

PALISADES PERSONAL UMBRELLA POLICY

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This policy is signed by our President and Secretary. However, we will not consider it a complete and valid contract without an accompanying Declarations and any applicable endorsements.

Secretary

President

DEFINITIONS

The words defined below appear in bold type throughout the policy.

AIRCRAFT

Aircraft means any device used or designed for flight, except model or hobby **aircraft** not used or designed to carry people or cargo.

BODILY INJURY

Bodily Injury means physical bodily harm, sickness, disease, or death.

BUSINESS

Business means trade, profession, or occupation whether on a full-time, part-time, or occasional basis. Farming is also considered a **business** if it is the **insured's** primary or full-time occupation.

CAR

Car means a private passenger automobile, station wagon, jeep-type vehicle, or van with four wheels. It is required to be registered and licensed by the laws of its place of garaging and designed for use mainly on public roads. A pick-up truck with four or six wheels and a load capacity of one ton or less is also a **car**.

This does not include **recreational vehicles**, farm tractors, farm trailers, and farm implements.

COVERED WATERCRAFT

Covered watercraft means a conveyance designed for water transport that is:

1. Powered by an inboard, outboard, or inboard-outdrive motor, or is a sailboat;
2. used for pleasure purposes only;
3. not capable of speeds exceeding 60 miles per hour;
4. not powered in excess of the manufacturer's recommendations; and
5. Less than 27 feet in length.

Covered Watercraft does not mean:

1. Homemade, kit, or ice boats;
2. Hover, jet-powered, experimental, air-propelled, or amphibious craft;
3. Coastal pontoon boats or submersibles;
4. Hydroplanes; hydrofoils, or watercycles;
5. Military surplus craft; houseboats; or craft used as a primary residence for more than 6 months/year;
6. Personal watercraft, meaning a craft propelled by a water jet pump engine and designed to be operated by a person or persons sitting, standing, or kneeling on the craft; or
7. Watercraft greater than or equal to 27 feet in length.

FUNGI

Fungi means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents, or by-products produced or released by **fungi**.

However, this does not include any **fungi** that are, are on, or are contained in, a good or product intended for consumption.

HOUSING PROPERTY

Housing Property means 1 or 2 family dwellings, including other smaller detached structures and the grounds, which are shown in Item 4 on the Declarations of this policy as Additional Residences and are not rented or held for rental as a place to live.

All **housing property** must be covered by **required underlying insurance**.

INSURED

Insured means:

1. **You**;
2. The following residents of **your** household:
 - a) **your relatives**;
 - b) any other person under the age of 18 in the care of **you** or **your relatives**;
3. With respect to **cars, recreational vehicles**, and covered watercraft, only as stated below:
 - a) any person maintaining, using, loading, or unloading a **car, recreational vehicle**, or covered **watercraft** owned by, hired for, or loaned to **you**, provided such use is within the scope of **your** permission;
 - b) any person included in 2a or 2b above while using, loading, or unloading a **car, recreational vehicle**, or covered **watercraft** neither owned by such person nor furnished or available for his or her frequent use. This **car, recreational vehicle**, or covered **watercraft** must be used within the scope of the owner's permission.

Insured does not mean the owner or lessor of a **car, recreational vehicle**, or covered watercraft loaned to or hired for **your** use.

OCCURRENCE

Occurrence means an accident or offense which happens during the policy period, including continuous or repeated acts, omissions, or exposures to substantially the same general harmful conditions, which results in:

1. **bodily injury**;
2. **personal injury**; and/or
3. **property damage**.

All **bodily injury, personal injury, and property damage** resulting from one accident, one offense, or from continuous or repeated acts, omissions, or exposures of a similar type which result in similar injuries or damages shall be considered one **occurrence**. This applies regardless of when the injuries or damages become visible or known and regardless of the number of:

1. **insureds**;
2. claims made or suits brought;
3. persons injured;
4. properties damaged;
5. **cars, recreational vehicles**, or covered **watercraft**;
- or
6. policies.

Occurrence does not include negligent misrepresentations of any nature or kind in the sale of real or personal property.

OFFENSE

Offense means an act or failure to act listed in the definition of **personal injury** below.

PERSONAL INJURY

Personal Injury means injury caused by any of the following offenses during the policy period:

1. false arrest, detention, or imprisonment, or malicious prosecution;
2. libel, slander, defamation of character, or invasion of the right of privacy; or
3. wrongful entry or eviction.

POLICY LIMIT

Policy Limit means the amount shown in Item 3 on the Declarations of this policy which is in effect at the time of the **occurrence**.

PROPERTY DAMAGE

Property Damage means physical injury to or destruction of tangible property, including loss of use of tangible property resulting from its physical injury or destruction. Money, notes, credits, securities, and other similar instruments are not tangible property.

RECREATIONAL VEHICLE

Recreational Vehicle means an all-terrain vehicle, antique vehicle, classic vehicle, dune buggy, golf cart, motorhome (not used as a residence for 100 or more consecutive days), replica vehicle, and snowmobile. It also means a motorcycle, motorscooter, trailbike, moped, motorized bike, mini-bike, and pedacycle.

RELATIVE

A **relative** is someone who:

1. lives in **your** household; and
2. is related to **you** by blood, marriage, or adoption, or is **your** legal ward or foster child.

REQUIRED UNDERLYING INSURANCE

Required Underlying Insurance means the insurance described in Item 5 on the Declarations of this policy which is in effect at the time of the **occurrence**.

The underlying insurance requirement is not met when the underlying insurer:

1. is or becomes insolvent; or
2. has legally denied coverage because of the **insured's** failure to comply with policy conditions.

RESIDENCE PREMISES

Residence Premises means:

1. the 1 or 2 family dwelling, including other smaller detached structures and the grounds; or
2. that part of any building where **you** live.

RETAINED LIMIT

Retained Limit means the amount of the loss which must be first either paid by the **required underlying insurance** or deducted before this policy pays. It is the greater of:

1. the total of the applicable limit(s) of all **required underlying insurance** and any other insurance or bond(s) available to an **insured**; or
2. \$500 if underlying insurance is not required.

WE, US, OR OUR

We, us, or our means Palisades Insurance Company as shown on **your** Declarations.

YOU OR YOUR

You or your means the person shown in Item 1 on the Declarations of this policy and that person's spouse who resides in that person's household.

AGREEMENT

This policy is a contract between **you** and **us**. When **we** refer to the policy, **we** mean these pages, **your** most recent Declarations, and any applicable endorsements. Endorsements add to, delete, or change parts of this policy.

This policy covers liability in excess of the **retained limit** subject to the terms of this policy.

By accepting this policy, **you** agree that the statements on **your** application for this coverage, the applications for **your required underlying insurance**, and any subsequent information **you** give **us** are complete, true, and correct.

This policy contains all the agreements that exist between **you** and **us**. Statements made on the application are representations not warranties.

You agree to notify **us** within 30 days of any change of **your** address.

You will receive a Declarations page when the policy is first issued, each time a change is made, and at each renewal.

If **you** pay the premium when due and comply with the terms of the policy, **we** will provide the insurance described in this policy.

COVERAGES

ADDITIONAL PAYMENTS

In addition to **our** limit of liability, if there are no similar provisions in other available liability insurance, in any suit **we** defend **we** will pay:

1. premiums on appeal bonds and premiums on bonds to release attachments. **We** will also pay for bail bonds because of an accident or traffic violation. This does

not include bond amounts greater than the **policy limit**. **We** will not apply for or furnish such bonds.

2. all court costs charged to an **insured**.
3. all interest not covered by **required underlying insurance** that accrues between the time the court decides the amount for which an **insured** is responsible and the time **we** have paid, offered,

tendered, or deposited this amount or **our policy limits**. **We** will only pay interest on the amount which does not exceed **our** limit of liability.

4. all expenses **we** incur defending the suit. If the law or other reasons prevent **us** from defending the suit, **we** will pay any expenses an **insured** incurs with **our** prior written consent.

5. reasonable expenses incurred at **our** request. This includes actual loss of earnings up to \$100 per day, not to exceed \$5,000.

DEFENSE COVERAGE

We will defend any claim or suit for damages arising from an **occurrence** covered by this policy except for:

1. an **occurrence** which is covered by **required underlying insurance** or other liability insurance available to the **insured**;
2. an **occurrence** that would have been covered by the **required underlying insurance**, but the **insured** failed to maintain it;
3. any suit against an individual insured which results from loss assessments charged by a corporation or association of property owners;
4. any suit brought directly by an **insured** against an **insured**. This does not apply to an automobile loss.

We will provide a defense at **our** expense by counsel of **our** choice. **We** may join with the **insured** or any insurer providing underlying insurance in the investigation, defense, or settlement of any claim or suit.

EXCLUSIONS

ADVERTISING, BROADCASTING, PUBLISHING, AND TELECASTING

We will not pay for or defend any claim or suit which results from **bodily injury, personal injury, or property damage** arising from advertising, broadcasting, publishing, or telecasting that is done for or by an **insured**.

This exclusion does not apply to those activities incident to pursuits not excluded by another section of this policy.

AIRCRAFT

We will not pay for or defend any claim or suit which results from **bodily injury, personal injury, or property damage** arising from the ownership, maintenance, use, loading, or unloading of any **aircraft** or hovercraft an **insured** owns, borrows, rents, or entrusts to another, or over which an **insured** exercises any other form of control.

AUTO OR MARINE BUSINESS

We will not pay for or defend any claim or suit which results from **bodily injury, personal injury, or property damage** arising from the maintenance, use, loading, or unloading of a **car, recreational vehicle, or watercraft** in any kind of auto or marine **business**. This includes selling, repairing, servicing, storing, or parking such conveyances. It also includes docking, mooring, resting, and delivering such conveyances.

This exclusion does not apply to **you** or a **relative** or any business associates while maintaining, using, loading, or unloading **your car, recreational vehicle, or watercraft**.

BUSINESS PURSUITS

Our duty to defend ends when the amount **we** pay for damages equals **our** limit of liability.

LIABILITY COVERAGE

We will pay all sums up to the **policy limit** in excess of the **retained limit** which an **insured** is legally obligated to pay as damages for **bodily injury, personal injury, or property damage** to others. However, this does not include any other insurance that is not valid and collectible because of the bankruptcy or insolvency of an insurer.

Coverage for liability arising from the ownership, use, maintenance, loading, or unloading of a **car, recreational vehicle, or covered watercraft** is provided only if the **car, recreational vehicle, or covered watercraft** is included within the definitions of this policy. Coverage for liability arising from **housing property or residence premises** is provided only if the **housing property or residence premises** is included within the definitions of this policy.

Damages must be due to an **occurrence** covered by this policy.

LOSS ASSESSMENT COVERAGE

We will pay up to \$50,000 for **your** share of any loss assessment **you** are legally obligated to pay. It must be incurred during the policy period and be charged by a corporation or association of property owners. This coverage applies only to loss assessments charged against **you** as owner or tenant of the **residence premises**. It must arise from an **occurrence** covered by this policy. The amount **we** pay for loss assessment is included in the **policy limit**.

We will not pay for or defend any claim or suit which results from **bodily injury, personal injury, or property damage** arising out of or in connection with a **business** pursued by an **insured**. This exclusion applies but is not limited to acts or omissions, regardless of their nature or circumstances, involving services or duties rendered, promised, owed, or implied to be provided because of the nature of the **business**. This exclusion also applies to the sale or rental or holding for rental of any part of any premises by an **insured**.

This exclusion does not apply to:

1. the occasional or part-time **business** pursuits of an **insured** under the age of 18;
2. **your** ownership, maintenance, use, loading, or unloading of a **car or recreational vehicle** for your **business** purposes. However, such **car or recreational vehicle** must be **insured** (covering **your** use) by **required underlying insurance**.
3. the ownership, maintenance, use, loading, or unloading of a **car, recreational vehicle, or covered watercraft** by:
 - a) an **insured**; or
 - b) a partner, agent, or employee of an **insured**.

However, such conveyance must be **insured** (covering an **insured's** use) by **required underlying insurance**.

4. **your** household or domestic employees while performing their duties as directed by an **insured**.
5. **your** injuring a fellow employee.

6. an **occurrence** that is covered by a **business** pursuits endorsement on the **required underlying insurance**.

CARS, RECREATIONAL VEHICLES, OR WATERCRAFT FOR HIRE

We will not pay for or defend any claim or suit which results from **bodily injury, personal injury, or property damage** arising from the ownership, maintenance, use, loading, or unloading of a **car, recreational vehicle, or watercraft** covered under this policy to carry people or property for a fee.

This exclusion does not apply:

1. to a **car pool**; or
2. if an **insured** causes an accident while a passenger in a non-owned conveyance for hire.

COMMUNICABLE DISEASE

We will not pay for or defend any claim or suit which results from **bodily injury or personal injury** arising from an insured's transmission of or exposure to any communicable disease, bacterium, parasite, virus, or other organism, including, but not limited to, all venereal and sexually transmitted disease, Acquired Immune Deficiency Syndrome (AIDS), Human Immunodeficiency Virus (HIV), and AIDS-related Complex (ARC).

This exclusion also applies to viruses or organisms that have not yet manifested themselves in a disease.

CONTRACTUAL LIABILITY

We will not pay for or defend any claim or suit which results from **bodily injury, personal injury, or property damage** arising from liability assumed by an **insured** under any contract or agreement.

This exclusion does not apply to written contracts:

1. that directly relate to the ownership, maintenance or use of a **residence premises** other than for **business** use; or
2. where the liability of others is assumed by an **insured** prior to the **occurrence**.

CONTROLLED SUBSTANCE

We will not pay for or defend any claim or suit which results from **bodily injury, personal injury, or property damage** arising from the sale, use, manufacture, storage, delivery, transfer, or possession or any other act or omission by an insured relative to 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, marijuana, cocaine, LSD, and all narcotic drugs.

This exclusion does not apply to the legitimate use of prescription drugs by a person following the orders of a licensed physician.

DIRECTORS AND OFFICERS LIABILITY

We will not pay for or defend any claim or suit which results from **bodily injury, personal injury, or property damage** arising from any act or failure to act as an officer, trustee, member, or director of any for-profit organization or activity; or as an officer, trustee, member, or director of any not-for-profit organization, activity, or governmental

entity if the **insured** receives any salary, fee, or other compensation.

DISABILITY AND OTHER MANDATED INSURANCE

We will not pay for or defend any claim or suit which results from **bodily injury, personal injury, or property damage** payments to a person eligible for benefits voluntarily provided by an **insured** or required to be provided under a workers' compensation, non-occupational disability, unemployment compensation, disability, occupational disease, or any similar law. This includes payments to a person eligible to receive benefits that are permitted under any kind of maritime statute.

DISCRIMINATION

We will not pay for or defend any claim or suit which results from **bodily injury, personal injury, or property damage** arising from discrimination on the basis of age, race, color, sex, sexual orientation, creed, or national origin.

EMPLOYMENT PRACTICES

We will not pay for or defend any claim or suit which results from **bodily injury, personal injury or property damage** to:

1. A person arising out of any:
 - a. Refusal to employ that person;
 - b. Termination of that person's employment; or
 - c. Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation or discrimination directed at that person; or
2. The spouse, child, parent, brother or sister of that person as a consequence of **bodily injury or personal injury** to that person at whom any of the employment-related practices described in paragraphs a., b., or c. above is directed.

This exclusion applies:

1. Whether the **insured** may be liable as an employer or in any other capacity; and
2. To any obligation to share damages with or repay someone else who must pay damages because of the injury.

FINES, PENALTIES, OR RESTITUTION ORDERS

We will not pay for or defend any claim or suit arising from fines, penalties, or restitution orders.

FUNGI

We will not pay for or defend any claim or suit which results from **bodily injury, personal injury, or property damage** arising directly or indirectly, in whole or in part, from the actual, alleged, or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of any **fungi**, wet or dry rot, or bacteria.

HOUSEHOLD

We will not pay for or defend any claim or suit which results from **bodily injury, personal injury, or property damage** to an **insured**.

INTENTIONAL ACTS

We will not pay for or defend any claim or suit which

results from **bodily injury** or **property damage** which:

- arises from an act intended by the **insured**; or
- arises from the **insured's** failure to act.

This exclusion does not apply where the **bodily injury** or **property damage** arises from the **insured's** negligence or from an **insured's** use of reasonable action to protect persons or property.

INTERNET USAGE

We will not pay for or defend any claim or suit which results from **bodily injury**, **personal injury**, or **property damage** arising from the use of the Internet.

LOSS ASSESSMENTS

We will not pay for or defend any claim or suit arising from loss assessments which:

1. result from a deductible in the insurance policy purchased by an association of property owners; or
2. are charged against an **insured** as a member of an association of property owners by any governmental body.

NUCLEAR INSURANCE

We will not pay for or defend any claim or suit which results from **bodily injury**, **personal injury**, or **property damage** for which an **insured** under this policy:

1. is also insured under a nuclear liability policy; or
2. would be insured under a nuclear liability policy but for exhaustion of its limit.

PERSONAL BENEFITS

We will not pay for or defend any claim or suit which results from **bodily injury**, **personal injury**, or **property damage** for benefits payable to an **insured** under any no fault, uninsured, or underinsured motorists law.

PLACE OF RESIDENCE

We will not pay for or defend any claim or suit which results from **bodily injury**, **personal injury**, or **property damage** arising from the ownership, maintenance, use, loading, or unloading of a **car**, **recreational vehicle**, watercraft, trailer, camper unit, cap, or similar type of cover being used or located for use as a place of residence.

POLLUTION

We will not pay for or defend any claim or suit which results from **bodily injury**, **personal injury**, or **property damage** arising from the alleged, actual, or threatened discharge, dispersal, seepage, leakage, migration, emission, leaching, release, escape or disposal of pollutants at any time, unless the pollution is sudden and accidental. Sudden means an event that is abrupt and instantaneous. This includes any claim or suit resulting from any governmental order or directive concerning any pollutants. Pollutant means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, oil, fuel, acids, alkalis, chemicals, and waste. Waste includes materials to be recycled, reconditioned, or reclaimed.

PROFESSIONAL SERVICES

We will not pay for or defend any claim or suit which results from **bodily injury**, **personal injury**, or **property damage** arising from the performance of, or failure to

perform, professional services by an **insured** or any person for whose act or failure to act the **insured** is legally responsible.

PROPERTIES RENTED TO OTHERS

We will not pay for or defend any claim or suit which results from **bodily injury** or **property damage** arising from the rental or holding for rental of the **residence premises** or any other **housing property**, in whole or in part, owned by an **insured**, including detached structures on the property.

PROPERTY DAMAGE

We will not pay for or defend any claim or suit which results from damage to property:

1. owned in whole or part by an **insured**;
2. owned by a corporation or association of property owners of which an **insured** is a member.

PUBLIC OFFICIALS OR CIVIC ACTIVITIES

We will not pay for or defend any claim or suit which results from **bodily injury**, **personal injury**, or **property damage** arising from an **insured's** activities as a holder of public office (whether or not the **insured** is paid), or other civic activities for which an **insured** is paid or otherwise compensated.

RACING

We will not pay for or defend any claim or suit which results from **bodily injury**, **personal injury**, or **property damage** arising from the ownership, maintenance, use, loading, or unloading of **cars**, **recreational vehicles**, or watercraft while preparing for or engaging in racing (whether or not organized) or related activities of any kind. This exclusion does not apply to sailboats.

SEXUAL MOLESTATION, CORPORAL PUNISHMENT, OR PHYSICAL OR MENTAL ABUSE

We will not pay for or defend any claim or suit which results from **bodily injury**, **personal injury**, or **property damage** arising from the actual or attempted act by an insured of any:

- a. sexual molestation, rape, sexual assault, sexual battery, sexual abuse, sexual exploitation, whether intentional or unintentional; or
- b. corporal punishment, whether characterized as physical or mental abuse, exploitation, assault, battery, or other mistreatment of any person, whether intentional or unintentional.

We will not pay for or defend any damages arising from the failure of any **insured** to:

1. discover the acts listed above, or
2. take action to ensure that these acts would not be committed by any other person.

WAR

We will not pay for or defend any claim or suit which results from **bodily injury**, **personal injury**, or **property damage** arising from any act of war, warlike act, insurrection, rebellion, or revolution, including any consequence of any of these. Any discharge of a nuclear weapon shall be deemed a warlike act even if accidental.

CONDITIONS

ACTION AGAINST US

An **insured** may not sue **us** until all terms of this policy have been met. Also, an **insured** must wait until a settlement has been reached or judgment has been ordered. A settlement or judgment is determined by a court or by agreement between **us** and the person making the claim.

No person or organization may include **us** in any legal action against an **insured**.

No one insured under this policy may assign his or her rights to another or involve **us** in a suit as a defendant.

APPEALS

If an **insured** or any underlying insurer does not appeal a judgment that exceeds the **required underlying insurance** or the **retained limit**, **we** may do so. **We** will pay court costs, expenses, and interest related to the appeal. However, **we** will not pay more than the **policy limit** plus the additional costs and interest.

ASSIGNMENT

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

BANKRUPTCY

Bankruptcy or insolvency of an **insured** does not affect **our** duties under this policy.

CONFORMITY TO STATE LAWS

If any part of this policy conflicts with the laws of the state where **you** live, the laws of **your** state apply.

DUTIES AFTER AN OCCURRENCE

In the event of an **occurrence** which may involve this policy, an **insured** must:

1. give **us** or **our** agent prompt written notice which identifies:
 - a) the policy and **insured**;
 - b) the time, place, and facts of the **occurrence**; and
 - c) names and addresses of the injured and witnesses.
2. send **us** copies of all letters, notices, demands, summons, and other legal papers relating to the **occurrence**.
3. cooperate with **us** in:
 - a) investigating, settling, or defending any claim or suit;
 - b) enforcing any right of contribution, indemnity, or hold harmless agreement against any person or organization which may be liable to an **insured**;
 - c) conducting suits and other legal proceedings, including attending hearings and trials; and
 - d) securing and giving evidence and obtaining testimony, examination under oath, and evidence of witnesses.

FRAUD OR MATERIAL MISREPRESENTATION

This policy is void and there is no coverage for an **insured** who before, during, or after an **occurrence** either:

1. intentionally conceals or misrepresents any material fact or circumstance; or
2. makes false statements or engages in fraudulent conduct relating to a loss, this insurance, **your** application for this coverage, the applications for **your required underlying insurance**, or other relevant information.

LIBERALIZATION

We can broaden this policy to give more coverage without charge. If **we** do this, the coverage will expand as of the date the change is effective in **your** state.

LIMIT OF LIABILITY

This insurance applies separately to each **insured**. However, the insuring of more than one person will not increase **our** limit of liability for an **occurrence**. **Our** limit of liability does not exceed the per **occurrence** amount shown in Item 3 on the Declarations of this policy.

OTHER INSURANCE

This policy is excess over any other valid and collectible insurance or insurance that is not valid and collectible because of the bankruptcy or insolvency of an insurer.

POLICY PERIOD AND TERRITORY

The policy period is shown in Item 2 on the Declarations of this policy. Coverage applies to an **occurrence** which takes place anywhere in the world.

PREMIUM PAYMENT

You must pay the premium by the due date. Failure to pay the premium by the date shown in any premium notice sent to **you** will result in termination of this policy. Acceptance of **our** renewal offer can be made only by payment received by **us** or **our** agent on or before the renewal date.

If the premium is paid by check or other instrument, and it is not honored, it will be considered a failure to pay the premium.

Changes made to **your** policy during the policy period may result in premium adjustments.

REQUIRED UNDERLYING INSURANCE

Required underlying insurance must be maintained at all times.

This applies to:

1. any **residence premises** or **housing property** owned by, leased to, or furnished for the regular use of an **insured**;
2. any **car**, **recreational vehicle**, or watercraft owned by **you**;
3. any **car**, **recreational vehicle**, or watercraft hired for or loaned to an **insured**;
4. any **car** or **recreational vehicle** hired for, loaned to, or furnished for **your** regular use in **business**;
5. automobile liability coverage if any **insured** has a drivers license, even if no vehicles are owned; and
6. any other activity or exposure **requiring underlying insurance** as indicated in Item 5 of the Declarations.

If:

1. the **required underlying insurance** has not been maintained; or
2. the insurer providing the **required underlying insurance** is or becomes bankrupt or insolvent; or
3. underlying insurance has been denied for an **insured's** failure to comply with policy conditions

we will still provide the coverages described in this policy. However, the **insured** will be responsible for payment of damages up to the limits of the **required underlying insurance**. This policy applies as if the **required underlying insurance** had been maintained or if the insurer providing **required underlying insurance** was solvent.

If there is no underlying insurance requirement for an **occurrence** which is covered under this policy, **we** will pay the amount the **insured** is legally obligated to pay over the **retained limit** up to the **policy limit**.

SUBROGATION

If **we** pay under this policy, an **insured's** rights of recovery against any person or organization responsible for the loss become **ours** up to the amount **we** have paid.

TERMINATION

Cancellation by **you** - If **you** want to cancel this policy, notify **us** in writing of the future date on which **you** want it cancelled. If a refund is due, it will be based on **our** standard short rate table. The premium refund will be sent to **you** as soon as practical after **we** receive **your** notice of cancellation.

Cancellation by **us** - If **we** want to cancel this policy and it has been in effect for less than 60 days and is not a renewal policy with **us**, **we** will send **you** a written notice at least 10 days before it is cancelled. If **we** want to cancel this policy and it has been in effect for 60 days or more or is a renewal policy with **us**, **we** will send **you** a written notice at least 30 days before it is cancelled.

We may mail the cancellation notice to **you** at the last address shown on the policy. **We** and **you** agree that a proof of mailing of this notice is sufficient proof that **you** were properly notified. **We** will keep only the premium for the time the policy was in effect, and **we** will refund any balance.

Any refund due will be sent to **you** as soon as practicable. Coverage ends on the date shown on the written notice, not the date **you** get the premium refund.

Non-renewal by **you** - When **we** offer to renew or continue this policy and **you** do not accept it, coverage will stop at the end of the current policy period. **Your** failure to pay the renewal premium by the due date indicates **your** rejection of **our** renewal offer.

Non-renewal by **us** - If **we** decide not to renew this policy, **we** will send written notice to **you**. **We** will send the notice to the last known address shown on the policy. **We** and **you** agree that the mailing of this notice is proof that **you** were properly notified.

Other termination provisions - **We** will comply with the laws in **your** state which:

1. require a specific notice period;
2. require a special type of mailing requirement; or
3. impose restrictions on the reasons for cancellations or non-renewal.

WAIVER OF POLICY PROVISIONS

No changes can be made to any part of this policy except by written endorsement issued by **us**.

WHEN LOSS IS PAYABLE

We will make or tender payment for any **occurrence** covered by this policy after:

1. a judgment has been resolved by judicial proceeding; or
2. a settlement has been reached by agreement between the person making the claim and **us**;
3. other actions **we** deem appropriate; and
4. the limits of the **required underlying insurance** have been paid or tendered; and
5. the applicable limits of any other insurance or bonds available to an **insured** have been paid or tendered.