlying insurance**.
- 21. **Watercraft** means any craft, boat or vessel designed to transport persons or property on water. **Watercraft** does not include **aircraft**, including parasails or hang gliders.

SECTION I – COVERAGES

Personal Liability

We will pay the **ultimate net loss** in excess of the **retained limit** an **insured** is legally obligated to pay as damages because of **bodily injury** or **property damage** caused by an **occurrence**, or because of **personal injury**, to which this insurance applies.

Claims Defense

- 1. **We** will provide a defense at **our** expense with the counsel of **our** choice in any suit against an **insured** resulting from an **occurrence** or **personal injury** covered by this policy only if the **retained limit** has been exhausted by payment of judgments or settlements.
- 2. **Our** obligation to defend applies even if the suit is groundless or fraudulent. However:
 - a. **We** have no duty to defend any **insured** if the **occurrence** or **personal injury** would have been covered by the **underlying insurance**, but is not because **you** failed to maintain the **underlying insurance**; and
 - b. **We** have no duty to defend any **insured** if the **occurrence** or **personal injury** would have been covered by the **underlying insurance**, but the **underlying insurer** is not defending the **insured** because of bankruptcy, rehabilitation, insolvency or financial impairment.

3. When **we** have a duty to defend, **we** may investigate, negotiate and settle on behalf of an **insured** any claim or suit at **our** sole discretion.
4. **Our** duty to defend ends when **our** limit of liability has been exhausted by payment of judgments or settlements.
5. **We** do not have a duty to defend any claim or suit that is not covered by this policy.

Claims Expenses

Subject to the section on "Claims Defense" above, **we** will pay the following in addition to **our** limit of liability:

1. Court costs for defense. This does not include an award of attorney fees or litigation expenses to any opposing party.
2. Premiums on appeal bonds, bonds to release attachments and bail bonds required on any suit **we** defend. This does not include bonds for amounts within the **retained limit** or greater than **our** limit of liability. **We** are not obligated to apply for or furnish a bond.
3. Interest that accrues after entry of judgment until **we** have paid, tendered or deposited in court the amount due under this policy. This does not include interest which accrues for amounts within the **retained limit** or for amounts greater than **our** limit of liability.
4. Any expense incurred with **our** written consent in any country where **we** are prevented from carrying out this insurance.
5. Reasonable expenses incurred by an **insured** at **our** request, including actual loss of earnings up to \$200 per day, for attending hearings or a trial at **our** request because of a lawsuit against an **insured**. Loss of income other than loss of actual earnings is not covered. **We** will not pay more than \$10,000 for any one **insured**.
6. **Our** obligations to pay any claims expenses that are described above end when **our** limit of liability has been exhausted by payments of judgments or settlements of **ultimate net loss**.

SECTION II – EXCLUSIONS

This insurance does *not* apply to:

1. **Bodily injury, personal injury, or property damage:**
 - a. Which may reasonably be expected to result from the intentional or criminal acts of an **insured** or which in fact are intended by an **insured**. This applies regardless of whether an **insured** is actually charged with, or convicted of, a crime; or
 - b. Resulting from an act or omission committed by an **insured** while insane or while lacking the mental capacity to control his or her conduct or while unable to form an intent to cause **bodily injury, personal injury, or property damage**. This applies only if a reasonable person would have expected some **bodily injury, personal injury or property damage** to result from the act or omission.

2. **Bodily injury, personal injury or property damage** arising out of the ownership, maintenance, use, loading or unloading, or entrustment to others of:
- a. An **aircraft**, even if it is covered by **underlying insurance**;
 - b. A **motor vehicle** or **watercraft** while practicing for or participating in competitive racing, or while pulling water-skiers in a sanctioned competition, exhibition or jumping contest. But this exclusion will not apply when **your watercraft** is a sailboat or is in a predicted-log boat race;
 - c. A **motor vehicle** owned by **you** or any **family member**, unless coverage is provided by **underlying insurance**;
 - d. A nonowned **motor vehicle** furnished or available for the regular use of **you** or any **family member** unless coverage is provided by **underlying insurance**;
 - e. A **watercraft**, except to the extent that coverage is provided by **underlying insurance**. But this exclusion will not apply to nonowned **watercraft** that **you** or a **family member** use with the owner's permission and that is not owned by, or furnished or available for the regular use of, **you** or a **family member**;
 - f. A motorcycle or amphibious vehicle when used off the **residence premises**, except to the extent that coverage is provided by **underlying insurance**. But this exclusion will not apply to a nonowned motorcycle with an engine 125cc or less that **you** or a **family member** use with the owner's permission and that is not owned by, or furnished or available for the regular use of, **you** or a **family member**;
 - g. A **recreational vehicle**, riding lawnmower, farm equipment, golf cart or snowmobile, except to the extent that coverage is provided by **underlying insurance**. But this exclusion will not apply to a nonowned **recreational vehicle** that **you** or a **family member** use with the owner's permission and that is not owned by, or furnished or available for the regular use of, **you** or a **family member**.
3. **Bodily injury or property damage** arising out of the ownership, maintenance, use, loading or unloading, or entrustment to others of a **motor vehicle** unless the liability is covered by **underlying insurance**.
4. **Bodily injury, personal injury, or property damage** arising out of a premises:
- a. Owned by an **insured**;
 - b. Rented to an **insured**; or
 - c. Rented to others by an **insured**;
- Unless coverage is provided by **underlying insurance**.
5. **Bodily injury or property damage** arising out of a condition on real estate **you** sell, give away or abandon.
6. **Bodily injury or property damage** for which an **insured** is covered by a nuclear energy liability policy. This exclusion applies even if the limits of that policy have been exhausted.
7. **Bodily injury or personal injury** to an **insured**.

8. **Bodily injury** or **personal injury** sustained by any person arising out of employment of that person by an **insured**, except for **bodily injury** to a domestic employee acting in the course of his or her duties related to maintenance of the **residence premises**.
9. **Property damage** to property owned by an **insured**.
10. **Property damage** to property rented to, occupied or used by, or in the care of an **insured**. This exclusion does not apply to **property damage** caused by fire, smoke or explosion that is covered by **underlying insurance**.
11. **Personal Injury** arising out of:
- a. Violation of a penal law or ordinance committed by or with the knowledge or consent of an **insured**;
 - b. An act committed 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**;
 - c. An **insured's** activities in advertising or broadcasting;
 - d. An oral, written or electronic publication of material if done by or at the direction of an **insured** with the knowledge of its falsity;
 - e. An oral or written publication of material whose first publication took place before the beginning of the policy period;
 - f. Injury sustained by any person employed by an **insured**;
 - g. Civic or public activities performed for pay by an **insured**; or
 - h. Activities performed by or on behalf of an **insured** in connection with campaigning for election or re-election to office.
12. Liability to pay benefits an **insured** is required to provide under any of the following categories:
- a. Workers' compensation;
 - b. Unemployment compensation;
 - c. Occupational disease;
 - d. Disability benefits; or
 - e. Any program similar to those listed above.
13. Liability arising out of **business property** or any **business** engaged in by an **insured**. This exclusion does not apply to the business use of a private passenger automobile, except while used to transport people or property for compensation of any kind, or while the operator is responding to a request for, or returning from, such transport.
14. Liability arising out of the rendering of or failure to render professional services.
15. Liability arising out of any act or omission of an **insured** as a director or officer of any corporation, unless:
- a. The corporation is not formed for profit;
 - b. The **insured** receives no compensation; and
 - c. Valid and collectible insurance in an amount equal to the limits for **underlying insurance** applies to the act or omission.

- 16.** Liability arising out of civic or public activities performed for pay by an **insured**.
- 17.** Liability for any loss assessment charged against an **insured** as a member of an association, corporation or community of property owners.
- 18.** Liability assumed by an **insured** under any contract or agreement except an indemnity obligation covered by **underlying insurance**.
- 19.** Liability arising out of the discharge, dispersal, seepage, migration, release or escape of contaminants or pollutants, including but not limited to smoke, vapors, soot, fumes, acids, alkalis, chemicals, liquids or gases, waste materials or other irritants, into or upon the land, the atmosphere or water. This includes, but is not limited to, loss, cost or expense arising out of any request, demand, or order that any insured or others test for, monitor, abate, clean up, remove, contain, treat, detoxify, neutralize, or in any way respond to, or assess, the effects of pollutants or contaminants, or any claim or suit brought by or on behalf of any person or entity for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, or in any way responding to, or assessing, the effects of pollutants or contaminants. This exclusion does not apply to **bodily injury** or **property damage** caused by heat, smoke or fumes which result from an uncontained fire or asphyxiation or poisoning due to the escape of fumes from a flue or furnace as a result of a malfunction of the flue or furnace.
- 20.** Liability arising out of lead poisoning, contamination or exposure of any kind.
- 21.** Liability arising out of exposure to or presence of asbestos or any asbestos-like compound.
- 22.** Liability arising out of **fungus**, rot, biohazards and pathogens, meaning:
- a.** The actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to or presence of any:
 - (1) Fungus;**
 - (2) Wet or dry rot;**
 - (3) Biohazard; or**
 - (4) Virus, bacteria, parasite, microbial toxin, micro-organism or other pathogen;**at or from any source or location;
 - b.** The transmission or suspected transmission by an **insured** of any virus, bacteria, parasite, microbial toxin, micro-organism, or other pathogen that induces or is capable of inducing illness or disease, including sexually transmitted illness or disease; or
 - c.** The contamination or suspected contamination of any property due to the presence of any virus, bacteria, parasite, microbial toxin, micro-organism or other pathogen that induces or is capable of inducing illness or disease; including sexually transmitted illness or disease.
- 23.** Liability 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, amphetamines 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 health care professional or to the legal use of marijuana.

- 24.** Liability arising out of actual or threatened molestation, sexual misconduct or sexual harassment committed by any person, regardless of whether that person is an **insured**.
- 25.** Liability arising out of or in connection with providing **day care** by an **insured** except to the extent that coverage is provided by **underlying insurance**, and then not for broader coverage than is provided by such **underlying insurance**.
- 26.** Liability arising directly or indirectly by war, including but not limited to 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;
 - c.** Destruction, seizure or use for a military purpose;
 - d.** Discharge of a nuclear weapon will be deemed a warlike act, even if accidental; or
 - e.** Terrorism, if any **insured** is directly involved in the cause of a terrorist act.
- 27.** Amounts payable under any Uninsured Motorists or Underinsured Motorists Coverage, or Uninsured Boater or Underinsured Boater Coverage, unless this policy is specifically endorsed to provide this coverage.
- 28.** Liability for punitive or exemplary damages, fines or penalties.
- 29.** **Bodily injury, personal injury or property damage** arising from or in connection with an **insured's** use of the internet by any means and through any media or device, including but not limited to;
- a.** Spreading a computer virus, software, malware, or other means that disrupts, interferes with or otherwise is claimed to cause loss or damage of any kind to a computer, a server, network, microprocessor, hardware, software or related component parts of others;
 - b.** Stalking, harassing, threatening, extorting, blackmailing, or otherwise abusing others.
- 30.** **Bodily injury, personal injury or property damage** arising from or in connection with discrimination because of race, color, creed, national origin, age, gender, marital status, or sexual orientation.

SECTION III – CONDITIONS

Limit of Liability

Our liability is limited to the **ultimate net loss** in excess of the **retained limit**. Regardless of the number of **insureds**, claims made, or persons injured, **our** total liability for all damages resulting from any one **occurrence** or **personal injury** will not exceed the limit of liability as stated in the Coverage section on the Declarations.

The limit of liability is the most **we** will pay for the sum of damages because of all **bodily injury** or **property damage** arising out of any one **occurrence** or because of **personal injury** arising out of any one offense. All **bodily injury** and **property damage** resulting from any one accident or from continuous

or repeated exposure to the same or similar general conditions will be considered the result of one **occurrence**. All **personal injury** arising out of a series of similar or related offenses will be considered the result of one offense.

Multiple Policy Periods. If an **occurrence** causes covered **bodily injury, personal injury** or **property damage** during two or more policy periods, the most we will pay for all policy periods is the highest Occurrence Limit shown in the Declarations for any one of the applicable policy periods.

This policy does not include an aggregate limit. The limit of liability applies to each separate **occurrence** or **personal injury** offense.

Required Underlying Insurance

You must maintain the **underlying insurance** at all times. For claims arising outside the United States of America, its commonwealths, territories or possessions, or Canada, or between their ports, **you** must maintain applicable **underlying insurance** at the required minimum limits as shown in the Required Minimum Limits of Underlying Insurance section of the Declarations. This requirement does not apply to claims arising out of use of a **nonowned watercraft, recreational vehicle** or motorcycle with an engine 125cc or less that is not owned by, or furnished or available for the regular use of, **you** or a **family member**. If **you** fail to maintain the required **underlying insurance**, coverage under this policy applies as if the **underlying insurance** had been maintained.

If the **underlying insurance** is unavailable or uncollectible because of **your** failure to maintain required **underlying insurance** or because of bankruptcy, rehabilitation, insolvency or financial impairment of the **underlying insurer**:

1. This insurance applies only in excess of the required minimum policy limits of **underlying insurance** stated in the Required Minimum Policy Limits of Underlying Insurance section of the Declarations; **we** will not be responsible for, nor will **we** pay any damages under those limits; and
2. **We** will not be responsible for, nor will **we** pay for any defense, investigation, settlement, negotiation, legal fees, court costs, interest on judgments or any similar fees or costs for claims within the required minimum limits of **underlying insurance** stated in the Required Minimum Policy Limits of Underlying Insurance section of the Declarations.

We do, however, reserve the right to participate in the defense and trial of any claims, suits or proceedings that relate to any **occurrence** or **personal injury** that **we** believe may create liability on **our** part under the terms of this insurance. If **we** avail ourselves of this right, it is at **our** expense.

Exhaustion of Underlying Insurance

This insurance applies in excess of any **underlying insurance**. If the limits of liability of the **underlying insurance** and any other applicable insurance have been exhausted by payment of judgments or settlements because of an **occurrence** or **personal injury** to which this insurance applies, **we** will assume charge of the settlement or defense of any suit against an **insured** resulting from the same **occurrence** or offense. The provisions of "Claims Defense" will apply.

Other Insurance

This insurance is excess over any other applicable insurance, collectible or not, whether such insurance is stated to be primary, contributing, excess, contingent, or otherwise, unless written specifically to provide coverage in excess of the coverage of this policy.

What to Do When an Occurrence or Personal Injury Happens

1. When an **occurrence** or **personal injury** happens that is likely to involve **us**, notice must be given to **us** or any of **our** authorized agents as soon as is practicable. The notice must contain all of the following:
 - a. Details sufficient to identify the **insured**;
 - b. Reasonably obtainable information regarding time, place and circumstances of the **occurrence** or offense; and
 - c. Names and addresses of the claimants and available witnesses.
2. If a claim is made or suit is brought against an **insured** likely to involve **us**, **you** or any other involved **insured** must notify **us** immediately and also forward to the **underlying insurers** and to **us** every demand, summons or other process **you** receive.
3. An **insured** must cooperate with **us** and, at **our** request, assist in all of the following:
 - a. Investigating claims and settling losses;
 - b. Conducting suits;
 - c. Enforcing any right of contribution, subrogation or indemnity against any person or organization who may be liable to the **insured** because of loss covered by this insurance or **underlying insurance**;
 - d. Attending hearings and trials;
 - e. Securing and giving evidence, including giving testimony to **us** in examinations under oath while not in the presence of any other **insured** as often as **we** reasonably require, and sign the same; and
 - f. Obtaining attendance of witnesses.
4. An **insured** may not, except at his or her own cost, voluntarily make a payment, assume any obligation or incur any expense without **our** consent.
5. **You** must notify **us** immediately of the exhaustion of any **underlying insurance** by payment of judgments or settlements.

Payment of Loss

We will pay for loss covered by this policy only if the **retained limit** has been exhausted by the payment of judgments or settlements by or on behalf of an **insured**.

Appeals

If an **insured** and the **underlying insurer** elect not to appeal a judgment in excess of the **retained limit**, **we** may elect to make such appeal at **our** cost and expense. If **we** make such an appeal, **we** are liable for taxable costs, disbursements and any interest on those costs.

In no event will **our** liability for the **ultimate net loss** exceed **our** limit of liability plus the cost and expense of such appeal.

Our Right to Recover Payment

After **we** have made any payment under this insurance, **we** have the right to recover the payment from anyone else who may be held responsible. **You** and anyone **we** protect must sign any papers and do whatever is necessary to enable **us** to exercise this right. **You** and anyone **we** protect must not do anything that would adversely affect this right. **We** will not exercise **our** right to recover payment to the extent that doing so would reduce full recovery of damages by **you** and anyone **we** protect.

Assignment

Assignment of this policy without **our** written consent is void.

Death, Bankruptcy or Insolvency of an Insured

If an **insured** dies or becomes bankrupt or insolvent within the policy period, the **insured's** legal representative is covered for the rest of the policy term unless the policy is canceled. The representative is covered only while acting in that capacity. Moreover, the representative must comply with all policy conditions, including payment of premium.

Suit Against Us

No one has a right to join **us** as a party to an action against an **insured**.

No action can be brought against **us** unless there has been compliance with all policy provisions and until the obligation of the **insured** has been determined by final judgment or agreement signed by **us**.

Changes in Your Policy

You automatically get the benefit of any improved policy coverage if the change does not require additional premiums.

The only other way this policy can be changed is by **our** policy endorsement or amendment.

Changes in Cost of Insurance

If **we** learn after policy issue that a change in circumstances materially affects **our** risk, **we** will adjust the premium according to **our** rules and rates.

Additional charges or a refund of less than \$2 resulting from policy changes are waived.

Our Right to Settle

We may settle any claim or suit as **we** decide is appropriate. At **our** option, **we** may pay an amount within the **retained limit** to settle a claim or suit. To the extent **we** pay any amount within the **retained limit**, **you** must promptly repay **us** the amount **we** paid within the **retained limit**. **We** will notify **you** of the repayment date.

Cancellation

1. **You** may cancel your policy by providing notice before the effective date of the cancellation using one of these methods:
 - a. Written notice of cancellation to **us** or **our** representative by mail, fax or e-mail;
 - b. Surrender of the policy or binder to **us** or **our** representative; or
 - c. Verbal notice to **us** or **our** representative.
2. If **we** receive notice of cancellation from **you**, **we** will promptly cancel the policy or any binder issued as evidence of coverage effective the later of:
 - a. The date notice is received; or
 - b. The date you request cancellation.

If **you** request cancellation, **we** will charge only for the time **we** have protected **you**. But **we** will retain any refund less than \$2.

3. **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, together with **our** reason for cancellation, will be mailed to **you** and, if applicable, **your** agent or broker at the last addresses known to **us** or shown by **our** records. Proof of mailing will be sufficient proof of notice.
 - a. When **you** have not paid the premium, **we** may cancel 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 45 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:
 - (1) If there has been a material misrepresentation of fact which if known to **us** would have caused **us** to not issue the policy, or
 - (2) If the risk has changed substantially since the policy was issued.This can be done by letting **you** know at least 45 days before the date cancellation takes effect.

- d. When this policy is written for a period of more than one year, **we** may cancel for any reason at anniversary by letting **you** know at least 45 days before the date cancellation takes effect.
- 4. When this policy is canceled, the premium for the period from the date of cancellation to the expiration date will be refunded pro rata.
- 5. If the return premium is not refunded with the notice of cancellation or when this policy is returned to **us**, **we** will refund it as soon as possible, but no later than:
 - a. 45 days after **we** send a notice of cancellation to **you**; or
 - b. 30 days after **we** receive the policy or a notice of cancellation from **you**.

Renewal – Continuous Protection Plan

You don't need to ask **us** to renew **your** policy. **We** guarantee continuous protection and renewal at the rates then in force for the insurance provided unless **we** mail to **you** at the last address known to **us** or shown by **our** records, a written nonrenewal notice, including **our** reason for refusing to renew. And **we** must do this at least 45 days before the expiration date of this policy. Proof of mailing will be sufficient proof of notice.

If **we** have offered in writing at least 20 days before the expiration date of this policy to renew it, and **we** have included a statement of the renewal premium due, coverage will expire if **you** fail to pay the required premium when due.

Concealment or Fraud

We may void the entire policy or deny a claim if, whether before or after a loss, the **insured** intentionally concealed or misrepresented any material fact or circumstance, made false statements with intent to deceive, or engaged in fraudulent conduct relating to this insurance.

Policy Period and Territory

This policy applies to **bodily injury, property damage**, or to an offense causing **personal injury**, happening anywhere in the world during the policy period that is stated on the Declarations. For claims arising outside of the United States of America, its commonwealths, territories or possessions, or Canada, or between their ports, **you** must maintain applicable **underlying insurance** at the required minimum limits shown on the Declarations. If **you** fail to maintain the required **underlying insurance**, coverage applies as if the **underlying insurance** had been maintained, as explained under Required Underlying Insurance in Section **III – Conditions**. The policy may be renewed for successive policy periods if the required premium is paid and accepted by **us** on or before the expiration date of the current policy period. The premium is computed at **our** then current rate for coverage then offered.

MUTUAL POLICY CONDITIONS

While this policy is in force, you are a member of PEMCO Mutual Insurance Company. PEMCO's annual meeting of members is held at its headquarters in Seattle, Washington, on January 3 of each year at 4 p.m. If January 3 falls on a Saturday or Sunday, the meeting will take place on the next business day. The purpose of the meeting is to receive reports as to the Company's affairs and to elect directors to its board. All meetings of members shall be exclusive to members.

Members participate in earnings of PEMCO in a manner and to an extent as determined by its board of directors.

This policy is non-assessable, meaning that, beyond payment of the premium for this insurance, you have no responsibility for the Company's debts or obligations.

This is not a complete and valid contract without an accompanying policy Declarations page.

ENDORSEMENTS ARE AN IMPORTANT PART OF YOUR POLICY. PLEASE KEEP THEM TOGETHER.