

NOTICE TO POLICYHOLDERS

FRAUD NOTICE

Alabama	Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or who knowingly presents false information in an application for insurance is guilty of a crime and may be subject to restitution fines or confinement in prison, or any combination thereof.
Arkansas	Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.
Colorado	It is unlawful to knowingly provide false, incomplete, or misleading facts or information to an insurance company for the purpose of defrauding or attempting to defraud the company. Penalties may include imprisonment, fines, denial of insurance, and civil damages. Any insurance company or agent of an insurance company who knowingly provides false, incomplete, or misleading facts or information to a policyholder or claimant for the purpose of defrauding or attempting to defraud the policyholder or claimant with regard to a settlement or award payable from insurance proceeds shall be reported to the Colorado Division of Insurance within the Department of Regulatory Agencies.
District of Columbia	WARNING: It is a crime to provide false or misleading information to an insurer for the purpose of defrauding the insurer or any other person. Penalties include imprisonment and/or fines. In addition, an insurer may deny insurance benefits if false information materially related to a claim was provided by the applicant.
Florida	Any person who knowingly and with intent to injure, defraud, or deceive any insurer files a statement of claim or an application containing any false, incomplete, or misleading information is guilty of a felony of the third degree.
Kansas	A "fraudulent insurance act" means an act committed by any person who, knowingly and with intent to defraud, presents, causes to be presented or prepares with knowledge or belief that it will be presented to or by an insurer, purported insurer, broker or any agent thereof, any written, electronic, electronic impulse, facsimile, magnetic, oral, or telephonic communication or statement as part of, or in support of, an application for the issuance of, or the rating of an insurance policy for personal or commercial insurance, or a claim for payment or other benefit pursuant to an insurance policy for commercial or personal insurance which such person knows to contain materially false information concerning any fact material thereto; or conceals, for the purpose of misleading, information concerning any fact material thereto.
Kentucky	Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance containing any materially false information or conceals, for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime.
Louisiana	Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.
Maine	It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties may include imprisonment, fines, or denial of insurance benefits.
Maryland	Any person who knowingly or willfully presents a false or fraudulent claim for payment of a loss or benefit or who knowingly or willfully presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.
New Jersey	Any person who includes any false or misleading information on an application for an insurance policy is subject to criminal and civil penalties.

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New Mexico	ANY PERSON WHO KNOWINGLY PRESENTS A FALSE OR FRAUDULENT CLAIM FOR PAYMENT OF A LOSS OR BENEFIT OR KNOWINGLY PRESENTS FALSE INFORMATION IN AN APPLICATION FOR INSURANCE IS GUILTY OF A CRIME AND MAY BE SUBJECT TO CIVIL FINES AND CRIMINAL PENALTIES.
New York	General: All applications for commercial insurance, other than automobile insurance: Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime, and shall also be subject to a civil penalty not to exceed five thousand dollars and the stated value of the claim for each such violation. All applications for automobile insurance and all claim forms: Any person who knowingly makes or knowingly assists, abets, solicits or conspires with another to make a false report of the theft, destruction, damage or conversion of any motor vehicle to a law enforcement agency, the department of motor vehicles or an insurance company, commits a fraudulent insurance act, which is a crime, and shall also be subject to a civil penalty not to exceed five thousand dollars and the value of the subject motor vehicle or stated claim for each violation. Fire: Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance containing any false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime. The proposed insured affirms that the foregoing information is true and agrees that these applications shall constitute a part of any policy issued whether attached or not and that any willful concealment or misrepresentation of a material fact or circumstances shall be grounds to rescind the insurance policy.
Ohio	Any person who, with intent to defraud or knowing that he is facilitating a fraud against an insurer, submits an application or files a claim containing a false or deceptive statement is guilty of insurance fraud.
Oklahoma	WARNING: Any person who knowingly, and with intent to injure, defraud or deceive any insurer, makes any claim for the proceeds of an insurance policy containing any false, incomplete or misleading information is guilty of a felony. WARNING: All Workers Compensation Insurance: Any person or entity who makes any material false statement or representation, who willfully and knowingly omits or conceals any material information, or who employs any device, scheme, or artifice, or who aids and abets any person for the purpose of: 1. obtaining any benefit or payment, 2. increasing any claim for benefit or payment, or 3. obtaining workers' compensation coverage under this act, shall be guilty of a felony punishable pursuant to Section 1663 of Title 21 of the Oklahoma Statutes.
Pennsylvania	Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties. Automobile Insurance: Any person who knowingly and with intent to injure or defraud any insurer files an application or claim containing any false, incomplete or misleading information shall, upon conviction, be subject to imprisonment for up to seven years and the payment of a fine of up to \$15,000.

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Puerto Rico	Any person who knowingly and with the intention of defrauding presents false information in an insurance application, or presents, helps, or causes the presentation of a fraudulent claim for the payment of a loss or any other benefit, or presents more than one claim for the same damage or loss, shall incur a felony and, upon conviction, shall be sanctioned for each violation by a fine of not less than five thousand dollars (\$5,000) and not more than ten thousand dollars (\$10,000), or a fixed term of imprisonment for three (3) years, or both penalties. Should aggravating circumstances [be] present, the penalty thus established may be increased to a maximum of five (5) years, if extenuating circumstances are present, it may be reduced to a minimum of two (2) years.
Rhode Island	Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.
Tennessee	It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits. Workers' Compensation: It is a crime to knowingly provide false, incomplete or misleading information to any party to a workers' compensation transaction for the purpose of committing fraud. Penalties include imprisonment, fines and denial of insurance benefits.
Utah	Workers' Compensation: Any person who knowingly presents false or fraudulent underwriting information, files or causes to be filed a false or fraudulent claim for disability compensation or medical benefits, or submits a false or fraudulent report or billing for health care fees or other professional services is guilty of a crime and may be subject to fines and confinement in state prison.
Virginia	It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.
Washington	It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.
West Virginia	Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.
All Other States	Any person who knowingly and willfully presents false information in an application for insurance may be guilty of insurance fraud and subject to fines and confinement in prison. (In Oregon, the aforementioned actions may constitute a fraudulent insurance act which may be a crime and may subject the person to penalties).

NOTICE TO POLICYHOLDERS

U.S. TREASURY DEPARTMENT'S OFFICE OF FOREIGN ASSETS CONTROL ("OFAC")

No coverage is provided by this Policyholder Notice nor can it be construed to replace any provisions of your policy. You should read your policy and review your Declarations page for complete information on the coverages you are provided.

This Policyholder Notice provides information concerning possible impact on your insurance coverage due to the impact of U.S. Trade Sanctions¹. Please read this Policyholder Notice carefully.

In accordance with the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") regulations, or any other U.S. Trade Sanctions embargoes or export controls applied by any regulatory body, if it is determined that you or any other insured, or any person or entity claiming the benefits of this insurance has violated U.S. sanctions, embargoes or export controls law, is a Specially Designated National and Blocked Person ("SDN"), or is owned or controlled by an SDN, this insurance will be considered a blocked or frozen contract. When an insurance policy is considered to be such a blocked or frozen contract, neither payments nor premium refunds may be made without authorization from OFAC or the applicable regulator. Other limitations on the premiums and payments also apply.

¹ "U.S Trade Sanctions" may be promulgated by Executive Order, act of Congress, regulations from the U.S. Departments of State, Treasury, or Commerce, regulations from the State Insurance Departments, etc.

NOTICE TO POLICYHOLDERS

CLAIMS NOTICE

All claims must be reported to Transverse Specialty Insurance Company at:

Lumen Risk Services, LLC
3131 McKinney Ave, Suite 150
Dallas, TX 75204

Email: claims@lumenrisk.com

SURPLUS LINES DISCLOSURE STATEMENT

NOTICE: THIS CONTRACT IS DELIVERED AS A SURPLUS LINE COVERAGE UNDER THE 'NONADMITTED INSURANCE ACT'. THE INSURER ISSUING THIS CONTRACT IS NOT LICENSED IN COLORADO BUT IS AN ELIGIBLE NONADMITTED INSURER. THERE IS NO PROTECTION UNDER THE PROVISIONS OF THE COLORADO INSURANCE GUARANTY ASSOCIATION ACT.

Transverse Specialty Insurance Company

COMMON POLICY DECLARATIONS

Transverse Specialty Insurance Company,
(herein called the "Company")
Regulatory Office Address:
15 Independence Blvd, Suite 430
Warren, NJ 07059

Administrative Office:
Lumen Risk Services, LLC
3131 McKinney Ave, Suite 150
Dallas, TX 75204

Policy Number:

TSLUPR1000305-00

Named Insured & Mailing Address:

Jasmine Estates Homeowners Association, Inc.
1499 W 121st Ave # 100, Westminster, CO, 80234

Policy Period:

11/16/2023 to 11/16/2024

AT 12:01 A.M. STANDARD TIME AT YOUR MAILING ADDRESS SHOWN ABOVE

Business Description:

Commercial Property

IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF THE POLICY, THE COMPANY AGREES WITH THE NAMED INSURED TO PROVIDE THE INSURANCE AS STATED IN THIS POLICY. THIS POLICY SUPERSEDES ANY PREVIOUS POLICY BEARING THE SAME POLICY NUMBER AND POLICY PERIOD.

THIS POLICY CONSISTS OF THE FOLLOWING COVERAGE PARTS:

	PREMIUM
Commercial Property	\$122,674.51
TRIA	<u>\$2,453.49</u>
Total	\$125,128.00

Premium shown is payable at inception of policy.

25% Minimum Earned Premium at inception – no flat cancellations.

Coinsurance - Nil

Forms Applicable to All Coverage Parts:

See schedule of Forms and Endorsements

Mortgagee(s) & Loss Payee(s) & Additional Named Insured(s):

See Schedule of Additional Interests

Total Insurable Values:

See Schedule of Insured Locations

“**Total Insurable Values**” or “**TIV**” means the sum of the Business Income / Extra Expense value and the full replacement cost value of the Named Insured’s covered Building, Business Personal Property and any other insured property at an Insured Location, as scheduled in the Schedule of Insured Locations.

Deductibles:

See Schedule of Insured Locations

Covered Causes of Loss:

Special Form CP 10 30

Optional Coverages:

Agreed Value: Not applicable

Inflation Guard: Not applicable

Replacement Cost: Yes, subject to the terms and conditions of the Policy and endorsements

Replacement Cost—Personal Property of Others: Not applicable

Maximum Period of Indemnity: Not applicable

Monthly Limit of Indemnity: Not applicable

Business Income Agreed Value: Not applicable

Extended Period of Indemnity: Yes – 180 day

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMENDMENT – SERVICE OF SUIT

With respect to the coverage provided by Transverse Specialty Insurance Company, the following provisions shall apply:

Service of Suit

Pursuant to any statute of any state, territory or district of the United States, which makes provision therefor, Transverse Specialty Insurance Company hereby designates the Superintendent, Commissioner or Director of Insurance, or other officer specified for that purpose in the statute, or his successor or successors in office, as their true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the insured or any beneficiary hereunder arising out of this policy, and hereby designates Corporate Secretary, Transverse Specialty Insurance Company located at 15 Independence Blvd., Suite 430, Warren, NJ 07059 to whom the said state officer is authorized to mail such process or true copy thereof.

All other terms and conditions of the policy remain unchanged.

IN WITNESS WHEREOF, the Company has caused this policy to be signed by its Chief Executive Officer and Assistant Corporate Secretary, and where required by law, has caused this policy to be countersigned by a duly authorized representative.

A handwritten signature in dark ink, appearing to read "C. W. B.", followed by a long horizontal line extending to the right.A handwritten signature in dark ink, appearing to read "John A. Deman", written in a cursive style.

SCHEDULE OF INSURED LOCATIONS

Please note the abbreviations below – **BI/EE**: Business Income (Rental Income) and Extra Expense; **BPP**: Business Personal Property; **TIV**: Total Insurable Value

Insured Location: Jasmine Estates • 12068 Krameria Ct • Brighton, CO 80602

Rate: \$0.38 per \$100 of TIV

Scheduled Values		Cause of Loss	Covered		Deductible	Sublimit (if applicable)
			Yes	No		
Building	\$31,828,461	Water Damage	x		\$25,000	
BI/EE	\$0	All Other Perils	x		\$25,000	
BPP	\$25,000	Wind & Hail	x		5% of TIV	
Other	\$260,000	Named Storm	x		5% of TIV	
TIV	\$32,113,461	Flood		x	Peril Excluded	Peril Excluded
		Earthquake		x	Peril Excluded	Peril Excluded

SCHEDULE OF ADDITIONAL INTERESTS

Named Insured: Jasmine Estates Homeowners Association, Inc.

Policy Number: TSLUPR1000305-00

Effective Date: 11/16/2023

Additional Named Insured:

If blank, additional named insured info has not been provided to the carrier.

Mortgagee/Loss Payee:

If blank, mortgagee/loss payee info has not been provided to the carrier

SCHEDULE OF FORMS AND ENDORSEMENTS

LR 01 50 12 19	Common Policy Declarations
LR 01 55 12 19	Schedule of Insured Locations
LR 01 60 12 19	Schedule of Forms and Endorsements
IL 00 17 11 98	Common Policy Conditions
CP 00 90 07 88	Commercial Property Conditions
CP 00 10 10 12	Building and Personal Property Coverage Form
CP 00 30 10 12	Business Income (and Extra Expense) Coverage Form
CP 10 30 09 17	Causes of Loss – Special Form
CP 12 70 09 96	Joint or Disputed Loss Agreement
LR 01 00 12 19	Lumen Risk Property Endorsement
LR 01 30 02 21	Equipment Breakdown Coverage
CP 10 75 12 20	Cyber Incident Exclusion
LR 01 01 12 19	Windstorm/Hail Loss Reporting Endorsement
LR 01 02 12 19	Windstorm/Hail Roof Loss GCOP Endorsement
LR 01 03 12 19	Green Measures Sublimit Endorsement
LR 01 04 12 19	Protective Safeguard Endorsement
LR 01 05 12 19	Wind Driven Precipitation Endorsement
CP 12 18 10 12	Loss Payable Provisions
IL 09 85 01 15	Disclosure Pursuant to Terrorism Risk Insurance Act
IL 09 52 01 15	Cap on Losses from Certified Acts of Terrorism
IL 09 35 07 02	Exclusion of Certain Computer-Related Losses
LR 01 06 03 20	Exclusion of Loss Due to Virus or Bacteria

COMMON POLICY CONDITIONS

All Coverage Parts included in this policy are subject to the following conditions.

A. Cancellation

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
 - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

B. Changes

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

C. Examination Of Your Books And Records

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

D. Inspections And Surveys

1. We have the right to:
 - a. Make inspections and surveys at any time;

- b. Give you reports on the conditions we find; and
- c. Recommend changes.

2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
 - a. Are safe or healthful; or
 - b. Comply with laws, regulations, codes or standards.

3. Paragraphs 1. and 2. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

4. Paragraph 2. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

E. Premiums

The first Named Insured shown in the Declarations:

1. Is responsible for the payment of all premiums; and
2. Will be the payee for any return premiums we pay.

F. Transfer Of Your Rights And Duties Under This Policy

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual named insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

COMMERCIAL PROPERTY CONDITIONS

This Coverage Part is subject to the following conditions, the Common Policy Conditions and applicable Loss Conditions and Additional Conditions in Commercial Property Coverage Forms.

A. CONCEALMENT, MISREPRESENTATION OR FRAUD

This Coverage Part is void in any case of fraud by you as it relates to this Coverage Part at any time. It is also void if you or any other insured, at any time, intentionally conceal or misrepresent a material fact concerning:

1. This Coverage Part;
2. The Covered Property;
3. Your interest in the Covered Property; or
4. A claim under this Coverage Part.

B. CONTROL OF PROPERTY

Any act or neglect of any person other than you beyond your direction or control will not affect this insurance.

The breach of any condition of this Coverage Part at any one or more locations will not affect coverage at any location where, at the time of loss or damage, the breach of condition does not exist.

C. INSURANCE UNDER TWO OR MORE COVERAGES

If two or more of this policy's coverages apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage.

D. LEGAL ACTION AGAINST US

No one may bring a legal action against us under this Coverage Part unless:

1. There has been full compliance with all of the terms of this Coverage Part; and
2. The action is brought within 2 years after the date on which the direct physical loss or damage occurred.

E. LIBERALIZATION

If we adopt any revision that would broaden the coverage under this Coverage Part without additional premium within 45 days prior to or during the policy period, the broadened coverage will immediately apply to this Coverage Part.

F. NO BENEFIT TO BAILEE

No person or organization, other than you, having custody of Covered Property will benefit from this insurance.

G. OTHER INSURANCE

1. You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this Coverage Part. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limit of Insurance under this Coverage Part bears to the Limits of Insurance of all insurance covering on the same basis.
2. If there is other insurance covering the same loss or damage, other than that described in 1. above, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.

H. POLICY PERIOD, COVERAGE TERRITORY

Under this Coverage Part:

1. We cover loss or damage commencing:
 - a. During the policy period shown in the Declarations; and
 - b. Within the coverage territory.
2. The coverage territory is:
 - a. The United States of America (including its territories and possessions);
 - b. Puerto Rico; and
 - c. Canada.

I. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

If any person or organization to or for whom we make payment under this Coverage Part has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:

1. Prior to a loss to your Covered Property or Covered Income.
2. After a loss to your Covered Property or Covered Income only if, at time of loss, that party is one of the following:
 - a. Someone insured by this insurance;
 - b. A business firm:
 - (1) Owned or controlled by you; or
 - (2) That owns or controls you; or
 - c. Your tenant.

This will not restrict your insurance.

BUILDING AND PERSONAL PROPERTY COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy, the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section H. Definitions.

A. Coverage

We will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss.

1. Covered Property

Covered Property, as used in this Coverage Part, means the type of property described in this section, **A.1.**, and limited in **A.2.** Property Not Covered, if a Limit Of Insurance is shown in the Declarations for that type of property.

a. Building, meaning the building or structure described in the Declarations, including:

- (1) Completed additions;
- (2) Fixtures, including outdoor fixtures;
- (3) Permanently installed:
 - (a) Machinery; and
 - (b) Equipment;
- (4) Personal property owned by you that is used to maintain or service the building or structure or its premises, including:
 - (a) Fire-extinguishing equipment;
 - (b) Outdoor furniture;
 - (c) Floor coverings; and
 - (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;
- (5) If not covered by other insurance:
 - (a) Additions under construction, alterations and repairs to the building or structure;
 - (b) Materials, equipment, supplies and temporary structures, on or within 100 feet of the described premises, used for making additions, alterations or repairs to the building or structure.

b. Your Business Personal Property consists of the following property located in or on the building or structure described in the Declarations or in the open (or in a vehicle) within 100 feet of the building or structure or within 100 feet of the premises described in the Declarations, whichever distance is greater:

- (1) Furniture and fixtures;
- (2) Machinery and equipment;
- (3) "Stock";
- (4) All other personal property owned by you and used in your business;
- (5) Labor, materials or services furnished or arranged by you on personal property of others;
- (6) Your use interest as tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:
 - (a) Made a part of the building or structure you occupy but do not own; and
 - (b) You acquired or made at your expense but cannot legally remove;
- (7) Leased personal property for which you have a contractual responsibility to insure, unless otherwise provided for under Personal Property Of Others.

c. Personal Property Of Others that is:

- (1) In your care, custody or control; and
- (2) Located in or on the building or structure described in the Declarations or in the open (or in a vehicle) within 100 feet of the building or structure or within 100 feet of the premises described in the Declarations, whichever distance is greater.

However, our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

2. Property Not Covered

Covered Property does not include:

- a. Accounts, bills, currency, food stamps or other evidences of debt, money, notes or securities. Lottery tickets held for sale are not securities;
 - b. Animals, unless owned by others and boarded by you, or if owned by you, only as "stock" while inside of buildings;
 - c. Automobiles held for sale;
 - d. Bridges, roadways, walks, patios or other paved surfaces;
 - e. Contraband, or property in the course of illegal transportation or trade;
 - f. The cost of excavations, grading, backfilling or filling;
 - g. Foundations of buildings, structures, machinery or boilers if their foundations are below:
 - (1) The lowest basement floor; or
 - (2) The surface of the ground, if there is no basement;
 - h. Land (including land on which the property is located), water, growing crops or lawns (other than lawns which are part of a vegetated roof);
 - i. Personal property while airborne or waterborne;
 - j. Bulkheads, pilings, piers, wharves or docks;
 - k. Property that is covered under another coverage form of this or any other policy in which it is more specifically described, except for the excess of the amount due (whether you can collect on it or not) from that other insurance;
 - l. Retaining walls that are not part of a building;
 - m. Underground pipes, flues or drains;
 - n. Electronic data, except as provided under the Additional Coverage, Electronic Data. Electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data. This paragraph, n., does not apply to your "stock" of prepackaged software, or to electronic data which is integrated in and operates or controls the building's elevator, lighting, heating, ventilation, air conditioning or security system;
 - o. The cost to replace or restore the information on valuable papers and records, including those which exist as electronic data. Valuable papers and records include but are not limited to proprietary information, books of account, deeds, manuscripts, abstracts, drawings and card index systems. Refer to the Coverage Extension for Valuable Papers And Records (Other Than Electronic Data) for limited coverage for valuable papers and records other than those which exist as electronic data;
 - p. Vehicles or self-propelled machines (including aircraft or watercraft) that:
 - (1) Are licensed for use on public roads; or
 - (2) Are operated principally away from the described premises.
- This paragraph does not apply to:
- (a) Vehicles or self-propelled machines or autos you manufacture, process or warehouse;

- (b) Vehicles or self-propelled machines, other than autos, you hold for sale;
 - (c) Rowboats or canoes out of water at the described premises; or
 - (d) Trailers, but only to the extent provided for in the Coverage Extension for Non-owned Detached Trailers; or
- q. The following property while outside of buildings:
- (1) Grain, hay, straw or other crops;
 - (2) Fences, radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers, trees, shrubs or plants (other than trees, shrubs or plants which are "stock" or are part of a vegetated roof), all except as provided in the Coverage Extensions.

3. Covered Causes Of Loss

See applicable Causes Of Loss form as shown in the Declarations.

4. Additional Coverages

a. Debris Removal

- (1) Subject to Paragraphs (2), (3) and (4), we will pay your expense to remove debris of Covered Property and other debris that is on the described premises, when such debris is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.
- (2) Debris Removal does not apply to costs to:
 - (a) Remove debris of property of yours that is not insured under this policy, or property in your possession that is not Covered Property;
 - (b) Remove debris of property owned by or leased to the landlord of the building where your described premises are located, unless you have a contractual responsibility to insure such property and it is insured under this policy;
 - (c) Remove any property that is Property Not Covered, including property addressed under the Outdoor Property Coverage Extension;

- (d) Remove property of others of a type that would not be Covered Property under this Coverage Form;
 - (e) Remove deposits of mud or earth from the grounds of the described premises;
 - (f) Extract "pollutants" from land or water; or
 - (g) Remove, restore or replace polluted land or water.
- (3) Subject to the exceptions in Paragraph (4), the following provisions apply:
- (a) The most we will pay for the total of direct physical loss or damage plus debris removal expense is the Limit of Insurance applicable to the Covered Property that has sustained loss or damage.
 - (b) Subject to (a) above, the amount we will pay for debris removal expense is limited to 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage. However, if no Covered Property has sustained direct physical loss or damage, the most we will pay for removal of debris of other property (if such removal is covered under this Additional Coverage) is \$5,000 at each location.
- (4) We will pay up to an additional \$25,000 for debris removal expense, for each location, in any one occurrence of physical loss or damage to Covered Property, if one or both of the following circumstances apply:
- (a) The total of the actual debris removal expense plus the amount we pay for direct physical loss or damage exceeds the Limit of Insurance on the Covered Property that has sustained loss or damage.
 - (b) The actual debris removal expense exceeds 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

Therefore, if (4)(a) and/or (4)(b) applies, our total payment for direct physical loss or damage and debris removal expense may reach but will never exceed the Limit of Insurance on the Covered Property that has sustained loss or damage, plus \$25,000.

(5) Examples

The following examples assume that there is no Coinsurance penalty.

Example 1

Limit of Insurance:	\$ 90,000
Amount of Deductible:	\$ 500
Amount of Loss:	\$ 50,000
Amount of Loss Payable:	\$ 49,500
	(\$50,000 – \$500)
Debris Removal Expense:	\$ 10,000
Debris Removal Expense Payable:	\$ 10,000
	(\$10,000 is 20% of \$50,000.)

The debris removal expense is less than 25% of the sum of the loss payable plus the deductible. The sum of the loss payable and the debris removal expense (\$49,500 + \$10,000 = \$59,500) is less than the Limit of Insurance. Therefore, the full amount of debris removal expense is payable in accordance with the terms of Paragraph (3).

Example 2

Limit of Insurance:	\$ 90,000
Amount of Deductible:	\$ 500
Amount of Loss:	\$ 80,000
Amount of Loss Payable:	\$ 79,500
	(\$80,000 – \$500)
Debris Removal Expense:	\$ 40,000
Debris Removal Expense Payable	
Basic Amount:	\$ 10,500
Additional Amount:	\$ 25,000

The basic amount payable for debris removal expense under the terms of Paragraph (3) is calculated as follows: \$80,000 (\$79,500 + \$500) x .25 = \$20,000, capped at \$10,500. The cap applies because the sum of the loss payable (\$79,500) and the basic amount payable for debris removal expense (\$10,500) cannot exceed the Limit of Insurance (\$90,000).

The additional amount payable for debris removal expense is provided in accordance with the terms of Paragraph (4), because the debris removal expense (\$40,000) exceeds 25% of the loss payable plus the deductible (\$40,000 is 50% of \$80,000), and because the sum of the loss payable and debris removal expense (\$79,500 + \$40,000 = \$119,500) would exceed the Limit of Insurance (\$90,000). The additional amount of covered debris removal expense is \$25,000, the maximum payable under Paragraph (4). Thus, the total payable for debris removal expense in this example is \$35,500; \$4,500 of the debris removal expense is not covered.

b. Preservation Of Property

If it is necessary to move Covered Property from the described premises to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any direct physical loss or damage to that property:

- (1) While it is being moved or while temporarily stored at another location; and
- (2) Only if the loss or damage occurs within 30 days after the property is first moved.

c. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$1,000 for service at each premises described in the Declarations, unless a higher limit is shown in the Declarations. Such limit is the most we will pay regardless of the number of responding fire departments or fire units, and regardless of the number or type of services performed.

This Additional Coverage applies to your liability for fire department service charges:

- (1) Assumed by contract or agreement prior to loss; or
- (2) Required by local ordinance.

No Deductible applies to this Additional Coverage.

d. Pollutant Clean-up And Removal

We will pay your expense to extract "pollutants" from land or water at the described premises if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which the Covered Cause of Loss occurs.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants". But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.

The most we will pay under this Additional Coverage for each described premises is \$10,000 for the sum of all covered expenses arising out of Covered Causes of Loss occurring during each separate 12- month period of this policy.

e. Increased Cost Of Construction

- (1) This Additional Coverage applies only to buildings to which the Replacement Cost Optional Coverage applies.
- (2) In the event of damage by a Covered Cause of Loss to a building that is Covered Property, we will pay the increased costs incurred to comply with the minimum standards of an ordinance or law in the course of repair, rebuilding or replacement of damaged parts of that property, subject to the limitations stated in **e.(3)** through **e.(9)** of this Additional Coverage.
- (3) The ordinance or law referred to in **e.(2)** of this Additional Coverage is an ordinance or law that regulates the construction or repair of buildings or establishes zoning or land use requirements at the described premises and is in force at the time of loss.
- (4) Under this Additional Coverage, we will not pay any costs due to an ordinance or law that:
 - (a) You were required to comply with before the loss, even when the building was undamaged; and
 - (b) You failed to comply with.

- (5) Under this Additional Coverage, we will not pay for:

- (a) The enforcement of or compliance with any ordinance or law which requires demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria; or
 - (b) Any costs associated with the enforcement of or compliance with an ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungus", wet or dry rot or bacteria.
- (6) The most we will pay under this Additional Coverage, for each described building insured under this Coverage Form, is \$10,000 or 5% of the Limit of Insurance applicable to that building, whichever is less. If a damaged building is covered under a blanket Limit of Insurance which applies to more than one building or item of property, then the most we will pay under this Additional Coverage, for that damaged building, is the lesser of \$10,000 or 5% times the value of the damaged building as of the time of loss times the applicable Coinsurance percentage.
- The amount payable under this Additional Coverage is additional insurance.
- (7) With respect to this Additional Coverage:
- (a) We will not pay for the Increased Cost of Construction:
 - (i) Until the property is actually repaired or replaced at the same or another premises; and
 - (ii) Unless the repair or replacement is made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.

- (b) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the Increased Cost of Construction, subject to the provisions of **e.(6)** of this Additional Coverage, is the increased cost of construction at the same premises.
- (c) If the ordinance or law requires relocation to another premises, the most we will pay for the Increased Cost of Construction, subject to the provisions of **e.(6)** of this Additional Coverage, is the increased cost of construction at the new premises.
- (8) This Additional Coverage is not subject to the terms of the Ordinance Or Law Exclusion to the extent that such Exclusion would conflict with the provisions of this Additional Coverage.
- (9) The costs addressed in the Loss Payment and Valuation Conditions and the Replacement Cost Optional Coverage, in this Coverage Form, do not include the increased cost attributable to enforcement of or compliance with an ordinance or law. The amount payable under this Additional Coverage, as stated in **e.(6)** of this Additional Coverage, is not subject to such limitation.

f. Electronic Data

- (1) Under this Additional Coverage, electronic data has the meaning described under Property Not Covered, Electronic Data. This Additional Coverage does not apply to your "stock" of prepackaged software, or to electronic data which is integrated in and operates or controls the building's elevator, lighting, heating, ventilation, air conditioning or security system.
- (2) Subject to the provisions of this Additional Coverage, we will pay for the cost to replace or restore electronic data which has been destroyed or corrupted by a Covered Cause of Loss. To the extent that electronic data is not replaced or restored, the loss will be valued at the cost of replacement of the media on which the electronic data was stored, with blank media of substantially identical type.

- (3) The Covered Causes of Loss applicable to Your Business Personal Property apply to this Additional Coverage, Electronic Data, subject to the following:
 - (a) If the Causes of Loss – Special Form applies, coverage under this Additional Coverage, Electronic Data, is limited to the "specified causes of loss" as defined in that form and Collapse as set forth in that form.
 - (b) If the Causes Of Loss – Broad Form applies, coverage under this Additional Coverage, Electronic Data, includes Collapse as set forth in that form.
 - (c) If the Causes Of Loss form is endorsed to add a Covered Cause of Loss, the additional Covered Cause of Loss does not apply to the coverage provided under this Additional Coverage, Electronic Data.
 - (d) The Covered Causes of Loss include a virus, harmful code or similar instruction introduced into or enacted on a computer system (including electronic data) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for loss or damage caused by or resulting from manipulation of a computer system (including electronic data) by any employee, including a temporary or leased employee, or by an entity retained by you or for you to inspect, design, install, modify, maintain, repair or replace that system.

- (4) The most we will pay under this Additional Coverage, Electronic Data, is \$2,500 (unless a higher limit is shown in the Declarations) for all loss or damage sustained in any one policy year, regardless of the number of occurrences of loss or damage or the number of premises, locations or computer systems involved. If loss payment on the first occurrence does not exhaust this amount, then the balance is available for subsequent loss or damage sustained in but not after that policy year. With respect to an occurrence which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began.

5. Coverage Extensions

Except as otherwise provided, the following Extensions apply to property located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises.

If a Coinsurance percentage of 80% or more, or a Value Reporting period symbol, is shown in the Declarations, you may extend the insurance provided by this Coverage Part as follows:

a. Newly Acquired Or Constructed Property

(1) Buildings

If this policy covers Building, you may extend that insurance to apply to:

- (a) Your new buildings while being built on the described premises; and
- (b) Buildings you acquire at locations, other than the described premises, intended for:
 - (i) Similar use as the building described in the Declarations; or
 - (ii) Use as a warehouse.

The most we will pay for loss or damage under this Extension is \$250,000 at each building.

(2) Your Business Personal Property

- (a) If this policy covers Your Business Personal Property, you may extend that insurance to apply to:
 - (i) Business personal property, including such property that you newly acquire, at any location you acquire other than at fairs, trade shows or exhibitions; or
 - (ii) Business personal property, including such property that you newly acquire, located at your newly constructed or acquired buildings at the location described in the Declarations.

The most we will pay for loss or damage under this Extension is \$100,000 at each building.

- (b) This Extension does not apply to:
 - (i) Personal property of others that is temporarily in your possession in the course of installing or performing work on such property; or
 - (ii) Personal property of others that is temporarily in your possession in the course of your manufacturing or wholesaling activities.

(3) Period Of Coverage

With respect to insurance provided under this Coverage Extension for Newly Acquired Or Constructed Property, coverage will end when any of the following first occurs:

- (a) This policy expires;
- (b) 30 days expire after you acquire the property or begin construction of that part of the building that would qualify as covered property; or
- (c) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property or begin construction of that part of the building that would qualify as covered property.

b. Personal Effects And Property Of Others

You may extend the insurance that applies to Your Business Personal Property to apply to:

- (1) Personal effects owned by you, your officers, your partners or members, your managers or your employees. This Extension does not apply to loss or damage by theft.
- (2) Personal property of others in your care, custody or control.

The most we will pay for loss or damage under this Extension is \$2,500 at each described premises. Our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

c. Valuable Papers And Records (Other Than Electronic Data)

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to the cost to replace or restore the lost information on valuable papers and records for which duplicates do not exist. But this Extension does not apply to valuable papers and records which exist as electronic data. Electronic data has the meaning described under Property Not Covered, Electronic Data.
- (2) If the Causes Of Loss – Special Form applies, coverage under this Extension is limited to the "specified causes of loss" as defined in that form and Collapse as set forth in that form.
- (3) If the Causes Of Loss – Broad Form applies, coverage under this Extension includes Collapse as set forth in that form.
- (4) Under this Extension, the most we will pay to replace or restore the lost information is \$2,500 at each described premises, unless a higher limit is shown in the Declarations. Such amount is additional insurance. We will also pay for the cost of blank material for reproducing the records (whether or not duplicates exist) and (when there is a duplicate) for the cost of labor to transcribe or copy the records. The costs of blank material and labor are subject to the applicable Limit of Insurance on Your Business Personal Property and, therefore, coverage of such costs is not additional insurance.

d. Property Off-premises

- (1) You may extend the insurance provided by this Coverage Form to apply to your Covered Property while it is away from the described premises, if it is:
 - (a) Temporarily at a location you do not own, lease or operate;
 - (b) In storage at a location you lease, provided the lease was executed after the beginning of the current policy term; or
 - (c) At any fair, trade show or exhibition.
- (2) This Extension does not apply to property:
 - (a) In or on a vehicle; or
 - (b) In the care, custody or control of your salespersons, unless the property is in such care, custody or control at a fair, trade show or exhibition.
- (3) The most we will pay for loss or damage under this Extension is \$10,000.

e. Outdoor Property

You may extend the insurance provided by this Coverage Form to apply to your outdoor fences, radio and television antennas (including satellite dishes), trees, shrubs and plants (other than trees, shrubs or plants which are "stock" or are part of a vegetated roof), including debris removal expense, caused by or resulting from any of the following causes of loss if they are Covered Causes of Loss:

- (1) Fire;
- (2) Lightning;
- (3) Explosion;
- (4) Riot or Civil Commotion; or
- (5) Aircraft.

The most we will pay for loss or damage under this Extension is \$1,000, but not more than \$250 for any one tree, shrub or plant. These limits apply to any one occurrence, regardless of the types or number of items lost or damaged in that occurrence.

Subject to all aforementioned terms and limitations of coverage, this Coverage Extension includes the expense of removing from the described premises the debris of trees, shrubs and plants which are the property of others, except in the situation in which you are a tenant and such property is owned by the landlord of the described premises.

f. Non-owned Detached Trailers

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to loss or damage to trailers that you do not own, provided that:
 - (a) The trailer is used in your business;
 - (b) The trailer is in your care, custody or control at the premises described in the Declarations; and
 - (c) You have a contractual responsibility to pay for loss or damage to the trailer.
- (2) We will not pay for any loss or damage that occurs:
 - (a) While the trailer is attached to any motor vehicle or motorized conveyance, whether or not the motor vehicle or motorized conveyance is in motion;
 - (b) During hitching or unhitching operations, or when a trailer becomes accidentally unhitched from a motor vehicle or motorized conveyance.
- (3) The most we will pay for loss or damage under this Extension is \$5,000, unless a higher limit is shown in the Declarations.
- (4) This insurance is excess over the amount due (whether you can collect on it or not) from any other insurance covering such property.

g. Business Personal Property Temporarily In Portable Storage Units

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to such property while temporarily stored in a portable storage unit (including a detached trailer) located within 100 feet of the building or structure described in the Declarations or within 100 feet of the premises described in the Declarations, whichever distance is greater.

- (2) If the applicable Covered Causes of Loss form or endorsement contains a limitation or exclusion concerning loss or damage from sand, dust, sleet, snow, ice or rain to property in a structure, such limitation or exclusion also applies to property in a portable storage unit.

(3) Coverage under this Extension:

- (a) Will end 90 days after the business personal property has been placed in the storage unit;
 - (b) Does not apply if the storage unit itself has been in use at the described premises for more than 90 consecutive days, even if the business personal property has been stored there for 90 or fewer days as of the time of loss or damage.
- (4) Under this Extension, the most we will pay for the total of all loss or damage to business personal property is \$10,000 (unless a higher limit is indicated in the Declarations for such Extension) regardless of the number of storage units. Such limit is part of, not in addition to, the applicable Limit of Insurance on Your Business Personal Property. Therefore, payment under this Extension will not increase the applicable Limit of Insurance on Your Business Personal Property.
 - (5) This Extension does not apply to loss or damage otherwise covered under this Coverage Form or any endorsement to this Coverage Form or policy, and does not apply to loss or damage to the storage unit itself.

Each of these Extensions is additional insurance unless otherwise indicated. The Additional Condition, Coinsurance, does not apply to these Extensions.

B. Exclusions And Limitations

See applicable Causes Of Loss form as shown in the Declarations.

C. Limits Of Insurance

The most we will pay for loss or damage in any one occurrence is the applicable Limit Of Insurance shown in the Declarations.

The most we will pay for loss or damage to outdoor signs, whether or not the sign is attached to a building, is \$2,500 per sign in any one occurrence.

The amounts of insurance stated in the following Additional Coverages apply in accordance with the terms of such coverages and are separate from the Limit(s) Of Insurance shown in the Declarations for any other coverage:

1. Fire Department Service Charge;
2. Pollutant Clean-up And Removal;
3. Increased Cost Of Construction; and
4. Electronic Data.

Payments under the Preservation Of Property Additional Coverage will not increase the applicable Limit of Insurance.

D. Deductible

In any one occurrence of loss or damage (hereinafter referred to as loss), we will first reduce the amount of loss if required by the Coinsurance Condition or the Agreed Value Optional Coverage. If the adjusted amount of loss is less than or equal to the Deductible, we will not pay for that loss. If the adjusted amount of loss exceeds the Deductible, we will then subtract the Deductible from the adjusted amount of loss and will pay the resulting amount or the Limit of Insurance, whichever is less.

When the occurrence involves loss to more than one item of Covered Property and separate Limits of Insurance apply, the losses will not be combined in determining application of the Deductible. But the Deductible will be applied only once per occurrence.

Example 1

(This example assumes there is no Coinsurance penalty.)

Deductible:	\$ 250
Limit of Insurance – Building 1:	\$ 60,000
Limit of Insurance – Building 2:	\$ 80,000
Loss to Building 1:	\$ 60,100
Loss to Building 2:	\$ 90,000

The amount of loss to Building 1 (\$60,100) is less than the sum (\$60,250) of the Limit of Insurance applicable to Building 1 plus the Deductible.

The Deductible will be subtracted from the amount of loss in calculating the loss payable for Building 1:

$$\begin{array}{r}
 \$ 60,100 \\
 - \quad 250 \\
 \hline
 \$ 59,850 \text{ Loss Payable – Building 1}
 \end{array}$$

The Deductible applies once per occurrence and therefore is not subtracted in determining the amount of loss payable for Building 2. Loss payable for Building 2 is the Limit of Insurance of \$80,000.

Total amount of loss payable:
 $\$59,850 + \$80,000 = \$139,850$

Example 2

(This example, too, assumes there is no Coinsurance penalty.)

The Deductible and Limits of Insurance are the same as those in Example 1.

Loss to Building 1:	\$ 70,000
(Exceeds Limit of Insurance plus Deductible)	
Loss to Building 2:	\$ 90,000
(Exceeds Limit of Insurance plus Deductible)	
Loss Payable – Building 1:	\$ 60,000
(Limit of Insurance)	
Loss Payable – Building 2:	\$ 80,000
(Limit of Insurance)	
Total amount of loss payable:	\$ 140,000

E. Loss Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions:

1. Abandonment

There can be no abandonment of any property to us.

2. Appraisal

If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

3. Duties In The Event Of Loss Or Damage

- a. You must see that the following are done in the event of loss or damage to Covered Property:

- (1) Notify the police if a law may have been broken.

- (2) Give us prompt notice of the loss or damage. Include a description of the property involved.
 - (3) As soon as possible, give us a description of how, when and where the loss or damage occurred.
 - (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.
 - (5) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.
 - (6) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also, permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.
 - (7) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
 - (8) Cooperate with us in the investigation or settlement of the claim.
- b.** We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

4. Loss Payment

- a.** In the event of loss or damage covered by this Coverage Form, at our option, we will either:
 - (1) Pay the value of lost or damaged property;
 - (2) Pay the cost of repairing or replacing the lost or damaged property, subject to **b.** below;
 - (3) Take all or any part of the property at an agreed or appraised value; or
 - (4) Repair, rebuild or replace the property with other property of like kind and quality, subject to **b.** below.

We will determine the value of lost or damaged property, or the cost of its repair or replacement, in accordance with the applicable terms of the Valuation Condition in this Coverage Form or any applicable provision which amends or supersedes the Valuation Condition.
- b.** The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.
- c.** We will give notice of our intentions within 30 days after we receive the sworn proof of loss.
- d.** We will not pay you more than your financial interest in the Covered Property.
- e.** We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.
- f.** We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
- g.** We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part, and:
 - (1) We have reached agreement with you on the amount of loss; or
 - (2) An appraisal award has been made.

- h. A party wall is a wall that separates and is common to adjoining buildings that are owned by different parties. In settling covered losses involving a party wall, we will pay a proportion of the loss to the party wall based on your interest in the wall in proportion to the interest of the owner of the adjoining building. However, if you elect to repair or replace your building and the owner of the adjoining building elects not to repair or replace that building, we will pay you the full value of the loss to the party wall, subject to all applicable policy provisions including Limits of Insurance, the Valuation and Coinsurance Conditions and all other provisions of this Loss Payment Condition. Our payment under the provisions of this paragraph does not alter any right of subrogation we may have against any entity, including the owner or insurer of the adjoining building, and does not alter the terms of the Transfer Of Rights Of Recovery Against Others To Us Condition in this policy.

5. Recovered Property

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. You must then return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Limit of Insurance.

6. Vacancy

a. Description Of Terms

- (1) As used in this Vacancy Condition, the term building and the term vacant have the meanings set forth in (1)(a) and (1)(b) below:
- (a) When this policy is issued to a tenant, and with respect to that tenant's interest in Covered Property, building means the unit or suite rented or leased to the tenant. Such building is vacant when it does not contain enough business personal property to conduct customary operations.

- (b) When this policy is issued to the owner or general lessee of a building, building means the entire building. Such building is vacant unless at least 31% of its total square footage is:

- (i) Rented to a lessee or sublessee and used by the lessee or sublessee to conduct its customary operations; and/or
- (ii) Used by the building owner to conduct customary operations.

- (2) Buildings under construction or renovation are not considered vacant.

b. Vacancy Provisions

If the building where loss or damage occurs has been vacant for more than 60 consecutive days before that loss or damage occurs:

- (1) We will not pay for any loss or damage caused by any of the following, even if they are Covered Causes of Loss:
- (a) Vandalism;
- (b) Sprinkler leakage, unless you have protected the system against freezing;
- (c) Building glass breakage;
- (d) Water damage;
- (e) Theft; or
- (f) Attempted theft.
- (2) With respect to Covered Causes of Loss other than those listed in b.(1)(a) through b.(1)(f) above, we will reduce the amount we would otherwise pay for the loss or damage by 15%.

7. Valuation

We will determine the value of Covered Property in the event of loss or damage as follows:

- a. At actual cash value as of the time of loss or damage, except as provided in b., c., d. and e. below.
- b. If the Limit of Insurance for Building satisfies the Additional Condition, Coinsurance, and the cost to repair or replace the damaged building property is \$2,500 or less, we will pay the cost of building repairs or replacement.

The cost of building repairs or replacement does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.

However, the following property will be valued at the actual cash value, even when attached to the building:

- (1) Awnings or floor coverings;
 - (2) Appliances for refrigerating, ventilating, cooking, dishwashing or laundering; or
 - (3) Outdoor equipment or furniture.
- c. "Stock" you have sold but not delivered at the selling price less discounts and expenses you otherwise would have had.
- d. Glass at the cost of replacement with safety-glazing material if required by law.
- e. Tenants' Improvements and Betterments at:
- (1) Actual cash value of the lost or damaged property if you make repairs promptly.
 - (2) A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:
 - (a) Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and
 - (b) Divide the amount determined in (a) above by the number of days from the installation of improvements to the expiration of the lease.
- If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.
- (3) Nothing if others pay for repairs or replacement.

F. Additional Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions:

1. Coinsurance

If a Coinsurance percentage is shown in the Declarations, the following condition applies:

- a. We will not pay the full amount of any loss if the value of Covered Property at the time of loss times the Coinsurance percentage shown for it in the Declarations is greater than the Limit of Insurance for the property.

Instead, we will determine the most we will pay using the following steps:

- (1) Multiply the value of Covered Property at the time of loss by the Coinsurance percentage;
- (2) Divide the Limit of Insurance of the property by the figure determined in Step (1);
- (3) Multiply the total amount of loss, before the application of any deductible, by the figure determined in Step (2); and
- (4) Subtract the deductible from the figure determined in Step (3).

We will pay the amount determined in Step (4) or the Limit of Insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

Example 1 (Underinsurance)

When:	The value of the property is:	\$ 250,000
	The Coinsurance percentage for it is:	80%
	The Limit of Insurance for it is:	\$ 100,000
	The Deductible is:	\$ 250
	The amount of loss is:	\$ 40,000

Step (1): $\$250,000 \times 80\% = \$200,000$
(the minimum amount of insurance to meet your Coinsurance requirements)

Step (2): $\$100,000 \div \$200,000 = .50$

Step (3): $\$40,000 \times .50 = \$20,000$

Step (4): $\$20,000 - \$250 = \$19,750$

We will pay no more than \$19,750. The remaining \$20,250 is not covered.

Example 2 (Adequate Insurance)

When:	The value of the property is:	\$ 250,000
	The Coinsurance percentage for it is:	80%
	The Limit of Insurance for it is:	\$ 200,000
	The Deductible is:	\$ 250
	The amount of loss is:	\$ 40,000

The minimum amount of insurance to meet your Coinsurance requirement is \$200,000 ($\$250,000 \times 80\%$). Therefore, the Limit of Insurance in this example is adequate, and no penalty applies. We will pay no more than \$39,750 ($\$40,000$ amount of loss minus the deductible of \$250).

- b. If one Limit of Insurance applies to two or more separate items, this condition will apply to the total of all property to which the limit applies.

Example 3

When:	The value of the property is:	
	Building at Location 1:	\$ 75,000
	Building at Location 2:	\$ 100,000
	Personal Property at Location 2:	<u>\$ 75,000</u>
		\$ 250,000
	The Coinsurance percentage for it is:	90%
	The Limit of Insurance for Buildings and Personal Property at Locations 1 and 2 is:	\$ 180,000
	The Deductible is:	\$ 1,000
	The amount of loss is:	
	Building at Location 2:	\$ 30,000
	Personal Property at Location 2:	<u>\$ 20,000</u>
		\$ 50,000

Step (1): $\$250,000 \times 90\% = \$225,000$
(the minimum amount of insurance to meet your Coinsurance requirements and to avoid the penalty shown below)

Step (2): $\$180,000 \div \$225,000 = .80$

Step (3): $\$50,000 \times .80 = \$40,000$

Step (4): $\$40,000 - \$1,000 = \$39,000$

We will pay no more than \$39,000. The remaining \$11,000 is not covered.

2. Mortgage holders

- a. The term mortgage holder includes trustee.
- b. We will pay for covered loss of or damage to buildings or structures to each mortgage holder shown in the Declarations in their order of precedence, as interests may appear.
- c. The mortgage holder has the right to receive loss payment even if the mortgage holder has started foreclosure or similar action on the building or structure.
- d. If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the mortgage holder will still have the right to receive loss payment if the mortgage holder:
 - (1) Pays any premium due under this Coverage Part at our request if you have failed to do so;

- (2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
- (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgage holder.

All of the terms of this Coverage Part will then apply directly to the mortgage holder.

- e. If we pay the mortgage holder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:

- (1) The mortgage holder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and
- (2) The mortgage holder's right to recover the full amount of the mortgage holder's claim will not be impaired.

At our option, we may pay to the mortgage holder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

- f. If we cancel this policy, we will give written notice to the mortgage holder at least:
 - (1) 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
 - (2) 30 days before the effective date of cancellation if we cancel for any other reason.
- g. If we elect not to renew this policy, we will give written notice to the mortgage holder at least 10 days before the expiration date of this policy.

G. Optional Coverages

If shown as applicable in the Declarations, the following Optional Coverages apply separately to each item:

1. Agreed Value

- a. The Additional Condition, Coinsurance, does not apply to Covered Property to which this Optional Coverage applies. We will pay no more for loss of or damage to that property than the proportion that the Limit of Insurance under this Coverage Part for the property bears to the Agreed Value shown for it in the Declarations.

- b. If the expiration date for this Optional Coverage shown in the Declarations is not extended, the Additional Condition, Coinsurance, is reinstated and this Optional Coverage expires.
- c. The terms of this Optional Coverage apply only to loss or damage that occurs:
 - (1) On or after the effective date of this Optional Coverage; and
 - (2) Before the Agreed Value expiration date shown in the Declarations or the policy expiration date, whichever occurs first.

2. Inflation Guard

- a. The Limit of Insurance for property to which this Optional Coverage applies will automatically increase by the annual percentage shown in the Declarations.
- b. The amount of increase will be:
 - (1) The Limit of Insurance that applied on the most recent of the policy inception date, the policy anniversary date, or any other policy change amending the Limit of Insurance, times
 - (2) The percentage of annual increase shown in the Declarations, expressed as a decimal (example: 8% is .08), times
 - (3) The number of days since the beginning of the current policy year or the effective date of the most recent policy change amending the Limit of Insurance, divided by 365.

Example

If: The applicable Limit of Insurance is: \$ 100,000
 The annual percentage increase is: 8%
 The number of days since the beginning of the policy year (or last policy change) is: 146
 The amount of increase is:
 $\$100,000 \times .08 \times 146 \div 365 =$ \$ 3,200

3. Replacement Cost

- a. Replacement Cost (without deduction for depreciation) replaces Actual Cash Value in the Valuation Loss Condition of this Coverage Form.
- b. This Optional Coverage does not apply to:
 - (1) Personal property of others;
 - (2) Contents of a residence;
 - (3) Works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelains and bric-a-brac; or

- (4) "Stock", unless the Including "Stock" option is shown in the Declarations.

Under the terms of this Replacement Cost Optional Coverage, tenants' improvements and betterments are not considered to be the personal property of others.

- c. You may make a claim for loss or damage covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim for the additional coverage this Optional Coverage provides if you notify us of your intent to do so within 180 days after the loss or damage.
- d. We will not pay on a replacement cost basis for any loss or damage:
 - (1) Until the lost or damaged property is actually repaired or replaced; and
 - (2) Unless the repair or replacement is made as soon as reasonably possible after the loss or damage.

With respect to tenants' improvements and betterments, the following also apply:

 - (3) If the conditions in d.(1) and d.(2) above are not met, the value of tenants' improvements and betterments will be determined as a proportion of your original cost, as set forth in the Valuation Loss Condition of this Coverage Form; and
 - (4) We will not pay for loss or damage to tenants' improvements and betterments if others pay for repairs or replacement.

- e. We will not pay more for loss or damage on a replacement cost basis than the least of (1), (2) or (3), subject to f. below:
 - (1) The Limit of Insurance applicable to the lost or damaged property;
 - (2) The cost to replace the lost or damaged property with other property:
 - (a) Of comparable material and quality; and
 - (b) Used for the same purpose; or
 - (3) The amount actually spent that is necessary to repair or replace the lost or damaged property.

If a building is rebuilt at a new premises, the cost described in e.(2) above is limited to the cost which would have been incurred if the building had been rebuilt at the original premises.

- f. The cost of repair or replacement does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.

4. Extension Of Replacement Cost To Personal Property Of Others

- a. If the Replacement Cost Optional Coverage is shown as applicable in the Declarations, then this Extension may also be shown as applicable. If the Declarations show this Extension as applicable, then Paragraph **3.b.(1)** of the Replacement Cost Optional Coverage is deleted and all other provisions of the Replacement Cost Optional Coverage apply to replacement cost on personal property of others.

- b. With respect to replacement cost on the personal property of others, the following limitation applies:

If an item(s) of personal property of others is subject to a written contract which governs your liability for loss or damage to that item(s), then valuation of that item(s) will be based on the amount for which you are liable under such contract, but not to exceed the lesser of the replacement cost of the property or the applicable Limit of Insurance.

H. Definitions

1. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
2. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
3. "Stock" means merchandise held in storage or for sale, raw materials and in-process or finished goods, including supplies used in their packing or shipping.

BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy, the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **F. Definitions**.

A. Coverage

1. Business Income

Business Income means the:

- a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred; and
- b. Continuing normal operating expenses incurred, including payroll.

For manufacturing risks, Net Income includes the net sales value of production.

Coverage is provided as described and limited below for one or more of the following options for which a Limit Of Insurance is shown in the Declarations:

- (1) Business Income Including "Rental Value".
- (2) Business Income Other Than "Rental Value".
- (3) "Rental Value".

If option (1) above is selected, the term Business Income will include "Rental Value". If option (3) above is selected, the term Business Income will mean "Rental Value" only.

If Limits of Insurance are shown under more than one of the above options, the provisions of this Coverage Part apply separately to each.

We will pay for the actual loss of Business Income you sustain due to the necessary "suspension" of your "operations" during the "period of restoration". The "suspension" must be caused by direct physical loss of or damage to property at premises which are described in the Declarations and for which a Business Income Limit Of Insurance is shown in the Declarations. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 100 feet of such premises.

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of a building, your premises means:

- (a) The portion of the building which you rent, lease or occupy;
- (b) The area within 100 feet of the building or within 100 feet of the premises described in the Declarations, whichever distance is greater (with respect to loss of or damage to personal property in the open or personal property in a vehicle); and
- (c) Any area within the building or at the described premises, if that area services, or is used to gain access to, the portion of the building which you rent, lease or occupy.

2. Extra Expense

- a. Extra Expense Coverage is provided at the premises described in the Declarations only if the Declarations show that Business Income Coverage applies at that premises.
- b. Extra Expense means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property caused by or resulting from a Covered Cause of Loss.

We will pay Extra Expense (other than the expense to repair or replace property) to:

- (1) Avoid or minimize the "suspension" of business and to continue operations at the described premises or at replacement premises or temporary locations, including relocation expenses and costs to equip and operate the replacement location or temporary location.

- (2) Minimize the "suspension" of business if you cannot continue "operations".

We will also pay Extra Expense to repair or replace property, but only to the extent it reduces the amount of loss that otherwise would have been payable under this Coverage Form.

3. Covered Causes Of Loss, Exclusions And Limitations

See applicable Causes Of Loss form as shown in the Declarations.

4. Additional Limitation – Interruption Of Computer Operations

- a. Coverage for Business Income does not apply when a "suspension" of "operations" is caused by destruction or corruption of electronic data, or any loss or damage to electronic data, except as provided under the Additional Coverage, Interruption Of Computer Operations.
- b. Coverage for Extra Expense does not apply when action is taken to avoid or minimize a "suspension" of "operations" caused by destruction or corruption of electronic data, or any loss or damage to electronic data, except as provided under the Additional Coverage, Interruption Of Computer Operations.
- c. Electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.
- d. This Additional Limitation does not apply when loss or damage to electronic data involves only electronic data which is integrated in and operates or controls a building's elevator, lighting, heating, ventilation, air conditioning or security system.

5. Additional Coverages

a. Civil Authority

In this Additional Coverage, Civil Authority, the described premises are premises to which this Coverage Form applies, as shown in the Declarations.

When a Covered Cause of Loss causes damage to property other than property at the described premises, we will pay for the actual loss of Business Income you sustain and necessary Extra Expense caused by action of civil authority that prohibits access to the described premises, provided that both of the following apply:

- (1) Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the described premises are within that area but are not more than one mile from the damaged property; and
- (2) The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.

Civil Authority Coverage for Business Income will begin 72 hours after the time of the first action of civil authority that prohibits access to the described premises and will apply for a period of up to four consecutive weeks from the date on which such coverage began.

Civil Authority Coverage for Extra Expense will begin immediately after the time of the first action of civil authority that prohibits access to the described premises and will end:

- (1) Four consecutive weeks after the date of that action; or
 - (2) When your Civil Authority Coverage for Business Income ends;
- whichever is later.

b. Alterations And New Buildings

We will pay for the actual loss of Business Income you sustain and necessary Extra Expense you incur due to direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss to:

- (1) New buildings or structures, whether complete or under construction;
- (2) Alterations or additions to existing buildings or structures; and
- (3) Machinery, equipment, supplies or building materials located on or within 100 feet of the described premises and:
 - (a) Used in the construction, alterations or additions; or
 - (b) Incidental to the occupancy of new buildings.

If such direct physical loss or damage delays the start of "operations", the "period of restoration" for Business Income Coverage will begin on the date "operations" would have begun if the direct physical loss or damage had not occurred.

c. Extended Business Income

(1) Business Income Other Than "Rental Value"

If the necessary "suspension" of your "operations" produces a Business Income loss payable under this policy, we will pay for the actual loss of Business Income you incur during the period that:

- (a) Begins on the date property (except "finished stock") is actually repaired, rebuilt or replaced and "operations" are resumed; and
- (b) Ends on the earlier of:
 - (i) The date you could restore your "operations", with reasonable speed, to the level which would generate the business income amount that would have existed if no direct physical loss or damage had occurred; or
 - (ii) 60 consecutive days after the date determined in (1)(a) above.

However, Extended Business Income does not apply to loss of Business Income incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of Business Income must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

(2) "Rental Value"

If the necessary "suspension" of your "operations" produces a "Rental Value" loss payable under this policy, we will pay for the actual loss of "Rental Value" you incur during the period that:

- (a) Begins on the date property is actually repaired, rebuilt or replaced and tenantability is restored; and
- (b) Ends on the earlier of:
 - (i) The date you could restore tenant occupancy, with reasonable speed, to the level which would generate the "Rental Value" that would have existed if no direct physical loss or damage had occurred; or
 - (ii) 60 consecutive days after the date determined in (2)(a) above.

However, Extended Business Income does not apply to loss of "Rental Value" incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of "Rental Value" must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

d. Interruption Of Computer Operations

- (1) Under this Additional Coverage, electronic data has the meaning described under Additional Limitation – Interruption Of Computer Operations.

- (2) Subject to all provisions of this Additional Coverage, you may extend the insurance that applies to Business Income and Extra Expense to apply to a "suspension" of "operations" caused by an interruption in computer operations due to destruction or corruption of electronic data due to a Covered Cause of Loss. However, we will not provide coverage under this Additional Coverage when the Additional Limitation – Interruption Of Computer Operations does not apply based on Paragraph **A.4.d.** therein.
- (3) With respect to the coverage provided under this Additional Coverage, the Covered Causes of Loss are subject to the following:
 - (a) If the Causes Of Loss – Special Form applies, coverage under this Additional Coverage, Interruption Of Computer Operations, is limited to the "specified causes of loss" as defined in that form and Collapse as set forth in that form.
 - (b) If the Causes Of Loss – Broad Form applies, coverage under this Additional Coverage, Interruption Of Computer Operations, includes Collapse as set forth in that form.
 - (c) If the Causes Of Loss form is endorsed to add a Covered Cause of Loss, the additional Covered Cause of Loss does not apply to the coverage provided under this Additional Coverage, Interruption Of Computer Operations.
 - (d) The Covered Causes of Loss include a virus, harmful code or similar instruction introduced into or enacted on a computer system (including electronic data) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for an interruption related to manipulation of a computer system (including electronic data) by any employee, including a temporary or leased employee, or by an entity retained by you or for you to inspect, design, install, maintain, repair or replace that system.
- (4) The most we will pay under this Additional Coverage, Interruption Of Computer Operations, is \$2,500 (unless a higher limit is shown in the Declarations) for all loss sustained and expense incurred in any one policy year, regardless of the number of interruptions or the number of premises, locations or computer systems involved. If loss payment relating to the first interruption does not exhaust this amount, then the balance is available for loss or expense sustained or incurred as a result of subsequent interruptions in that policy year. A balance remaining at the end of a policy year does not increase the amount of insurance in the next policy year. With respect to any interruption which begins in one policy year and continues or results in additional loss or expense in a subsequent policy year(s), all loss and expense is deemed to be sustained or incurred in the policy year in which the interruption began.
- (5) This Additional Coverage, Interruption Of Computer Operations, does not apply to loss sustained or expense incurred after the end of the "period of restoration", even if the amount of insurance stated in (4) above has not been exhausted.

6. Coverage Extension

If a Coinsurance percentage of 50% or more is shown in the Declarations, you may extend the insurance provided by this Coverage Part as follows:

Newly Acquired Locations

- a. You may extend your Business Income and Extra Expense Coverages to apply to property at any location you acquire other than fairs or exhibitions.
- b. The most we will pay under this Extension, for the sum of Business Income loss and Extra Expense incurred, is \$100,000 at each location, unless a higher limit is shown in the Declarations.
- c. Insurance under this Extension for each newly acquired location will end when any of the following first occurs:
 - (1) This policy expires;

(2) 30 days expire after you acquire or begin to construct the property; or

(3) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property.

The Additional Condition, Coinsurance, does not apply to this Extension.

B. Limits Of Insurance

The most we will pay for loss in any one occurrence is the applicable Limit Of Insurance shown in the Declarations.

Payments under the following coverages will not increase the applicable Limit of Insurance:

1. Alterations And New Buildings;
2. Civil Authority;
3. Extra Expense; or
4. Extended Business Income.

The amounts of insurance stated in the Interruption Of Computer Operations Additional Coverage and the Newly Acquired Locations Coverage Extension apply in accordance with the terms of those coverages and are separate from the Limit(s) Of Insurance shown in the Declarations for any other coverage.

C. Loss Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions:

1. Appraisal

If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser.

The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense or amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

2. Duties In The Event Of Loss

a. You must see that the following are done in the event of loss:

- (1) Notify the police if a law may have been broken.
- (2) Give us prompt notice of the direct physical loss or damage. Include a description of the property involved.
- (3) As soon as possible, give us a description of how, when and where the direct physical loss or damage occurred.
- (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.
- (5) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.
- (6) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
- (7) Cooperate with us in the investigation or settlement of the claim.
- (8) If you intend to continue your business, you must resume all or part of your "operations" as quickly as possible.

b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

3. Loss Determination

- a. The amount of Business Income loss will be determined based on:
 - (1) The Net Income of the business before the direct physical loss or damage occurred;
 - (2) The likely Net Income of the business if no physical loss or damage had occurred, but not including any Net Income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses;
 - (3) The operating expenses, including payroll expenses, necessary to resume "operations" with the same quality of service that existed just before the direct physical loss or damage; and
 - (4) Other relevant sources of information, including:
 - (a) Your financial records and accounting procedures;
 - (b) Bills, invoices and other vouchers; and
 - (c) Deeds, liens or contracts.
- b. The amount of Extra Expense will be determined based on:
 - (1) All expenses that exceed the normal operating expenses that would have been incurred by "operations" during the "period of restoration" if no direct physical loss or damage had occurred. We will deduct from the total of such expenses:
 - (a) The salvage value that remains of any property bought for temporary use during the "period of restoration", once "operations" are resumed; and
 - (b) Any Extra Expense that is paid for by other insurance, except for insurance that is written subject to the same plan, terms, conditions and provisions as this insurance; and
 - (2) Necessary expenses that reduce the Business Income loss that otherwise would have been incurred.

c. Resumption Of Operations

We will reduce the amount of your:

- (1) Business Income loss, other than Extra Expense, to the extent you can resume your "operations", in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the described premises or elsewhere.
- (2) Extra Expense loss to the extent you can return "operations" to normal and discontinue such Extra Expense.
- d. If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

4. Loss Payment

We will pay for covered loss within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part, and:

- a. We have reached agreement with you on the amount of loss; or
- b. An appraisal award has been made.

D. Additional Condition

COINSURANCE

If a Coinsurance percentage is shown in the Declarations, the following condition applies in addition to the Common Policy Conditions and the Commercial Property Conditions.

We will not pay the full amount of any Business Income loss if the Limit of Insurance for Business Income is less than:

- 1. The Coinsurance percentage shown for Business Income in the Declarations; times
- 2. The sum of:
 - a. The Net Income (Net Profit or Loss before income taxes), and
 - b. Operating expenses, including payroll expenses,that would have been earned or incurred (had no loss occurred) by your "operations" at the described premises for the 12 months following the inception, or last previous anniversary date, of this policy (whichever is later).

Instead, we will determine the most we will pay using the following steps:

- Step (1): Multiply the Net Income and operating expense for the 12 months following the inception, or last previous anniversary date, of this policy by the Coinsurance percentage;
- Step (2): Divide the Limit of Insurance for the described premises by the figure determined in Step (1); and
- Step (3): Multiply the total amount of loss by the figure determined in Step (2).

We will pay the amount determined in Step (3) or the limit of insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

In determining operating expenses for the purpose of applying the Coinsurance condition, the following expenses, if applicable, shall be deducted from the total of all operating expenses:

- (1) Prepaid freight – outgoing;
- (2) Returns and allowances;
- (3) Discounts;
- (4) Bad debts;
- (5) Collection expenses;
- (6) Cost of raw stock and factory supplies consumed (including transportation charges);
- (7) Cost of merchandise sold (including transportation charges);
- (8) Cost of other supplies consumed (including transportation charges);
- (9) Cost of services purchased from outsiders (not employees) to resell, that do not continue under contract;
- (10) Power, heat and refrigeration expenses that do not continue under contract (if Form **CP 15 11** is attached);
- (11) All payroll expenses or the amount of payroll expense excluded (if Form **CP 15 10** is attached); and
- (12) Special deductions for mining properties (royalties unless specifically included in coverage; actual depletion commonly known as unit or cost depletion – not percentage depletion; welfare and retirement fund charges based on tonnage; hired trucks).

Example 1 (Underinsurance)

When: The Net Income and operating expenses for the 12 months following the inception, or last previous anniversary date, of this policy at the described premises would have been: \$ 400,000
The Coinsurance percentage is: 50%
The Limit of Insurance is: \$ 150,000
The amount of loss is: \$ 80,000

Step (1): $\$400,000 \times 50\% = \$200,000$
(the minimum amount of insurance to meet your Coinsurance requirements)

Step (2): $\$150,000 \div \$200,000 = .75$

Step (3): $\$80,000 \times .75 = \$60,000$

We will pay no more than \$60,000. The remaining \$20,000 is not covered.

Example 2 (Adequate Insurance)

When: The Net Income and operating expenses for the 12 months following the inception, or last previous anniversary date, of this policy at the described premises would have been: \$ 400,000
The Coinsurance percentage is: 50%
The Limit of Insurance is: \$ 200,000
The amount of loss is: \$ 80,000

The minimum amount of insurance to meet your Coinsurance requirement is \$200,000 ($\$400,000 \times 50\%$). Therefore, the Limit of Insurance in this example is adequate and no penalty applies. We will pay no more than \$80,000 (amount of loss).

This condition does not apply to Extra Expense Coverage.

E. Optional Coverages

If shown as applicable in the Declarations, the following Optional Coverages apply separately to each item.

1. Maximum Period Of Indemnity

- a. The Additional Condition, Coinsurance, does not apply to this Coverage Form at the described premises to which this Optional Coverage applies.

- b. The most we will pay for the total of Business Income loss and Extra Expense is the lesser of:

- (1) The amount of loss sustained and expenses incurred during the 120 days immediately following the beginning of the "period of restoration"; or
- (2) The Limit Of Insurance shown in the Declarations.

2. Monthly Limit Of Indemnity

- a. The Additional Condition, Coinsurance, does not apply to this Coverage Form at the described premises to which this Optional Coverage applies.
- b. The most we will pay for loss of Business Income in each period of 30 consecutive days after the beginning of the "period of restoration" is:
 - (1) The Limit of Insurance, multiplied by
 - (2) The fraction shown in the Declarations for this Optional Coverage.

Example

When:	The Limit of Insurance is:	\$ 120,000
	The fraction shown in the Declarations for this Optional Coverage is:	1/4
	The most we will pay for loss in each period of 30 consecutive days is:	\$ 30,000
	(\$120,000 x 1/4 = \$30,000)	
	If, in this example, the actual amount of loss is:	
	Days 1–30:	\$ 40,000
	Days 31–60:	\$ 20,000
	Days 61–90:	<u>\$ 30,000</u>
		\$ 90,000
	We will pay:	
	Days 1–30:	\$ 30,000
	Days 31–60:	\$ 20,000
	Days 61–90:	<u>\$ 30,000</u>
		\$ 80,000

The remaining \$10,000 is not covered.

3. Business Income Agreed Value

- a. To activate this Optional Coverage:
 - (1) A Business Income Report/Work Sheet must be submitted to us and must show financial data for your "operations":
 - (a) During the 12 months prior to the date of the Work Sheet; and

(b) Estimated for the 12 months immediately following the inception of this Optional Coverage.

- (2) The Declarations must indicate that the Business Income Agreed Value Optional Coverage applies, and an Agreed Value must be shown in the Declarations. The Agreed Value should be at least equal to:
 - (a) The Coinsurance percentage shown in the Declarations; multiplied by
 - (b) The amount of Net Income and operating expenses for the following 12 months you report on the Work Sheet.

- b. The Additional Condition, Coinsurance, is suspended until:

- (1) 12 months after the effective date of this Optional Coverage; or
- (2) The expiration date of this policy; whichever occurs first.

- c. We will reinstate the Additional Condition, Coinsurance, automatically if you do not submit a new Work Sheet and Agreed Value:

- (1) Within 12 months of the effective date of this Optional Coverage; or
- (2) When you request a change in your Business Income Limit of Insurance.

- d. If the Business Income Limit of Insurance is less than the Agreed Value, we will not pay more of any loss than the amount of loss multiplied by:

- (1) The Business Income Limit of Insurance; divided by
- (2) The Agreed Value.

Example

When:	The Limit of Insurance is:	\$ 100,000
	The Agreed Value is:	\$ 200,000
	The amount of loss is:	\$ 80,000

Step (1): $\$100,000 \div \$200,000 = .50$

Step (2): $.50 \times \$80,000 = \$40,000$

We will pay \$40,000. The remaining \$40,000 is not covered.

4. Extended Period Of Indemnity

Under Paragraph A.5.c., **Extended Business Income**, the number 60 in Subparagraphs (1)(b) and (2)(b) is replaced by the number shown in the Declarations for this Optional Coverage.

F. Definitions

1. "Finished stock" means stock you have manufactured.

"Finished stock" also includes whiskey and alcoholic products being aged, unless there is a Coinsurance percentage shown for Business Income in the Declarations.

"Finished stock" does not include stock you have manufactured that is held for sale on the premises of any retail outlet insured under this Coverage Part.

2. "Operations" means:
 - a. Your business activities occurring at the described premises; and
 - b. The tenantability of the described premises, if coverage for Business Income Including "Rental Value" or "Rental Value" applies.
3. "Period of restoration" means the period of time that:
 - a. Begins:
 - (1) 72 hours after the time of direct physical loss or damage for Business Income Coverage; or
 - (2) Immediately after the time of direct physical loss or damage for Extra Expense Coverage;
caused by or resulting from any Covered Cause of Loss at the described premises; and
 - b. Ends on the earlier of:
 - (1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
 - (2) The date when business is resumed at a new permanent location.

"Period of restoration" does not include any increased period required due to the enforcement of or compliance with any ordinance or law that:

- (1) Regulates the construction, use or repair, or requires the tearing down, of any property; or

- (2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

The expiration date of this policy will not cut short the "period of restoration".

4. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
5. "Rental Value" means Business Income that consists of:
 - a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred as rental income from tenant occupancy of the premises described in the Declarations as furnished and equipped by you, including fair rental value of any portion of the described premises which is occupied by you; and
 - b. Continuing normal operating expenses incurred in connection with that premises, including:
 - (1) Payroll; and
 - (2) The amount of charges which are the legal obligation of the tenant(s) but would otherwise be your obligations.
6. "Suspension" means:
 - a. The slowdown or cessation of your business activities; or
 - b. That a part or all of the described premises is rendered untenable, if coverage for Business Income Including "Rental Value" or "Rental Value" applies.

CAUSES OF LOSS – SPECIAL FORM

Words and phrases that appear in quotation marks have special meaning. Refer to Section **G**. Definitions.

A. Covered Causes Of Loss

When Special is shown in the Declarations, Covered Causes of Loss means direct physical loss unless the loss is excluded or limited in this policy.

B. Exclusions

1. We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

a. Ordinance Or Law

The enforcement of or compliance with any ordinance or law:

- (1) Regulating the construction, use or repair of any property; or
- (2) Requiring the tearing down of any property, including the cost of removing its debris.

This exclusion, Ordinance Or Law, applies whether the loss results from:

- (a) An ordinance or law that is enforced even if the property has not been damaged; or
- (b) The increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property, or removal of its debris, following a physical loss to that property.

b. Earth Movement

- (1) Earthquake, including tremors and aftershocks and any earth sinking, rising or shifting related to such event;
- (2) Landslide, including any earth sinking, rising or shifting related to such event;
- (3) Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;

- (4) Earth sinking (other than sinkhole collapse), rising or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface.

But if Earth Movement, as described in **b.(1)** through **(4)** above, results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

- (5) Volcanic eruption, explosion or effusion. But if volcanic eruption, explosion or effusion results in fire, building glass breakage or Volcanic Action, we will pay for the loss or damage caused by that fire, building glass breakage or Volcanic Action.

Volcanic Action means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

- (a) Airborne volcanic blast or airborne shock waves;
- (b) Ash, dust or particulate matter; or
- (c) Lava flow.

With respect to coverage for Volcanic Action as set forth in **(5)(a)**, **(5)(b)** and **(5)(c)**, all volcanic eruptions that occur within any 168-hour period will constitute a single occurrence.

Volcanic Action does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss or damage to the described property.

This exclusion applies regardless of whether any of the above, in Paragraphs

(1) through **(5)**, is caused by an act of nature or is otherwise caused.

c. Governmental Action

Seizure or destruction of property by order of governmental authority.

But we will pay for loss or damage caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread, if the fire would be covered under this Coverage Part.

d. Nuclear Hazard

Nuclear reaction or radiation, or radioactive contamination, however caused.

But if nuclear reaction or radiation, or radioactive contamination, results in fire, we will pay for the loss or damage caused by that fire.

e. Utility Services

The failure of power, communication, water or other utility service supplied to the described premises, however caused, if the failure:

- (1) Originates away from the described premises; or
- (2) Originates at the described premises, but only if such failure involves equipment used to supply the utility service to the described premises from a source away from the described premises.

Failure of any utility service includes lack of sufficient capacity and reduction in supply.

Loss or damage caused by a surge of power is also excluded, if the surge would not have occurred but for an event causing a failure of power.

But if the failure or surge of power, or the failure of communication, water or other utility service, results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

Communication services include but are not limited to service relating to Internet access or access to any electronic, cellular or satellite network.

f. War And Military Action

- (1) War, including undeclared or civil war;

- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or

- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

g. Water

- (1) Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind (including storm surge);

- (2) Mudslide or mudflow;

- (3) Water that backs up or overflows or is otherwise discharged from a sewer, drain, sump, sump pump or related equipment;

- (4) Water under the ground surface pressing on, or flowing or seeping through:

- (a) Foundations, walls, floors or paved surfaces;

- (b) Basements, whether paved or not; or

- (c) Doors, windows or other openings; or

- (5) Waterborne material carried or otherwise moved by any of the water referred to in Paragraph (1), (3) or (4), or material carried or otherwise moved by mudslide or mudflow.

This exclusion applies regardless of whether any of the above, in Paragraphs

(1) through (5), is caused by an act of nature or is otherwise caused. An example of a situation to which this exclusion applies is the situation where a dam, levee, seawall or other boundary or containment system fails in whole or in part, for any reason, to contain the water.

But if any of the above, in Paragraphs (1) through (5), results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage (if sprinkler leakage is a Covered Cause of Loss).

h. "Fungus", Wet Rot, Dry Rot And Bacteria

Presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria.

But if "fungus", wet or dry rot or bacteria result in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

This exclusion does not apply:

- (1) When "fungus", wet or dry rot or bacteria result from fire or lightning; or
- (2) To the extent that coverage is provided in the Additional Coverage, Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria, with respect to loss or damage by a cause of loss other than fire or lightning.

Exclusions **B.1.a.** through **B.1.h.** apply whether or not the loss event results in widespread damage or affects a substantial area.

2. We will not pay for loss or damage caused by or resulting from any of the following:

a. Artificially generated electrical, magnetic or electromagnetic energy that damages, disturbs, disrupts or otherwise interferes with any:

- (1) Electrical or electronic wire, device, appliance, system or network; or
- (2) Device, appliance, system or network utilizing cellular or satellite technology.

For the purpose of this exclusion, electrical, magnetic or electromagnetic energy includes but is not limited to:

- (a) Electrical current, including arcing;
- (b) Electrical charge produced or conducted by a magnetic or electromagnetic field;
- (c) Pulse of electromagnetic energy; or
- (d) Electromagnetic waves or microwaves.

But if fire results, we will pay for the loss or damage caused by that fire.

- b. Delay, loss of use or loss of market.**
- c. Smoke, vapor or gas from agricultural smudging or industrial operations.**

d.(1) Wear and tear;

(2) Rust or other corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;

(3) Smog;

(4) Settling, cracking, shrinking or expansion;

(5) Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals.

(6) Mechanical breakdown, including rupture or bursting caused by centrifugal force. But if mechanical breakdown results in elevator collision, we will pay for the loss or damage caused by that elevator collision.

(7) The following causes of loss to personal property:

(a) Dampness or dryness of atmosphere;

(b) Changes in or extremes of temperature; or

(c) Marring or scratching.

But if an excluded cause of loss that is listed in **2.d.(1)** through **(7)** results in a "specified cause of loss" or building glass breakage, we will pay for the loss or damage caused by that "specified cause of loss" or building glass breakage.

e. Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control. But if explosion of steam boilers, steam pipes, steam engines or steam turbines results in fire or combustion explosion, we will pay for the loss or damage caused by that fire or combustion explosion. We will also pay for loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.

f. Continuous or repeated seepage or leakage of water, or the presence or condensation of humidity, moisture or vapor, that occurs over a period of 14 days or more.

- g.** Water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air conditioning or other equipment (except fire protective systems) caused by or resulting from freezing, unless:

- (1)** You do your best to maintain heat in the building or structure; or
- (2)** You drain the equipment and shut off the supply if the heat is not maintained.

- h.** Dishonest or criminal act (including theft) by you, any of your partners, members, officers, managers, employees (including temporary employees and leased workers), directors, trustees or authorized representatives, whether acting alone or in collusion with each other or with any other party; or theft by any person to whom you entrust the property for any purpose, whether acting alone or in collusion with any other party.

This exclusion:

- (1)** Applies whether or not an act occurs during your normal hours of operation;
 - (2)** Does not apply to acts of destruction by your employees (including temporary employees and leased workers) or authorized representatives; but theft by your employees (including temporary employees and leased workers) or authorized representatives is not covered.
- i.** Voluntary parting with any property by you or anyone else to whom you have entrusted the property if induced to do so by any fraudulent scheme, trick, device or false pretense.
- j.** Rain, snow, ice or sleet to personal property in the open.
- k.** Collapse, including any of the following conditions of property or any part of the property:
- (1)** An abrupt falling down or caving in;
 - (2)** Loss of structural integrity, including separation of parts of the property or property in danger of falling down or caving in; or
 - (3)** Any cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion as such condition relates to **(1)** or **(2)** above.

But if collapse results in a Covered Cause of Loss at the described premises, we will pay for the loss or damage caused by that Covered Cause of Loss.

This exclusion, **k.**, does not apply:

- (a)** To the extent that coverage is provided under the Additional Coverage, Collapse; or
 - (b)** To collapse caused by one or more of the following:
 - (i)** The "specified causes of loss";
 - (ii)** Breakage of building glass;
 - (iii)** Weight of rain that collects on a roof; or
 - (iv)** Weight of people or personal property.
 - l.** Discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified causes of loss". But if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

This exclusion, **l.**, does not apply to damage to glass caused by chemicals applied to the glass.
 - m.** Neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time of loss.
- 3.** We will not pay for loss or damage caused by or resulting from any of the following, **3.a.** through **3.c.** But if an excluded cause of loss that is listed in **3.a.** through **3.c.** results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.
- a.** Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in Paragraph **1.** above to produce the loss or damage.
 - b.** Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.
 - c.** Faulty, inadequate or defective:
 - (1)** Planning, zoning, development, surveying, siting;
 - (2)** Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
 - (3)** Materials used in repair, construction, renovation or remodeling; or
 - (4)** Maintenance;

of part or all of any property on or off the described premises.

4. Special Exclusions

The following provisions apply only to the specified Coverage Forms:

a. Business Income (And Extra Expense) Coverage Form, Business Income (Without Extra Expense) Coverage Form, Or Extra Expense Coverage Form

We will not pay for:

- (1) Any loss caused by or resulting from:
 - (a) Damage or destruction of "finished stock"; or
 - (b) The time required to reproduce "finished stock".

This exclusion does not apply to Extra Expense.

- (2) Any loss caused by or resulting from direct physical loss or damage to radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers.
- (3) Any increase of loss caused by or resulting from:
 - (a) Delay in rebuilding, repairing or replacing the property or resuming "operations", due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or
 - (b) Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the "suspension" of "operations", we will cover such loss that affects your Business Income during the "period of restoration" and any extension of the "period of restoration" in accordance with the terms of the Extended Business Income Additional Coverage and the Extended Period Of Indemnity Optional Coverage or any variation of these.
- (4) Any Extra Expense caused by or resulting from suspension, lapse or cancellation of any license, lease or contract beyond the "period of restoration".
- (5) Any other consequential loss.

b. Leasehold Interest Coverage Form

- (1) Paragraph **B.1.a.**, Ordinance Or Law, does not apply to insurance under this Coverage Form.
- (2) We will not pay for any loss caused by:
 - (a) Your cancelling the lease;
 - (b) The suspension, lapse or cancellation of any license; or
 - (c) Any other consequential loss.

c. Legal Liability Coverage Form

- (1) The following exclusions do not apply to insurance under this Coverage Form:
 - (a) Paragraph **B.1.a.** Ordinance Or Law;
 - (b) Paragraph **B.1.c.** Governmental Action;
 - (c) Paragraph **B.1.d.** Nuclear Hazard;
 - (d) Paragraph **B.1.e.** Utility Services; and
 - (e) Paragraph **B.1.f.** War And Military Action.
- (2) The following additional exclusions apply to insurance under this Coverage Form:

(a) Contractual Liability

We will not defend any claim or "suit", or pay damages that you are legally liable to pay, solely by reason of your assumption of liability in a contract or agreement. But this exclusion does not apply to a written lease agreement in which you have assumed liability for building damage resulting from an actual or attempted burglary or robbery, provided that:

- (i) Your assumption of liability was executed prior to the accident; and
- (ii) The building is Covered Property under this Coverage Form.

(b) Nuclear Hazard

We will not defend any claim or "suit", or pay any damages, loss, expense or obligation, resulting from nuclear reaction or radiation, or radioactive contamination, however caused.

5. Additional Exclusion

The following provisions apply only to the specified property:

Loss Or Damage To Products

We will not pay for loss or damage to any merchandise, goods or other product caused by or resulting from error or omission by any person or entity (including those having possession under an arrangement where work or a portion of the work is outsourced) in any stage of the development, production or use of the product, including planning, testing, processing, packaging, installation, maintenance or repair. This exclusion applies to any effect that compromises the form, substance or quality of the product. But if such error or omission results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

C. Limitations

The following limitations apply to all policy forms and endorsements, unless otherwise stated:

1. We will not pay for loss of or damage to property, as described and limited in this section. In addition, we will not pay for any loss that is a consequence of loss or damage as described and limited in this section.

- a. Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment. But we will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
- b. Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion.
- c. The interior of any building or structure, or to personal property in the building or structure, caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:
 - (1) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or
 - (2) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.

- d. Building materials and supplies not attached as part of the building or structure, caused by or resulting from theft.

However, this limitation does not apply to:

- (1) Building materials and supplies held for sale by you, unless they are insured under the Builders Risk Coverage Form; or
 - (2) Business Income Coverage or Extra Expense Coverage.
- e. Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property.
 - f. Property that has been transferred to a person or to a place outside the described premises on the basis of unauthorized instructions.
 - g. Lawns, trees, shrubs or plants which are part of a vegetated roof, caused by or resulting from:
 - (1) Dampness or dryness of atmosphere or of soil supporting the vegetation;
 - (2) Changes in or extremes of temperature;
 - (3) Disease;
 - (4) Frost or hail; or
 - (5) Rain, snow, ice or sleet.
 2. We will not pay for loss of or damage to the following types of property unless caused by the "specified causes of loss" or building glass breakage:
 - a. Animals, and then only if they are killed or their destruction is made necessary.
 - b. Fragile articles such as statuary, marbles, chinaware and porcelains, if broken. This restriction does not apply to:
 - (1) Glass; or
 - (2) Containers of property held for sale.
 - c. Builders' machinery, tools and equipment owned by you or entrusted to you, provided such property is Covered Property.

However, this limitation does not apply:

 - (1) If the property is located on or within 100 feet of the described premises, unless the premises is insured under the Builders Risk Coverage Form; or

(2) To Business Income Coverage or to Extra Expense Coverage.

3. The special limit shown for each category, **a.** through **d.**, is the total limit for loss of or damage to all property in that category. The special limit applies to any one occurrence of theft, regardless of the types or number of articles that are lost or damaged in that occurrence. The special limits are (unless a higher limit is shown in the Declarations):

- a.** \$2,500 for furs, fur garments and garments trimmed with fur.
- b.** \$2,500 for jewelry, watches, watch movements, jewels, pearls, precious and semiprecious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth \$100 or less per item.
- c.** \$2,500 for patterns, dies, molds and forms.
- d.** \$250 for stamps, tickets, including lottery tickets held for sale, and letters of credit.

These special limits are part of, not in addition to, the Limit of Insurance applicable to the Covered Property.

This limitation, **C.3.**, does not apply to Business Income Coverage or to Extra Expense Coverage.

4. We will not pay the cost to repair any defect to a system or appliance from which water, other liquid, powder or molten material escapes. But we will pay the cost to repair or replace damaged parts of fire-extinguishing equipment if the damage:

- a.** Results in discharge of any substance from an automatic fire protection system; or
- b.** Is directly caused by freezing.

However, this limitation does not apply to Business Income Coverage or to Extra Expense Coverage.

D. Additional Coverage – Collapse

The coverage provided under this Additional Coverage, Collapse, applies only to an abrupt collapse as described and limited in **D.1.** through **D.7.**

1. For the purpose of this Additional Coverage, Collapse, abrupt collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose.

2. We will pay for direct physical loss or damage to Covered Property, caused by abrupt collapse of a building or any part of a building that is insured under this Coverage Form or that contains Covered Property insured under this Coverage Form, if such collapse is caused by one or more of the following:

- a.** Building decay that is hidden from view, unless the presence of such decay is known to an insured prior to collapse;
- b.** Insect or vermin damage that is hidden from view, unless the presence of such damage is known to an insured prior to collapse;
- c.** Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs during the course of the construction, remodeling or renovation.
- d.** Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs after the construction, remodeling or renovation is complete, but only if the collapse is caused in part by:

- (1) A cause of loss listed in **2.a.** or **2.b.**;
- (2) One or more of the "specified causes of loss";
- (3) Breakage of building glass;
- (4) Weight of people or personal property; or
- (5) Weight of rain that collects on a roof.

3. This **Additional Coverage – Collapse** does not apply to:

- a.** A building or any part of a building that is in danger of falling down or caving in;
- b.** A part of a building that is standing, even if it has separated from another part of the building; or
- c.** A building that is standing or any part of a building that is standing, even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

4. With respect to the following property:

- a.** Outdoor radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers;

- b. Awnings, gutters and downspouts;
 - c. Yard fixtures;
 - d. Outdoor swimming pools;
 - e. Fences;
 - f. Piers, wharves and docks;
 - g. Beach or diving platforms or appurtenances;
 - h. Retaining walls; and
 - i. Walks, roadways and other paved surfaces;
- if an abrupt collapse is caused by a cause of loss listed in **2.a.** through **2.d.**, we will pay for loss or damage to that property only if:

- (1) Such loss or damage is a direct result of the abrupt collapse of a building insured under this Coverage Form; and
- (2) The property is Covered Property under this Coverage Form.

5. If personal property abruptly falls down or caves in and such collapse is **not** the result of abrupt collapse of a building, we will pay for loss or damage to Covered Property caused by such collapse of personal property only if:
- a. The collapse of personal property was caused by a cause of loss listed in **2.a.** through **2.d.**;
 - b. The personal property which collapses is inside a building; and
 - c. The property which collapses is not of a kind listed in **4.**, regardless of whether that kind of property is considered to be personal property or real property.

The coverage stated in this Paragraph **5.** does not apply to personal property if marring and/or scratching is the only damage to that personal property caused by the collapse.

- 6. This Additional Coverage, Collapse, does not apply to personal property that has not abruptly fallen down or caved in, even if the personal property shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.
- 7. This Additional Coverage, Collapse, will not increase the Limits of Insurance provided in this Coverage Part.
- 8. The term Covered Cause of Loss includes the Additional Coverage, Collapse, as described and limited in **D.1.** through **D.7.**

E. Additional Coverage – Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria

1. The coverage described in **E.2.** and **E.6.** only applies when the "fungus", wet or dry rot or bacteria are the result of one or more of the following causes that occur during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence:

- a. A "specified cause of loss" other than fire or lightning; or
- b. Flood, if the Flood Coverage Endorsement applies to the affected premises.

This Additional Coverage does not apply to lawns, trees, shrubs or plants which are part of a vegetated roof.

2. We will pay for loss or damage by "fungus", wet or dry rot or bacteria. As used in this Limited Coverage, the term loss or damage means:

- a. Direct physical loss or damage to Covered Property caused by "fungus", wet or dry rot or bacteria, including the cost of removal of the "fungus", wet or dry rot or bacteria;
- b. The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungus", wet or dry rot or bacteria; and
- c. The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "fungus", wet or dry rot or bacteria are present.

3. The coverage described under **E.2.** of this Limited Coverage is limited to \$15,000. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all occurrences of "specified causes of loss" (other than fire or lightning) and Flood which take place in a 12-month period (starting with the beginning of the present annual policy period). With respect to a particular occurrence of loss which results in "fungus", wet or dry rot or bacteria, we will not pay more than a total of \$15,000 even if the "fungus", wet or dry rot or bacteria continue to be present or active, or recur, in a later policy period.

4. The coverage provided under this Limited Coverage does not increase the applicable Limit of Insurance on any Covered Property. If a particular occurrence results in loss or damage by "fungus", wet or dry rot or bacteria, and other loss or damage, we will not pay more, for the total of all loss or damage, than the applicable Limit of Insurance on the affected Covered Property.

If there is covered loss or damage to Covered Property, not caused by "fungus", wet or dry rot or bacteria, loss payment will not be limited by the terms of this Limited Coverage, except to the extent that "fungus", wet or dry rot or bacteria cause an increase in the loss. Any such increase in the loss will be subject to the terms of this Limited Coverage.

5. The terms of this Limited Coverage do not increase or reduce the coverage provided under Paragraph F.2. (Water Damage, Other Liquids, Powder Or Molten Material Damage) of this Causes Of Loss form or under the Additional Coverage, Collapse.
6. The following, 6.a. or 6.b., applies only if Business Income and/or Extra Expense Coverage applies to the described premises and only if the "suspension" of "operations" satisfies all terms and conditions of the applicable Business Income and/or Extra Expense Coverage Form:
- a. If the loss which resulted in "fungus", wet or dry rot or bacteria does not in itself necessitate a "suspension" of "operations", but such "suspension" is necessary due to loss or damage to property caused by "fungus", wet or dry rot or bacteria, then our payment under Business Income and/or Extra Expense is limited to the amount of loss and/or expense sustained in a period of not more than 30 days. The days need not be consecutive.
 - b. If a covered "suspension" of "operations" was caused by loss or damage other than "fungus", wet or dry rot or bacteria but remediation of "fungus", wet or dry rot or bacteria prolongs the "period of restoration", we will pay for loss and/or expense sustained during the delay (regardless of when such a delay occurs during the "period of restoration"), but such coverage is limited to 30 days. The days need not be consecutive.

F. Additional Coverage Extensions

1. Property In Transit

This Extension applies only to your personal property to which this form applies.

- a. You may extend the insurance provided by this Coverage Part to apply to your personal property (other than property in the care, custody or control of your salespersons) in transit more than 100 feet from the described premises. Property must be in or on a motor vehicle you own, lease or operate while between points in the coverage territory.
- b. Loss or damage must be caused by or result from one of the following causes of loss:
 - (1) Fire, lightning, explosion, windstorm or hail, riot or civil commotion, or vandalism.
 - (2) Vehicle collision, upset or overturn. Collision means accidental contact of your vehicle with another vehicle or object. It does not mean your vehicle's contact with the roadbed.
 - (3) Theft of an entire bale, case or package by forced entry into a securely locked body or compartment of the vehicle. There must be visible marks of the forced entry.
- c. The most we will pay for loss or damage under this Extension is \$5,000.

This Coverage Extension is additional insurance. The Additional Condition, Coinsurance, does not apply to this Extension.

2. Water Damage, Other Liquids, Powder Or Molten Material Damage

If loss or damage caused by or resulting from covered water or other liquid, powder or molten material damage loss occurs, we will also pay the cost to tear out and replace any part of the building or structure to repair damage to the system or appliance from which the water or other substance escapes. This Coverage Extension does not increase the Limit of Insurance.

3. Glass

- a. We will pay for expenses incurred to put up temporary plates or board up openings if repair or replacement of damaged glass is delayed.
- b. We will pay for expenses incurred to remove or replace obstructions when repairing or replacing glass that is part of a building. This does not include removing or replacing window displays.

This Coverage Extension **F.3.** does not increase the Limit of Insurance.

G. Definitions

1. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
2. "Specified causes of loss" means the following:
 - a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:
 - (1) The cost of filling sinkholes; or
 - (2) Sinking or collapse of land into man-made underground cavities.
 - b. Falling objects does not include loss or damage to:
 - (1) Personal property in the open; or
 - (2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.
 - c. Water damage means:
 - (1) Accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of a plumbing, heating, air conditioning or other system or appliance (other than a sump system including its related equipment and parts), that is located on the described premises and contains water or steam; and

- (2) Accidental discharge or leakage of water or waterborne material as the direct result of the breaking apart or cracking of a water or sewer pipe caused by wear and tear, when the pipe is located off the described premises and is connected to or is part of a potable water supply system or sanitary sewer system operated by a public or private utility service provider pursuant to authority granted by the state or governmental subdivision where the described premises are located.

But water damage does not include loss or damage otherwise excluded under the terms of the Water Exclusion. Therefore, for example, there is no coverage under this policy in the situation in which discharge or leakage of water results from the breaking apart or cracking of a pipe which was caused by or related to weather-induced flooding, even if wear and tear contributed to the breakage or cracking. As another example, and also in accordance with the terms of the Water Exclusion, there is no coverage for loss or damage caused by or related to weather-induced flooding which follows or is exacerbated by pipe breakage or cracking attributable to wear and tear.

To the extent that accidental discharge or leakage of water falls within the criteria set forth in **c.(1)** or **c.(2)** of this definition of "specified causes of loss," such water is not subject to the provisions of the Water Exclusion which preclude coverage for surface water or water under the surface of the ground.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

JOINT OR DISPUTED LOSS AGREEMENT

This Endorsement modifies insurance provided under the following:
COMMERCIAL PROPERTY COVERAGE PART
STANDARD PROPERTY POLICY

- A.** This endorsement is intended to facilitate payment of insurance proceeds when:
1. Both a boiler and machinery policy and this commercial property policy are in effect;
 2. Damage occurs to Covered Property that is insured by the boiler and machinery policy and this commercial property policy; and
 3. There is disagreement between the insurers as to whether there is coverage or as to the amount of the loss to be paid, if any, by each insurer under its own policies.
- B.** This endorsement does not apply if:
1. Both the boiler and machinery insurer(s) and we do not admit to any liability; and
 2. Neither the boiler and machinery insurer(s) nor we contend that coverage applies under the other insurer's policy.
- C.** The provisions of this endorsement apply only if all of the following requirements are met:
1. The boiler and machinery policy carried by the named insured, insuring the Covered Property, contains a similar provision at the time of the loss or damage, with substantially the same requirements, procedures and conditions as contained in this endorsement;
 2. The damage to the Covered Property was caused by a loss for which:
 - a. Both the boiler and machinery insurer(s) and we admit to some liability for payment under the respective policies; or
 - b. Either:
 - (1) The boiler and machinery insurer(s) does not admit to any liability for payment, while we contend that:
 - (a) All liability exists under the boiler and machinery policy; or
 - (b) Some liability exists under both the boiler and machinery policy and this commercial property policy;
 - (2) We do not admit to any liability for payment, while the boiler and machinery insurer(s) contends that:
 - (a) All liability exists under this commercial property policy; or
 - (b) Some liability exists under both the boiler and machinery policy and this commercial property policy; or
 - (3) Both the boiler and machinery insurer(s) and we:
 - (a) Do not admit to any liability for payment; and
 - (b) Contend that some or all liability exists under the other insurer's policy; and
 3. The total amount of the loss is agreed to by you, the boiler and machinery insurer(s) and us.
- D.** If the requirements listed in Paragraph **C.** above are satisfied, we and the boiler and machinery insurer(s) will make payments to the extent, and in the manner, described as follows:
1. We will pay, after your written request, the entire amount of loss that we have agreed as being covered, if any, by this commercial property policy and one-half (1/2) the amount of the loss that is in disagreement.
 2. The boiler and machinery insurer(s) will pay, after your written request, the entire amount of loss that they have agreed as being covered, if any, by the boiler and machinery policy and one-half (1/2) the amount of loss that is in disagreement.
 3. Payments by the insurers of the amounts that are in disagreement, as described in Paragraphs **1.** and **2.**, do not alter, waive or surrender any rights of any insurer against any other with regard to the portion of the loss for which each insurer is liable.

4. The amount in disagreement to be paid by us under this endorsement shall not exceed the amount payable under the equivalent Loss Agreement(s) of the boiler and machinery policy.
5. The amount to be paid under this endorsement shall not exceed the amount we would have paid had no boiler and machinery policy been in effect at the time of loss. In no event will we pay more than the applicable Limit of Insurance shown in the Declarations.
6. Acceptance by you of sums paid under this endorsement does not alter, waive or surrender any other rights against us.

E. Arbitration

1. If the circumstances described in Paragraph **C.2.a.** exist and the boiler and machinery insurer(s) and we agree to submit our differences to arbitration, the boiler and machinery insurer(s) and we will determine the amount each will pay and will pay the insured within 90 days. Arbitration will then take place within 90 days after payment of the loss under the terms of this endorsement.
2. If any of the circumstances described in Paragraph **C.2.b.** exist, then the boiler and machinery insurer(s) and we agree to submit our differences to arbitration within 90 days after payment of the loss under the terms of this endorsement.
3. You agree to cooperate with any arbitration procedures. There will be three arbitrators: one will be appointed by us, and another will be appointed by the boiler and machinery insurer(s). The two arbitrators will select a third arbitrator. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. A decision agreed to by two of the three arbitrators will be binding on both parties. Judgment on any award can be entered in any court that has jurisdiction.

F. Final Settlement Between Insurers

The insurer(s) found responsible for the greater percentage of the ultimate loss must return the excess contribution to the other insurer(s). In addition, the insurer(s) found responsible for the greater portion of the loss must pay Liquidated Damages to the other insurer(s) on the amount of the excess contribution of the other insurer(s). Liquidated Damages are defined as interest from the date the insured invokes this Agreement to the date the insurer(s) that contributed the excess amount is reimbursed. The interest is calculated at 1.5 times the highest prime rate from the Money Rates column of the Wall Street Journal during the period of the Liquidated Damages. Arbitration expenses are not a part of the excess contribution for which liquidated damages are calculated. Arbitration expenses will be apportioned between insurers on the same basis that the ultimate loss is apportioned.

THIS ENDORSEMENT CHANGES THIS POLICY. PLEASE READ IT CAREFULLY.

LUMEN RISK PROPERTY ENDORSEMENT

This endorsement modifies insurance provided under the following

COMMON POLICY CONDITIONS
COMMERCIAL PROPERTY CONDITIONS
BUILDING AND PERSONAL PROPERTY COVERAGE FORM
BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM
CAUSES OF LOSS – SPECIAL FORM

A. General Provisions

"Named Insured" means any owner, manager, and/or operator of a premises described in the Schedule of Insured Locations that is identified as a Named Insured in the Schedule of Insured Locations, for and to the extent of its respective interest in the premises.

"Named Insured" also includes any owner, manager, and/or operator of a Newly Constructed or Acquired Property that qualifies for coverage under this policy, even if not identified as a Named Insured in the Schedule of Insured Locations, for and to the extent of its respective interest in the Newly Constructed or Acquired Property.

The words **"you"** and **"your"** refer to the Named Insured shown in the Declarations or Schedule of Insured Locations. The words **"we"**, **"us"** and **"our"** refer to the Company.

The terms **"premises described in the Declarations"** and **"Insured Location"** refer to any location within the coverage territory of this policy (a) listed on the Schedule of Insured Locations or (b) covered under Newly Constructed or Acquired Property.

The terms **"Occurrence"** and **"occurrence"** mean any one loss, disaster, casualty or series of losses, disasters or casualties arising out of a single event. All such losses shall be added together and the total amount of such losses shall be treated as one Occurrence irrespective of the period of time or area over which such losses occur.

When the term Occurrence applies to **windstorm or hail, Named Storm, Riot or Civil Commotion, Vandalism or theft**, it shall be defined as the sum total of all the Named Insured's losses arising out of such cause of loss within any period of 72 hours during the term of this policy. When filing proof of loss, the Named Insured may elect the moment at which the 72 hour period shall be deemed to have commenced, provided always that no elected period of 72 hours shall commence within the period of any previous Occurrence or earlier than the time when the first loss occurs to the Covered Property.

When the term Occurrence applies to **Earthquake or Volcanic Eruption**, it shall be defined as the sum total of all the Named Insured's losses sustained during any period of 168 consecutive hours during the term of this policy by reason of one Earthquake, one Volcanic Eruption or a series of earthquake shocks or Volcanic Eruptions. When filing proof of loss, the Named Insured may elect the moment from which the 168 hour period shall be deemed to have commenced, provided always that no elected period of 168 hours shall commence within the period of any previous Occurrence or earlier than the time when the first earthquake loss occurs to the Covered Property.

When the term Occurrence applies to **Flood**, it shall be defined as the sum total of all losses sustained by reason of one Flood or a series of Floods during any period of 168 consecutive hours during the term of this policy. When filing proof of loss, the Named Insured may elect the moment from which the 168 hour period shall be deemed to have commenced, provided always that no elected period of 168 hours shall commence within the period of any previous Occurrence or earlier than the time when the first Flood loss occurs to the Covered Property.

“Named Storm” means a storm or weather disturbance that has been declared by the National Hurricane Center, National Weather Service, World Meteorological Association, or any other generally recognized scientific or meteorological association that provides formal names for public use and reference to be a hurricane, typhoon, tropical cyclone, post-tropical cyclone, tropical storm, or tropical depression.

Named Storm shall also include storms or weather disturbance(s) occurring during the 72 hours immediately following the time when such Named Storm has been downgraded, meaning that the Named Storm is no longer considered by the weather services or authorities described above to be a hurricane, typhoon, tropical cyclone, post-tropical cyclone, tropical storm, or tropical depression.

“Windstorm or hail” means the direct action of wind or the direct action of hail, whether accompanied by wind or not, from any storm or weather condition.

The **Named Storm Deductible (NSD)** applies to covered loss or damage at an Insured Location caused by or resulting from a Named Storm if a Named Storm Deductible is indicated for the Insured Location on the Schedule of Insured Locations.

Named Storm Deductible Calculation: If a Named Storm Deductible applies to loss or damage at an Insured Location, unless otherwise indicated in this policy’s Declarations or Schedule of Insured Locations, in determining the amount, if any, that we will pay, we will deduct an amount equal to the percentage of the Total Insurable Values of the Insured Location indicated in the Schedule of Insured Locations as the Deductible.

Flood Deductible: If this policy covers Flood, a separate Flood deductible applies to loss or damage caused by or resulting from Flood at an Insured Location. If this policy covers Flood, and Flood results from a Named Storm, the Named Storm Deductible for the Insured Location, if any, applies instead of the Flood deductible. If this policy covers Flood at an Insured Location, and Flood results from a Named Storm, but there is no NSD for the Insured Location, then the Flood Deductible applies.

No Flood Coverage in Special Flood Hazard Areas: Notwithstanding any Limit of Insurance shown for Flood for any Insured Location in the Schedule of Insured Locations, in no instance shall we provide Flood coverage for any Insured Location where any building, structure, or property in the open is located fully or partially within any of the following Special Flood Hazard Areas, as classified under the National Flood Insurance Program:

1. Flood Zones A, B, V or X (shaded);
2. Flood Zones prefixed A or V.

No Earthquake or Volcanic Eruption Coverage in High Hazard Counties: Notwithstanding any Limit of Insurance shown for Earthquake for any Insured Location in the Schedule of Insured Locations, in no instance shall we provide Earthquake or Volcanic Eruption coverage for any Insured Location that is located fully or partially within any High Hazard Earthquake County.

“High Hazard Earthquake Counties” include the following:

State	Counties
Alaska	Entire State
Arkansas	Clay, Craighead, Crittenden, Cross, Greene, Independence, Jackson, Lawrence, Mississippi, Monroe, Phillips, Poinsett, Randolph, St. Francis, White, Woodruff
California	Entire State
Hawaii	Entire State
Illinois	Alexander, Franklin, Gallatin, Hamilton, Hardin, Jackson, Johnson, Massac, Perry, Pope, Pulaski, Saline, Union, White, Williamson
Kentucky	Ballard, Caldwell, Calloway, Carlisle, Crittenden, Fulton, Graves, Henderson, Hickman, Livingston, Lyon, Marshall, McCracken, Union, Webster
Massachusetts	Norfolk, Suffolk
Mississippi	DeSoto
Missouri	Bollinger, Butler, Cape Girardeau, Carter, Dunklin, Iron, Madison, Mississippi, New Madrid, Pemiscot, Perry, Ripley, Scott, St. Francois, Ste. Genevieve, Stoddard, Wayne
Oregon	Entire State
Tennessee	Carroll, Crockett, Dyer, Fayette, Gibson, Hardeman, Haywood, Henry, Lake, Lauderdale, Madison, Obion, Shelby, Tipton, Weakley
South Carolina	Charleston
Washington	Entire State

“Scheduled Items” refer to those items listed on the Schedule of Insured Locations for each Insured Location: Building, Business Income / Extra Expense (BI/EE), Business Personal Property (BPP) and Other.

For coverages addressed by this endorsement, the provisions of the coverage forms apply unless modified by this or another endorsement.

Application of Sublimits: Sublimits apply to each Insured Location per Occurrence unless otherwise provided in this policy. Sublimits are included within and not in addition to (a) any Limit of Insurance shown in the Declarations of this policy, and (b) the individually stated value for a Scheduled Item at an Insured Location where the covered loss occurred, as shown on the Schedule of Insured Locations.

SCHEDULE OF SUBLIMITS

COVERAGE	SUBLIMIT
Accounts Receivable	\$100,000
Awnings and Canopies – Permanently Attached	\$25,000
Back Up or Overflow of Water From a Sewer, Drain or Sump	\$25,000
Claim Investigation Expenses	\$25,000
Debris Removal	\$25,000
Electronic Data	\$10,000
Electronic Data Processing Property	\$100,000
Extended Period Of Indemnity	180 days
Extra Expense or Expediting Expense	\$50,000
False Pretense	\$10,000
Fine Arts	\$25,000
Fire Department Service Charges	\$25,000
Fire Protection System Recharge and Refill	\$10,000
Master Key Replacement	\$10,000
Miscellaneous Unnamed Locations	\$10,000
Mobile Equipment	\$10,000
Newly Acquired Or Constructed Property – Buildings	\$1,000,000
Ordinance or Law Coverage A: Coverage B: The following percentage of the value of the damaged building at the time of loss: Coverage C: The following percentage of the value of the damaged building at the time of loss:	Included 10% 10%
Outdoor Property	\$50,000
Outdoor Signs	\$10,000
Personal Effects And Property Of Others	\$10,000
Temporary Protection and Preservation Expenses	\$10,000
Undamaged Tenant's Improvements and Betterments	\$10,000
Valuable Papers And Records (Other Than Electronic Data)	\$50,000

If an increased sublimit is desired for one or more coverages, please inquire as higher sublimits may be available for additional premium. If you purchase an increased sublimit for any of the coverages in the Schedule of Sublimits, or if specific coverage is provided elsewhere in this policy,

the highest sublimit shown in the Schedule of Sublimits, the Declarations and any specific coverage endorsement will reflect the sublimit available.

B. Coverages and Sublimits

1. Accounts Receivable

The Building and Personal Property Coverage Form is amended by adding the following provision to paragraph **A.5. Coverage Extensions**:

h. Accounts Receivable

(1) If this policy covers your Business Personal Property, you may extend such insurance to apply to your accounts receivable for an Insured Location. We will pay:

- (a) All amounts due from your customers that you are unable to collect;
- (b) Interest charges on any loan required to offset amounts you are unable to collect pending our payment of these amounts;
- (c) Collection expenses in excess of your normal collection expenses that are made necessary by loss or damage; and
- (d) Other reasonable expenses that you incur to re-establish your records of accounts receivable;

that result from direct physical loss or damage caused by or resulting from any Covered Cause of Loss to your records of accounts receivable.

(2) The most we will pay under this Coverage Extension for loss or damage in any one Occurrence at an Insured Location is the sublimit for Accounts Receivable shown in the Schedule of Sublimits.

2. Awnings and Canopies – Permanently Attached

Coverage for direct physical loss of or damage to permanently attached awnings and canopies at Insured Locations is extended by the addition of the following provision to the definition of **Building** in paragraph **A.1.a.** in the Building and Personal Property Coverage Form:

(6) Permanently attached awnings and canopies.

The most we will pay under this Coverage Extension for loss or damage in any one Occurrence at an Insured Location is the sublimit for Awnings and Canopies – Permanently Attached shown in the Schedule of Sublimits.

3. Back Up or Overflow of Water From a Sewer, Drain or Sump

Exclusion **B.1.g.(3)**, in Section **B., Exclusions**, of the Causes of Loss — Special Form, applicable to water that backs up or overflows or is otherwise discharged from a sewer, drain, sump, sump pump or related equipment, does not apply unless the backup, overflow or discharge is caused by or results from flood, surface water, waves, tides, tidal water, or overflow of any body of water (including storm surge).

The most we will pay under this Additional Coverage for loss or damage in any one Occurrence at an Insured Location is the sublimit for Back Up or Overflow of Water From a Sewer, Drain or Sump shown in the Schedule of Sublimits.

4. Claim Investigation Expenses

Section **A.4., Additional Coverages**, of the Building and Personal Property Coverage Form is amended by the addition of the following provision:

g. Claim Investigation Expenses

In the event of direct physical loss or damage covered by this policy, we will pay for all reasonable expenses you incur at our written request to assist in:

- (1) The investigation of the loss or damage; or
- (2) Determining the amount of loss or damage, including preparing claim data and taking inventories.

In no event will we pay for:

- (1) Expenses of preparing estimates or similar documentation of property damage or loss, including fees charged by engineers, estimators or other consultants;
- (2) Expenses incurred or charged by public insurance adjusters or their affiliates;
- (3) Fees charged by property management companies for supervising, coordinating or managing property repairs or insurance claims; or
- (4) Expenses incurred under this policy's Appraisal Condition.

Section **A.5., Additional Coverages**, of the Business Income (And Extra Expense) Coverage Form is amended by the addition of the following provision:

e. Claim Investigation Expenses

In the event of direct physical loss or damage covered by this policy, we will pay for all reasonable expenses you incur at our written request to assist in:

- (1) The investigation of the loss or damage; or
- (2) Determining the amount of loss or damage, including preparing claim data and taking inventories.

In no event will we pay for:

- (1) Expenses of preparing estimates or similar documentation of property damage or loss, including fees charged by engineers, estimators or other consultants;
- (2) Expenses incurred or charged by public insurance adjusters or their affiliates;
- (3) Fees charged by property management companies for supervising, coordinating or managing property repairs or insurance claims; or
- (4) Expenses incurred under this policy's Appraisal Condition.

The most we will pay under this Additional Coverage for loss or damage in any one Occurrence at an Insured Location is the sublimit for Claim Investigation Expenses shown in the Schedule of Sublimits.

5. Debris Removal

The additional \$25,000 for debris removal expense shown in paragraph **A.4.a.(4)** of the **Debris Removal Additional Coverage** provision in the Building and Personal Property Coverage Form is increased to the Sublimit for Debris Removal shown in the Schedule of Sublimits.

6. Electronic Data

The amount of \$2,500 for Electronic Data shown in paragraph **A.4.f.(4)** of the **Electronic Data Additional Coverage** provision in the Building and Personal Property Coverage Form is increased to the Sublimit for Electronic Data shown in the Schedule of Sublimits.

7. Electronic Data Processing Property

The Building and Personal Property Coverage Form is amended by adding the following provision to paragraph **A.5. Coverage Extensions**:

h. Electronic Data Processing Property

If this policy covers your Business Personal Property, you may extend such insurance to apply to "Electronic Data Processing Property." We will pay for direct physical loss of or damage to "Electronic Data Processing Property" caused by or resulting from a Covered Cause of Loss while at or within 100 feet of an Insured Location.

"Electronic Data Processing Property" means "Electronic Data Processing Systems" and "Electronic Data Processing Media".

"Electronic Data Processing Systems" means:

- (1) Data processing equipment, servers and computer systems, facsimile machines, word processors, multi-functional telephone equipment;
- (2) Surge protection, air conditioning and fire protection equipment used solely for such equipment; and
- (3) Their component parts and peripherals used solely for data processing operations.

"Electronic Data Processing Media" means:

- (1) Electronic data processing, recording or storage media such as films, tapes, discs, diskettes, punch cards, drives, memory cards, drums or cells, or similar magnetic or optical recording or storage devices;
- (2) All forms of data, software, converted data, programs, applications, instructions, or other information stored on such media; and
- (3) Original programming or source materials used to enter or program such information.

The most we will pay under this Coverage Extension for loss or damage in any one Occurrence at an Insured Location is the sublimit for Electronic Data Processing Property shown in the Schedule of Sublimits.

8. Extended Period Of Indemnity

Paragraph **E.4.** of the **Extended Period Of Indemnity Optional Coverage** provision in

the Business Income (And Extra Expense) Coverage Form is deleted.

The number 60 in paragraphs **A.5.c.(1)(b)** and **(2)(b)(ii)** in the **Extended Business Income Additional Coverage** of the Business Income (And Extra Expense) Coverage Form is increased to the number of days listed in the Sublimit for Extended Period Of Indemnity shown in the Schedule of Sublimits.

9. Extra Expense or Expediting Expense

Section **A.4., Additional Coverages**, of the Building and Personal Property Coverage Form is amended by the addition of the following provision:

g. Extra Expense or Expediting Expense

In the event of direct physical loss of or damage to Covered Property caused by or resulting from a Covered Cause of Loss, we will pay for the extra cost or expense you reasonably and necessarily incur to:

- (3)** Make temporary repairs to Covered Property;
- (4)** Expedite the permanent repairs or replacement of the damaged Covered Property, including overtime wages, temporary employees, and express freight or other rapid means of delivery; or
- (5)** Continue or resume your normal business operations.

We will pay only that part of the total expense that exceeds the amount which ordinarily would have been incurred to conduct your business. We will not be liable for any longer period of time than is necessarily required to rebuild, repair or replace the damaged property.

The most we will pay under this Additional Coverage for loss or damage in any one Occurrence at an Insured Location is the sublimit for Extra Expense or Expediting Expense shown in the Schedule of Sublimits.

10. False Pretense

The Building and Personal Property Coverage Form is amended by adding the following provision to paragraph **A.5. Coverage Extensions**:

i. Fraudulent Scheme, Trick, Device Or False Pretense

- (1)** If this policy covers your Business Personal Property, you may extend such insurance to apply to direct physical loss of or damage to Covered Property caused by or resulting from:
 - a.** You or your agents, consignees or customers voluntarily parting with the Covered Property due to accepting false bills of lading or shipping receipts; or
 - b.** Someone causing you to voluntarily part with the Covered Property by fraudulent scheme, trick, device or false pretense.
- (2)** Under **Section B., Exclusions**, of the Causes of Loss — Special Form, **Exclusion B.2.i.** (fraudulent scheme, trick, device or false pretense) is deleted.
- (3)** The most we will pay under this Coverage Extension for loss or damage in any one Occurrence at an Insured Location is the sublimit for False Pretense shown in the Schedule of Sublimits

11. Fine Arts

The Building and Personal Property Coverage Form is amended by adding the following provision to paragraph **A.5. Coverage Extensions**:

j. Fine Arts

If this policy covers your Business Personal Property, you may extend such insurance to apply to your "Fine Arts". We will pay for direct physical loss of or damage to "Fine Arts" caused by or resulting from a Covered Cause of Loss while the "Fine Art" is at or within 100 feet of an Insured Location. The "Fine Art" must be your property or the property of others that is in your care, custody or control.

(3) "Fine Arts" shall include paintings, etchings, photographs (positives and negatives), lithographs, illustrations, galley proofs, original records, tapestries, art glass, rare glass, valuable rugs, statuary, pottery, marbles, bronzes, antique furniture, rare books, antique silver, manuscripts, porcelains, and other similar property of rarity, historical value, or artistic merit.

(4) We will not pay for loss or damage caused by or resulting from any repairing, restoration, renovation, refinishing or retouching of "Fine Arts", nor will we pay for breakage, marring, scratching, pitting, chipping or denting of "Fine Arts".

(5) Loss Valuation

(a) "Fine Arts" are valued based on their "Market Value" immediately before the time of loss or damage.

(b) "Market Value" is the price which the "Fine Arts" might be expected to realize if offered for sale in a fair market on the date of loss or damage.

(c) For total losses, we will pay the "Market Value" of the article, pair or set immediately before the loss.

(d) For partial losses, including losses to articles that are part of a pair or set, we will pay the reasonable cost necessary to restore the article, pair or set to its condition immediately before the loss. However, if you and we agree that such restoration cannot fully restore the article, pair or set to its condition just before the loss, we will pay the difference between the article's "Market Value" immediately before and after the loss. We will pay this amount in addition to the cost incurred in attempting to restore the article.

(e) With respect to "Fine Arts" not owned by you, we will not pay more than the amount for which you are contractually liable.

(6) The most we will pay under this Coverage Extension for loss or damage in any one Occurrence at an Insured Location is the sublimit for Fine Arts shown in the Schedule of Sublimits.

12. Fire Department Service Charge

The amount of \$1,000 for Fire Department Service Charge shown in paragraph **A.4.c.** of the **Fire Department Service Charge Additional Coverage** provision in the Building and Personal Property Coverage Form is increased to the Sublimit for Fire Department Service Charge shown in the Schedule of Sublimits.

13. Fire Protection System Recharge and Refill

The Building and Personal Property Coverage Form is amended by adding the following provision to paragraph **A.4. Additional Coverages**:

i. Fire Protection System Recharge and Refill

In the event of loss of or damage to Covered Property at an Insured Location due to fire or explosion caused by or resulting from a Covered Cause of Loss, we will pay amounts you reasonably and necessarily spend to recharge or refill your fire protection system that was discharged to control a fire or prevent further damage or loss. The most we will pay under this Additional Coverage in any one Occurrence at an Insured Location is the sublimit for Fire Equipment Recharge shown in the Schedule of Sublimits.

14. Master Key Coverage

The Building and Personal Property Coverage Form is amended by adding the following provision to paragraph **A.5. Coverage Extensions**:

k. Master Key Replacement

If this policy covers your Business Personal Property, you may extend such insurance to apply to the loss of or damage to a master key. We will pay for the following costs you reasonably and necessarily incur due to direct physical loss of or damage to a master key:

- a. Replacing keys;
- b. Re-keying or adjusting locks to accept new keys; or
- c. Purchasing and installing new locks.

As a condition to this Coverage Extension, a copy of the applicable police report must be provided as part of the proof of loss.

The most we will pay under this Coverage Extension for loss or damage in any one Occurrence at an Insured Location is the sublimit for Master Key Replacement shown in the Schedule of Sublimits.

15. Miscellaneous Unnamed Locations

The Building and Personal Property Coverage Form is amended by adding the following provision to paragraph **A.5. Coverage Extensions**:

l. Miscellaneous Unnamed Locations

You may extend this insurance to apply to direct physical loss of or damage to your Covered Property at any "Miscellaneous Unnamed Location" you own, lease or operate within this policy's coverage territory caused by or resulting from a Covered Cause of Loss.

A "**Miscellaneous Unnamed Location**" is a location other than the premises described in this policy's Schedule of Insured Locations.

This Coverage Extension does not apply to:

- (1) Property in the care, custody or control of your salespersons;
- (2) Property while at any exhibition, fair or trade show;

- (3) "Electronic Data Processing Property" as defined in this endorsement;
- (4) "Fine Arts" as defined in this endorsement;
- (5) Property while in transit;
- (6) Newly Acquired or Constructed Property that is covered by this policy; or
- (7) "Valuable Papers And Records (Other Than Electronic Data)" as defined in this endorsement.

The most we will pay under this Coverage Extension for loss or damage in any one Occurrence at an Insured Location is the sublimit for Miscellaneous Unnamed Locations shown in the Schedule of Sublimits.

16. Mobile Equipment

The Building and Personal Property Coverage Form is amended by adding the following provision to paragraph **A.5. Coverage Extensions**:

m. Mobile Equipment

If this policy covers your Business Personal Property, you may extend such insurance to apply to direct physical loss of or damage to "Mobile Equipment" you own or rent due to a Covered Cause of Loss while the "Mobile Equipment" is at or within 100 feet of an Insured Location.

"Mobile Equipment" means forklifts; skidders; lawn mowers and similar landscaping equipment; earthmovers, graders, backhoes, loaders, shovels, tractors and diggers; golf carts; electric carts; and other similar equipment capable of moving under its own power.

This extended coverage does not apply to equipment licensed for use on public roads, insured elsewhere, or subject to motor vehicle registration.

The most we will pay under this Coverage Extension for loss or damage in any one Occurrence at an Insured Location is the sublimit for Mobile Equipment shown in the Schedule of Sublimits.

17. Newly Acquired Or Constructed Property – Buildings

The amount of \$250,000 per building for Newly Acquired Or Constructed Property – Buildings shown in paragraph **A.5.a.(1)** of the **Newly Acquired Or Constructed Property – Buildings Coverage Extension** provision in the Building and Personal Property Coverage Form is replaced by the Sublimit for Newly Acquired Or Constructed Property – Buildings shown in the Schedule of Sublimits, which Sublimit applies per Insured Location per Occurrence.

18. Ordinance or Law

The Building and Personal Property Coverage Form is amended by adding the following provision to paragraph **A.4. Additional Coverages**:

I. Ordinance or Law—Coverages A and B

1. Coverage A – Coverage For Loss To The Undamaged Portion Of The Building

With respect to a building at an Insured Location that has sustained direct physical damage covered by this policy, we will pay under **Coverage A** for the loss in value of the undamaged portion of the damaged building as a consequence of a requirement to comply with an ordinance or law that requires demolition of undamaged parts of the damaged building. The Additional Coverage will not apply if the demolition was a consequence of a recommended action or standard and not a requirement.

Coverage A is included within the Limit of Insurance applicable to such building as shown in the Declarations or addressed elsewhere in this policy. **Coverage A** does not increase the Limit of Insurance.

- a. If a damaged building is covered under a blanket Limit of Insurance which applies to more than one building at an Insured Location, then the value of the damaged building will be calculated for this purpose by dividing the square footage of the damaged building by the total square footage of all the insured buildings at the Insured Location, and then multiplying that amount by the Building value for the Insured Location found in the Schedule of Insured Locations.
- b. For example, if an Insured Location consists of two buildings with a total of 20,000 square feet and a Building value of \$1,000,000, and one 5,000 square foot building is damaged, that damaged building has a value of \$250,000 ($5,000 / 20,000 \times \$1,000,000$).

2. Coverage B – Demolition Cost Coverage

With respect to a building at an Insured Location that has sustained direct physical damage covered by this policy, we will pay the cost to demolish and clear the site of undamaged parts of the damaged building as a consequence of a requirement to comply with an ordinance or law that requires demolition of such undamaged property. The Additional Coverage will not apply if the demolition was as a consequence of a recommended action or standard and not a requirement.

Any Coinsurance Additional Condition that would otherwise apply to the damaged building does not apply to Demolition Cost Coverage.

The most we will pay under this Additional Coverage in any one Occurrence at an Insured Location is the lesser of (a) the amount the Named Insured actually spends to demolish and clear the site, and (b) the sublimit for Ordinance or Law—Coverage B shown in the Schedule of Sublimits.

3. Conditions Applicable to Coverages A and B

In addition to the above conditions, Coverage A or Coverage B will only apply if:

- a. A Covered Cause of Loss causes direct physical loss of or damage to Covered Property; and
- b. The direct physical loss of or damage to Covered Property alone and directly causes the enforcement.

In addition, Coverage A and Coverage B will not apply to costs associated with the enforcement of an ordinance or law where:

- a. Such costs are due to the Named Insured's failure to comply with an

ordinance or law that the Named Insured was required to comply with before the loss, even if the Covered Property was undamaged; or

- b. The enforcement of an ordinance or law is not the direct result of direct physical loss of or damage to Covered Property, even if the enforcement of the ordinance or law results from an inspection of the Covered Property that sustained a Covered Cause of Loss.

19. Outdoor Property

The Building and Personal Property Coverage Form is amended by deleting paragraph **A.5.e., Outdoor Property Coverage Extension**, and replacing it with the following:

e. Outdoor Property

You may extend the insurance provided by this Coverage Form to apply to your outdoor fences (other than wood fences); radio and television antennas, satellite dishes, and their lead-in wiring, masts or towers; retaining walls that are not part of a building; trees, shrubs and plants (other than trees, shrubs or plants which are "stock" or are part of a vegetated roof); bridges, roadways, walks, patios or other paved surfaces; and attached or detached solar panels, including debris removal expense, caused by or resulting from any of the following causes of loss if they are Covered Causes of Loss:

- (1) Fire;
- (2) Lightning;
- (3) Explosion;
- (4) Riot or Civil Commotion; or
- (5) Aircraft.

The most we will pay for loss or damage under this Extension for any one Occurrence at any Insured Location is the Sublimit for Outdoor Property shown in the Schedule of Sublimits, but not more than \$10,000 for any one item of Outdoor Property.

20. Outdoor Signs

The amount of \$2,500 per sign for Outdoor Signs shown in paragraph **C.** of the Building and Personal Property Coverage Form is increased to the Sublimit for Outdoor Signs shown in the Schedule of Sublimits. The increased Sublimit applies per Insured Location instead of per sign.

21. Personal Effects And Property Of Others

The amount of \$2,500 for Personal Effects And Property Of Others shown in paragraph **A.5.b.** of the **Personal Effects And Property Of Others Coverage Extension** provision in the Building and Personal Property Coverage Form is increased to the Sublimit for Personal Effects And Property Of Others shown in the Schedule of Sublimits.

22. Temporary Protection and Preservation Expenses

The Building and Personal Property Coverage Form is amended by adding the following

provision to paragraph **A.4. Additional Coverages**:

k. Temporary Protection and Preservation Expenses

This policy covers reasonable and necessary costs incurred for actions to temporarily protect or preserve Buildings or Business Personal Property at an Insured Location from immediately impending direct physical loss of or damage to Covered Property from a Covered Cause of Loss.

To the extent possible, you must notify us of your intent to take such actions and incur such costs before you take such protective measures. In addition, to be considered for payment, you should document the protective measures with photographs or videos, keep a record of your expenses, and report the measures taken to us within 48 hours of such efforts.

The most we will pay under this Additional Coverage in any one Occurrence at an Insured Location is the sublimit for 16. Temporary Protection and Preservation Expenses shown in the Schedule of Sublimits.

23. Undamaged Tenant's Improvements and Betterments

Section **A.4., Additional Coverages**, of the Building and Personal Property Coverage Form is amended by the addition of the following provision:

j. Undamaged Tenant's Improvements and Betterments

We will pay for loss of your "Tenant Improvement and Betterment Interest" when property is rendered wholly or partially untenable due to a loss to an Insured Location during the term of this policy and a lease is cancelled by a party not insured by this policy.

(1) All of the following additional conditions must be satisfied for the Additional Coverage to apply:

- a.** The lease cancellation results solely from direct physical loss of or damage to property at an Insured Location caused by or resulting from a Covered Cause of Loss;
- b.** The lease is cancelled in accordance with the conditions of the lease or by statutory requirements of the appropriate jurisdiction in which the damaged property is located;
- c.** You have at least six (6) months remaining in your lease;
- d.** At least 25% of square footage the building for which the lease is cancelled is damaged or at least six months is required to repair the building for your occupancy; and
- e.** The building for which the lease is cancelled has not been vacant for more than 60 consecutive days prior to the loss or damage.

(2) "Tenant Improvement and Betterment Interest" means the following for each lease of real property insured by this policy in which you are the tenant:

- a.** The unamortized portion of the amount paid by you for improvements and betterments to real property. It does not include the value of improvements and betterments recoverable under any other insurance, but only to the extent of such other insurance.

- b. Improvements and betterments are fixtures, alterations, installations or additions:
 - (i) Made a part of the building or structure you occupy, but do not own; and
 - (ii) You acquired or made at your expense, but cannot legally remove.
- (3) The most we will pay under this Additional Coverage in any one Occurrence is the sublimit for Undamaged Tenant's Improvements and Betterments shown in the Schedule of Sublimits.

24. Valuable Papers And Records (Other Than Electronic Data)

The amount of \$2,500 for Valuable Papers And Records (Other Than Electronic Data) shown in paragraph **A.5.c.(4)** of the **Valuable Papers And Records (Other Than Electronic Data) Coverage Extension** provision in the Building and Personal Property Coverage Form is increased to the Sublimit for Valuable Papers And Records (Other Than Electronic Data) shown in the Schedule of Sublimits.

25. Covered Property Extension for Condominium Associations

The Building and Personal Property Coverage Form is amended by adding the following provision to paragraph **A.1. Covered Property**:

- (6) Where the Named Insured is a condominium association, homeowners association, or townhome owners association, Building includes any of the following types of property contained within a unit, regardless of ownership, if your Condominium Association Agreement, Townhome Homeowners Association Agreement, Homeowners Association Agreement, or Declaration of Covenants, Conditions, and Restrictions in effect at the time of loss requires you to insure it:
 - (a) Fixtures, improvements and alterations that are part of the building or structure in accordance with the original plans and specifications or replacements of like kind or quality as those initially installed; and
 - (b) Appliances used for refrigerating, air conditioning, ventilating, cooking, dishwashing, laundering, security or housekeeping that comprise a part of the building or structure.

However, Building does not include personal property owned by, used by or in the care, custody or control of a unit owner except for personal property listed in Paragraph **A.1.a.(6)** above.

Further, any improvements or betterments made, or caused to be made, by an individual unit owner do not constitute Covered Property.

A unit owner may have other insurance covering the same property as this insurance. This insurance is intended to be primary and not to contribute with such other insurance.

C. Other Coverages, Terms and Conditions

1. Limit of Liability

A. POLICY LIMIT:

Liability under this policy arising out of one Occurrence shall never exceed **(i)** any Limit of Insurance shown in the Declarations of this policy, **(ii)** the individually stated value for each Scheduled Item as shown in the Schedule of Insured Locations, or **(i)** any applicable sublimit.

The premium for this policy is based on the values reported by the Named Insured and listed in the Schedule of Insured Locations. In the event of loss hereunder, liability of the Company shall be limited to the least of:

1. The actual adjusted amount of loss of each Scheduled Item at the Insured Location where the covered loss occurred, less applicable deductible(s).
2. The individually stated value for each Scheduled Item which had the loss at the Insured Location where the covered loss occurred, as shown on the Schedule of Insured Locations, less applicable deductible(s). If no stated value is shown for a Scheduled Item then there is no coverage for that item under this policy.
3. The Limit of Insurance shown in the Declarations of this policy, if any.

Example:

The following example assumes there is no coinsurance or other limits involved where two of ten Insured Locations listed in the Schedule of Insured Locations were involved in a loss:

Location 1 in Schedule of Insured Locations

• Scheduled value – Building	\$500,000
• Actual adjusted amount of loss – Building	\$100,000
• Scheduled value – BI	\$125,000
• Actual adjusted amount of loss – BI	\$150,000
• Scheduled value – Other Property	\$10,000
• Actual adjusted amount of loss – Other Property	\$15,000

Location 2 in Schedule of Insured Locations

• Scheduled value – Building	\$150,000
• Actual adjusted amount of loss – Building	\$250,000
• Scheduled value – BI	\$75,000
• Actual adjusted amount of loss – BI	\$25,000

Limit of Insurance in Declarations

\$10,000,000 per Occurrence

In this example, the total liability of the Company for the Occurrence is limited to \$410,000 less applicable deductible(s). This is because the liability of the Company on each Scheduled Item is limited as follows:

- (a) Building at Location 1 building is limited to \$100,000 because the actual adjusted amount of the loss is less than the scheduled value for that item,
- (b) BI at Location 1 is limited to \$125,000 because the scheduled value is less than the actual adjusted amount of the loss for that item,
- (c) Building at Location 2 is limited to \$150,000 because the scheduled value is less than the actual adjusted amount of the loss for that item,
- (d) BI at Location 2 is limited to \$25,000 because the actual adjusted amount of the loss is less than the scheduled value for that item,
- (e) Other Property at Location 1 is limited to \$10,000 because the scheduled value is less than the actual adjusted amount of the loss for that item, and
- (f) The total of the limits on each Scheduled Item of property (\$410,000 less applicable deductibles) is less than this policy's Limit of Insurance (in this example) of \$10,000,000 per Occurrence.

2. No Coverage for Diminution in Value

Section **A. Coverage** of the Building and Personal Property Coverage Form is amended by replacing the first sentence of **Section A.**, so that **Section A.**'s insuring language reads as follows:

We will pay for direct physical loss of or damage to Covered Property at Insured Locations caused by or resulting from any Covered Cause of Loss. Notwithstanding any other provision in this policy, we will not pay for loss or damage to Covered Property caused by

or resulting from any “Diminution in Value”.

“Diminution in Value” means any actual or perceived loss in market or resale value and includes but is not limited to **(1)** any actual or perceived loss in value resulting from unrepaired damage, and **(2)** repaired or replaced building components or materials not matching undamaged building components or materials.

3. Preexisting Loss Or Damage Exclusion

Section **B., Exclusions**, of the Causes of Loss — Special Form, is amended by the addition of the following exclusion:

6. Exclusion for Pre-Existing Loss or Damage

We will not pay for any loss or damage to any Covered Property that:

- a.** Occurred, existed or commenced, in whole or in part, before the inception date of this policy, regardless of the cause, whether such loss or damage was known, unknown, or apparent when coverage began, or whether we inspected the property; or
- b.** Occurs during the policy period, but was caused directly or indirectly by damage that occurred, existed, or commenced before the inception date of this policy.

Any such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

4. Cosmetic Damage Exclusion

Section **B., Exclusions**, of the Causes of Loss — Special Form, is amended by the addition of the following exclusion:

7. Cosmetic Damage Exclusion

We will not pay for loss or damage caused by or resulting from “Cosmetic Damage” to any “Roof Covering”, carport, gutter, downspout, door, awning, siding, flashing, HVAC housing or condenser fin, or vent (including exhaust caps, flue covers, pipe jacks, and chimney covers). This exclusion does not apply to any damage to asphalt shingles.

“Cosmetic Damage” means denting, marring, pitting, scratching or similar superficial damage that alters only the physical appearance of an item but does not prevent the item from continuing to perform its function for the remainder of its original useful life.

“Roof Covering” means:

- a.** The roof material exposed to the weather;
- b.** The underlayments applied for moisture protection;
- c.** All flashings required in the replacement of the roof covering.

5. Freezing Temperature Exclusion

Section **B., Exclusions**, of the Causes of Loss — Special Form, is amended by the addition of the following exclusion:

8. Freezing Temperature Exclusion

For loss or damage caused by or resulting from water that leaks or flows from plumbing, heating, air conditioning or other equipment caused by or resulting from freezing, we will not pay for such loss or damage, even if otherwise covered by this policy, unless the Named Insured:

- a. Makes reasonable efforts to maintain heat throughout the affected building; or
- b. Drains the pipes, appliances or other equipment if heat is not maintained throughout the affected building.

6. Electrical Systems Exclusion

Section **B., Exclusions**, of the Causes of Loss — Special Form, is amended by the addition of the following:

9. Electrical Systems Exclusion

We will not pay for loss or damage caused directly or indirectly by, resulting from, which arises out of, or is related to the presence of:

- a. Aluminum wiring;
- b. Federal Pacific Electric Stab-Lok electrical panels or circuit breakers; or
- c. Zinsco electrical panels or circuit breakers.

Such loss or damage is excluded by this policy regardless of any other cause or event that contributes concurrently or in any sequence to the loss or damage.

7. Appraisal Condition

Loss Condition 2., Appraisal, in Section **E.** of the Building and Personal Property Coverage Form, is deleted and replaced by the following:

2. Appraisal by Agreement

If we and you disagree on the value of the property or the amount of loss, either may make a written proposal for an appraisal under this policy. If a written proposal for appraisal is made, neither you nor the Company is required to agree to appraisal. If we and you agree to appraise the value of the property or the amount of loss, each will select a competent and impartial appraiser and advise the other in writing within 15 business days.

The two appraisers will select a competent and impartial umpire. If they cannot agree to an umpire within 15 business days of either appraiser proposing one or more

umpires, the two appraisers may jointly request that the selection of a competent and impartial umpire be made by a judge of a court in the county of the loss or damage. If the appraisers do not agree to jointly request the appointment of an umpire, either the Named Insured or Company can unilaterally end the appraisal with written notice to the other. If either party to the appraisal without notice to the other party asks a judge to select an umpire, any such umpire selection shall be invalidated and the selection of a new umpire shall be required, either by agreement of the appraisers or by a joint request for judicial selection.

The appraisers will state separately the value of the property and the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain its right to apply this policy's terms, conditions, exclusions and limitations and to deny the claim.

Loss Condition 1., Appraisal, in Section **C.** the Business Income (and Extra Expense) Coverage Form, is deleted and replaced by the following:

1. Appraisal by Agreement

If we and you disagree on the value of the amount of Net Income and operating expenses or the amount of loss, either may make a written proposal for an appraisal of the loss. If a written proposal for appraisal is made, neither you nor the Company is required to agree to appraisal. If we and you agree to appraise the amount of Net Income and operating expenses or the amount of loss, each will select a competent and impartial appraiser and advise the other in writing within 15 business days.

The two appraisers will select a competent and impartial umpire. If they cannot agree to an umpire within 15 business days of either appraiser proposing one or more umpires, the two appraisers may jointly request that the selection of a competent and impartial umpire be made by a judge of a court in the county of the loss or damage. If the appraisers do not agree to jointly request the appointment of an umpire, either the Named Insured or Company can unilaterally end the appraisal with written notice to the other. If either party to the appraisal without notice to the other party asks a judge to select an umpire, any such umpire selection shall be invalidated and the selection of a new umpire shall be required, either by agreement of the appraisers or by a joint request for judicial selection.

The appraisers will state separately the amount of Net Income and operating expenses or amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain its right to apply this policy's terms, conditions, exclusions and limitations and to deny the claim.

8. Legal Action Against the Company

Section **D.**, **Legal Action Against Us**, of the Commercial Property Conditions Form, is deleted and replaced by the following:

D. LEGAL ACTION AGAINST US

No one may bring a legal action against us under this policy unless:

1. The Named Insured has fully complied with all of the terms and conditions of this policy; and
2. The action is brought in a court of proper jurisdiction within two (2) years and one (1) day after the cause of action accrues. If any applicable law invalidates this limitation period, then the action must be brought within the shortest period permitted by law.

9. Conformance to Minimum Requirements of Statute or Regulation

Any term, condition or other provision of this policy related to the provision of notice or a deadline for making payment which is in conflict with the statute or regulation of the state wherein this policy is issued is amended to conform to the minimum requirements of such statute or regulation. It is understood and agreed that in the event of such an amendment, the provision of notice or a deadline for making payment may be extended or shortened.

10. Changes to Replacement Cost Conditions

Paragraphs **G.3.d.** and **G.3.e.** of the Building and Personal Property Coverage Form's Replacement Cost Optional Coverage are deleted and replaced with the following:

d. We will not pay on a replacement cost basis for any loss or damage:

- (1) Unless and until the lost or damaged property is actually repaired or replaced by the Named Insured;
- (2) Unless the repair or replacement is made as soon as reasonably possible after the loss or damage; and
- (3) Unless the Named Insured provides us documentation that the lost or damaged property has been repaired or replaced and such repair or replacement was paid for by the Named Insured. Examples of necessary documentation include photographs of repaired or replaced property, contracts and invoices that detail the scope of repair or replacement, and cancelled checks.

It is agreed that if repairs are not made within one (1) year of the date of loss or damage, the loss will be valued at Actual Cash Value. We may, but are never required to, extend the one (1) year repair period in writing if a written request is made and good cause is shown before the repair period expires.

"Actual Cash Value" means the cost to repair or replace the lost or damaged property at the time and place of loss with other property of comparable material and quality, less allowance for deterioration, depreciation, and obsolescence.

With respect to tenants' improvements and betterments, the following also apply:

- (4) If the conditions in **d.(1)**, **d.(2)** and **d.(3)** above are not met, the value of tenants' improvements and betterments will be determined as a proportion of your original cost, as set forth in the Valuation Loss Condition of this Coverage Form; and
 - (5) We will not pay for loss or damage to tenants' improvements and betterments if others pay for repairs or replacement.
 - e. We will not pay more for loss or damage on a replacement cost basis than the least of **(1)**, **(2)** or **(3)**, subject to **f.** below:
 - (1) The lesser of any Limit of Insurance or sublimit applicable to the lost or damaged property;
 - (2) The cost to repair or replace the lost or damaged property with other property:
 - (a) Of comparable size, material and quality; and
 - (b) Used for the same purpose; or
 - (3) The amount actually spent by the Named Insured that is reasonable and necessary to repair or replace the lost or damaged property at the time and place of loss.
- If a building is rebuilt at a new premises, the cost described in **e.(2)** above is limited to the cost which would have been incurred if the building had been rebuilt at the original premises.

11. Changes to Replacement Cost Conditions—Roof Covering Valuation

- 1. Paragraph **G.3.** of the Building and Personal Property Coverage Form's Replacement Cost Optional Coverage is amended by the addition of the following provision:
 - g. The following will be valued at Actual Cash Value when caused by or resulting from windstorm or hail:
 - (1) Any damage or loss to any Roof Covering, other than asphalt shingles, installed more than 20 years before the date of loss or damage.
 - (2) Any damage or loss to any asphalt shingle Roof Covering installed more than 15 years before the date of loss or damage.
- "Roof Covering"** means:
- a. The roof material exposed to the weather;
 - b. The underlayments applied for moisture protection;
 - c. All flashings required in the replacement of the roof covering.

12. Increased Cost Of Construction

Additional Coverage for Increased Cost Of Construction in Section **A.4.** of the Building and Personal Property Coverage Form is amended by deleting paragraph **e.(5)** and replacing it with the following:

- (5) Under this Additional Coverage, we will not pay for:
 - (a) Any costs associated with the enforcement of an ordinance or law unless direct physical loss of or damage to Covered Property caused by a Covered Cause of Loss alone and directly causes the enforcement;

- (b) Costs associated with the enforcement of an ordinance or law where such enforcement is not the direct result of direct physical loss of or damage to Covered Property, even if the enforcement of the ordinance or law results from an inspection of the premises that sustained a Covered Cause of Loss;
- (c) Any costs incurred in complying with recommended actions or standards that exceed actual minimum requirements of an ordinance or law;
- (d) The enforcement of or compliance with any ordinance or law which requires demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria; or
- (e) Any costs associated with the enforcement of or compliance with an ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungus", wet or dry rot or bacteria.

Additional Coverage for Increased Cost Of Construction in Section **A.4.** of the Building and Personal Property Coverage Form is amended by deleting paragraph **e.(6)** and replacing it with the following:

- (6)** The most we will pay under this Additional Coverage, for each described building insured under this Coverage Form is 10% of the Limit of Insurance applicable to that building.

If a damaged building is covered under a blanket Limit of Insurance which applies to more than one building, then the most we will pay under this Additional Coverage for that damaged building is 10% of the value of the damaged building as of the time of loss multiplied by the Coinsurance percentage in the Declarations applicable to the damaged building, if any.

- (a) The value of the damaged building as of the time of loss will be calculated for this purpose by dividing the square footage of the damaged building by the total square footage of all the insured buildings at the Insured Location, and then multiplying that amount by the Building value for the Insured Location found in the Schedule of Insured Locations.
- (b) For example, if an Insured Location consists of two buildings with a total of 20,000 square feet and a Building value of \$1,000,000, and one 5,000 square foot building is damaged, that damaged building has a value of \$250,000 ($5,000 / 20,000 \times \$1,000,000$). The most we will pay for the Additional Coverage is \$25,000 (10% of \$250,000) multiplied by any applicable Coinsurance percentage in the Declarations.

Additional Coverage for Increased Cost Of Construction in Section **A.4.** of the Building and Personal Property Coverage Form is amended by deleting paragraph **e.(7)(a)** and replacing it with the following:

- (a) We will not pay for the Increased Cost of Construction:
 - (i) Until the property is actually repaired or replaced at the same or another premises; and

- (ii) Unless the repair or replacement is made as soon as reasonably possible after the loss or damage, not to exceed one (1) year. We may, but are never required to, extend the one (1) year repair period in writing if a written request is made and good cause is shown before the one (1) year repair period expires.

13. Vacancy

Loss Condition 6., Vacancy, in Section **E.** of the Building and Personal Property Coverage Form, is amended by deleting paragraphs **a.** and **b.** and replacing them with the following:

a. Description Of Terms

- (1) As used in this Vacancy Condition, the term building and the term vacant have the meanings set forth in (1)(a) and (1)(b) below:
 - (a) When the policy is issued to a tenant, and with respect to that tenant's interest in Covered Property, building means the unit or suite rented or leased to the tenant. Such building is vacant when it does not contain enough business personal property to conduct customary operations.
 - (b) When the policy is issued to the owner or general lessee of a building, building means the entire building. Such building is vacant unless at least 51% of its total square footage is:
 - (i) Rented to a lessee or sublessee and used by the lessee or sublessee to conduct its customary operations; and/or
 - (ii) Used by the building owner to conduct customary operations.

- (2) Buildings under construction or renovation are not considered vacant.

b. Exclusion – Building Vacant for More than 60 Consecutive Days

If a building where loss or damage occurs has been vacant for more than 60 consecutive days before that loss or damage occurs, we will not pay for any loss or damage caused by or resulting from any of the following causes of loss, even if they are Covered Causes of Loss:

- (1) Vandalism;
- (2) Sprinkler leakage, unless you have protected the system against freezing;
- (3) Building glass breakage;
- (4) Water damage;
- (5) Theft; or
- (6) Attempted theft.

c. Loss Valuation – Building Vacant for More than 60 Consecutive Days

If the building where loss or damage occurs has been vacant for more than 60 consecutive days before that loss or damage occurs, any loss or damage caused by a Covered Cause of Loss other than those listed above in **b.(1)** through **b.(6)** above will be valued at Actual Cash Value.

14. Concealment, Misrepresentation Or Fraud

Section **A.**, **Concealment, Misrepresentation Or Fraud**, of the Commercial Property Conditions Form, is deleted and replaced by the following:

A. CONCEALMENT, MISSTATEMENT, MISREPRESENTATION OR FRAUD

- 1.** This Coverage Part is void in any case of fraud by you as it relates to this Coverage Part at any time. It is also void if you or any other insured, at any time, intentionally conceal or misrepresent a material fact concerning:
 - a.** This Coverage Part;
 - b.** The Covered Property;
 - c.** Your interest in the Covered Property; or
 - d.** A claim under this Coverage Part.
- 2.** In the event there is any misstatement or untruth in the application or underwriting materials provided to the Company by or on behalf of the Named Insured, the Company has the right to exclude from coverage any claim arising from loss or damage to an item of property made the basis of such misstatement or untruth.

EQUIPMENT BREAKDOWN COVERAGE

This Endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CAUSES OF LOSS – BASIC FORM
CAUSES OF LOSS – BROAD FORM
CAUSES OF LOSS – SPECIAL FORM
BUILDERS RISK COVERAGE FORM

Equipment Breakdown Schedule	
Equipment Breakdown Limits of Insurance:	
Spoilage	\$100,000
Expediting Expenses	\$100,000
Hazardous Substance	\$100,000
Data Restoration	\$100,000
Demolition and Increased Cost of Construction	\$100,000
Off-premises Coverage	\$25,000
Deductibles:	
Direct Damage	\$10,000
Business Income and Extra Expense	Combined with Direct Damage
Spoilage	Combined with Direct Damage
Utility Interruption – Waiting Period	72 hours

The following is added to paragraph A. 4. Additional Coverages in the applicable Coverage Form:

A. Equipment Breakdown Coverage

1. We will pay for direct physical loss to Covered Property caused by or resulting from a “breakdown” to “covered equipment”.

With respect to otherwise covered Business Income and Extra Expense, “breakdown” to “covered equipment” will be considered a Covered Cause of Loss.

2. “Breakdown”

- a. “Breakdown” means:

- (1) Failure of pressure or vacuum equipment;
 - (2) Mechanical failure including rupture or bursting caused by centrifugal force; or
 - (3) Electrical failure caused by artificially generated electric current, including arcing;
- that causes direct physical loss or damage to “covered equipment” and necessitates its repair or replacement.

- b. “Breakdown” does not mean:

- (1) Cracking of any part on an internal combustion gas turbine exposed to the products of combustion;
- (2) Damage to any structure or foundation supporting the “covered equipment” or any of its parts;
- (3) Damage to any vacuum tube, gas tube, or brush;
- (4) Defects, erasures, errors, limitations or viruses in “computer equipment”, data, “media” and/or programs including the inability to recognize and process any date or time or provide instructions to “covered equipment”. However, if a “breakdown” ensues, we will pay the ensuing loss or damage not otherwise excluded;
- (5) Leakage at any valve, fitting, shaft seal, gland packing, joint or connection;
- (6) Malfunction including but not limited to adjustment, alignment, calibration, cleaning or modification; or

(7) The functioning of any safety or protective device.

- c. If an initial “breakdown” causes other “breakdowns”, all will be considered one “breakdown”. All “breakdowns” that manifest themselves at the same time and are the result of the same cause will also be considered one “breakdown”.

3. **“Covered Equipment”**

- a. “Covered equipment” means any Covered Property that is:

- (1) Equipment designed and built to operate under internal pressure or vacuum other than weight of contents. For any boiler or fired vessel, the furnace of the “covered equipment” and the gas passages from there to the atmosphere will be considered as outside the “covered equipment”;
- (2) Communication equipment and “computer equipment”;
- (3) Fiber optic cable; or
- (4) Any other electrical or mechanical equipment that is used in the generation, transmission or utilization of energy.

- b. “Covered equipment” does not mean any:

- (1) Astronomical telescope, cyclotron, nuclear reactor, particle accelerator, satellites and/or spacecraft (including satellite or spacecraft contents and/or their launch sites);
- (2) Catalyst;
- (3) Dragline, power shovel, excavation or construction equipment including any “covered equipment” mounted on or used solely with any dragline, power shovel, excavation or construction equipment;
- (4) Elevator or escalator, but not excluding any electrical machine or apparatus mounted on or used with this equipment;
- (5) Equipment or any part of equipment manufactured by you for sale;
- (6) Felt, wire, screen, mold, form, pattern, die, extrusion plate, swing hammer, grinding disc, cutting blade, non-electrical cable, chain, belt, rope, clutch plate, brake pad, non-metal part or any part or tool subject to periodic replacement;
- (7) Insulating or refractory material;
- (8) Non-metallic pressure or vacuum equipment, unless it is constructed and used in accordance with the American Society of Mechanical Engineers (A.S.M.E.) code or a Code that has been accepted by the National Board of Boiler and Pressure Vessel Inspectors;
- (9) Part of pressure or vacuum equipment that is not under internal pressure of its contents or internal vacuum;
- (10) Pressure vessels and piping that are buried below ground and require the excavation of materials to inspect, remove, repair or replace;
- (11) Structure, foundation, cabinet or compartment supporting or containing the “covered equipment” or part of the “covered equipment” including penstock, draft tube or well casing;
- (12) Vehicle, aircraft, self-propelled equipment or floating vessel, including any “covered equipment” mounted on or used solely with any vehicle, aircraft, self-propelled equipment or floating vessel; or
- (13) “Media”.

4. **Property Not Covered.** With regard to the coverage provided by this Endorsement only, A.2.b. in the Coverage Form to which this Endorsement applies is deleted and replaced by the following:

- b. Animals.

5. **Equipment Breakdown Coverage Extensions.**

The following coverages also apply to loss or damage caused by or resulting from a “breakdown” to “covered equipment”. These Equipment Breakdown Coverage Extensions do not provide additional amounts of insurance. The limits provided are part of, not in addition to, the Limit of Insurance that applies to the damaged Covered Property.

- a. **Spoilage.**

- (1) We will pay for:
 - (a) Your loss of “perishable goods” due to spoilage;

(b) Your loss of “perishable goods” due to spoilage that is caused by or results from an interruption in utility services that is the direct result of a “breakdown” to “covered equipment” that is owned by a utility, landlord, or other supplier with whom you have a contract to provide you with any of the following services: electrical power, communications, waste disposal, air conditioning, refrigeration, heating, gas, air, water or steam. Coverage for such loss will begin 12 hours after the time the “breakdown” causes the interruption of the utility service; or

(c) Your loss of “perishable goods” due to contamination from the release of refrigerant, including but not limited to ammonia.

We will also pay any necessary expense you incur to reduce the amount of loss under this coverage. We will pay such expenses to the extent that they do not exceed the amount of loss that otherwise would have been payable under this coverage.

- (2) If you are unable to replace the “perishable goods” before its anticipated sale, the amount of our payment will be determined on the basis of the sales price of the “perishable goods” at the time of the “breakdown”, less discounts and expenses you otherwise would have had. Otherwise our payment will be determined in accordance with the Loss Payment Condition.
- (3) The most we will pay for any loss or expense under this Equipment Breakdown Coverage Extension is \$100,000 or the Limit of Insurance for Spoilage shown on the Equipment Breakdown Schedule, whichever is greater.

b. Expediting Expenses.

- (1) With respect to your damaged Covered Property, we will pay the reasonable extra cost to make temporary repairs and expedite permanent repairs or permanent replacement.
- (2) Expediting expenses include overtime wages and the extra cost of express or other rapid means of transportation.
- (3) The most we will pay for Expediting Expenses is \$100,000 or the Limit of Insurance for Expediting Expenses shown on the Equipment Breakdown Schedule, whichever is greater.

c. Utility Interruption.

The insurance provided for Business Income and/or Extra Expense, if covered elsewhere in the policy, is extended to apply to loss caused by or resulting from an interruption in utility services that is a direct result of a “breakdown” to “covered equipment” that is owned by a utility, landlord, or other supplier with whom you have a contract to provide you with any of the following services: electrical power, communications, waste disposal, air conditioning, refrigeration, heating, gas, air, water or steam.

Coverage for Utility Interruption will begin 12 hours, or the time shown for Utility Interruption-Waiting Period in the Equipment Breakdown Schedule, after the time the “breakdown” causes the interruption of the utility service.

d. Drying Out.

If electrical “covered equipment” requires drying out as a result of a flood, waves, tides, tidal waves, or overflow of any body of water or their spray, even if driven by wind, we will pay for the direct expense of drying out such electrical “covered equipment”. The most we will pay for such expense under this Equipment Breakdown Coverage Extension is the least of:

- (1) \$10,000;
- (2) the Limit of Insurance shown on the Declaration for the applicable covered property; or
- (3) the value of such damaged electrical “covered equipment”.

Coverage provided by this extension does not include the cost to replace such equipment or any other loss, damage or expense that is caused by or results directly or indirectly from flood, waves, tides, tidal waves, or overflow of any body of water or their spray, even if driven by wind.

e. Hazardous Substance.

With regard to coverage provided under this Endorsement only, Additional Coverage A.4.d.in the Coverage Form to which this Endorsement applies is deleted and replaced by the following:

- d. We will pay your expense to extract "pollutants" from land or water at the described premises and the cost for clean-up, repair, replacement or disposal of Covered Property at the described premises if the discharge, dispersal, seepage, migration, release or escape of such "pollutants" is caused by or results from a "breakdown" to "covered equipment" that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which such "breakdown" occurs.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants". But we will pay for testing which is performed in the course of extracting the "pollutants" from the land, water or the clean-up, repair, replacement, or disposal of Covered Property.

The most we will pay under this Additional Coverage, including any loss covered under any applicable Business Income or Extra Expense coverage, for the sum of all covered expenses is \$100,000 or the Limit of Insurance for Pollution Clean Up and Removal shown on the Equipment Breakdown Schedule, whichever is greater.

The coverage provided by this Additional Coverage does not include loss to "perishable goods" due to contamination from the release of a refrigerant.

f. **Data Restoration.**

We will pay your cost to research, replace and restore data, including programs and operating systems that are lost or corrupted due to a "breakdown". We will also pay for loss or damage to "media" caused by a "breakdown". The most we will pay under this Coverage Extension for the sum of all covered expenses, including any loss covered under any applicable Business Income and Extra Expense coverage is \$100,000 or the Limit of Insurance for Data Restoration shown on the Equipment Breakdown Schedule, whichever is greater.

g. **Demolition and Increased Cost of Construction.**

The following applies despite the Ordinance or Law Exclusion. If a "breakdown" to "covered equipment" damages a building that is Covered Property that is insured at replacement cost, and the loss is increased by the enforcement of any laws or ordinances that are in force at the time of the "breakdown" and which regulate the demolition, construction, repair or use of the building or structure the following apply:

(1) We will pay for:

- (a) Your actual cost to demolish and clear the site of the undamaged parts of the same building or structure as a consequence of enforcement of an ordinance or law that requires the demolition of such undamaged property; and
- (b) Your actual expenditures for increased costs to repair, rebuild, or construct the building. If the building is repaired, rebuilt or constructed, it must be intended for a similar use or occupancy as the current building, unless otherwise required by zoning or land use ordinance or law;

- (2) With regard to otherwise covered Business Income and Extra Expense coverage, the "period of restoration" is extended to include the additional period of time required for demolition and to meet the minimum requirement of any ordinance or law enforcement at the time of the "breakdown".

(3) We will not pay for any:

- (a) Fine;
- (b) Liability to a third party;
- (c) Increase in loss due to a "pollutant"; or
- (d) Demolition cost until the undamaged portions of the building are actually demolished;
- (e) Increased construction costs until the building is actually rebuilt and replaced;
- (f) Increases in loss, excess of the amount required to meet the minimum requirement of any ordinance or law enforcement at the time of the "breakdown"; or
- (g) Loss due to any ordinance or law that you were required to comply with before the "breakdown", even if the building was undamaged, and with which you failed to comply.

The most we will pay under this Coverage Extension for the sum of all covered expenses, including any loss covered under any applicable Business Income and Extra Expense coverage, is \$25,000 or the Limit of Insurance for Demolition and Increased Cost of Construction shown on the Equipment Breakdown Schedule, whichever is greater.

h. **Off-Premises Coverage**

We will pay for loss or damage to Covered Property caused by a "Breakdown" to "Covered Equipment" while temporarily at a premises or location that is not a described premises on the policy. The most we will pay for Off-Premise Coverage is \$100,000.

6. Equipment Breakdown Exclusions.

With regard to coverage provided under this Endorsement only, the following changes are made:

- a. The following Exclusions are deleted from the Causes of Loss – Special form: B.2.a.; B.2.d.(6); and B.2.e.
- b. Exclusion B.2.i. from the Causes of Loss – Special form, is deleted and replaced by the following:
 - i. Discharge, dispersal, seepage, migration, release or escape of "pollutants". But if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in a "breakdown" to "covered equipment", we will pay for the loss or damage caused by that "breakdown".
- c. The last paragraph of Exclusion B.2.d. from the Causes of Loss – Special form is deleted and replaced by the following:

But if an excluded cause of loss that is listed in **2.d.(1)** through **(7)** results in a "breakdown", we will pay the resulting loss or damage not otherwise excluded.
- d. The following exclusions apply to the coverage provided under this Endorsement in addition to the other exclusions, except as deleted in A.6.a. above, in the Coverage Form to which this Endorsement applies. We will not pay under this Endorsement for loss or damage caused directly or indirectly by any of the following:
 - (1) Any of the following tests:
 - (a) A hydrostatic, pneumatic or gas pressure test of any boiler or pressure vessel; or
 - (b) An insulation breakdown test of any type of electrical equipment;
 - (2) Fire including fire resulting from a "breakdown";
 - (3) Combustion explosion;
 - (4) Explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass;
 - (5) An explosion. However, we will pay for direct loss or damage caused by an explosion of "covered equipment" of a kind specified in a. through f. below, if not otherwise excluded:
 - a. Steam boiler;
 - b. Electric steam generator;
 - c. Steam piping;
 - d. Steam turbine;
 - e. Steam engine; or
 - f. Gas turbine or any other moving or rotating machinery when such explosion is caused by centrifugal force or mechanical breakdown.
 - (6) With respect to Utility Interruption and paragraph (1)(b) of Perishable Goods coverage, we will not pay for loss caused by or resulting from: Lightning; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; falling objects; water damage caused by the discharge or leakage of sprinkler system, sewer piping or domestic water piping; water or other means used to extinguish a fire, even when the attempt is unsuccessful; weight of snow, ice or sleet; freezing due to cold weather; molten material; or collapse.
 - (7) Capsizing, collapse, collision, impact, overturning, sinking or upset of Portable "Covered Equipment or the vehicle, vessel, platform or any other structure on which the "Covered Equipment" is mounted or transported.
 - (8) "Electronic Vandalism".

7. Equipment Breakdown Limitations.

With regard to this Endorsement only, the following Limitations are deleted from the Causes of Loss – Special Form: C.1.a. and C.1.b.

8. Limits of Insurance

- a. The most we will pay for loss or damage in any one "breakdown" is the applicable Limit of Insurance shown in the Declarations. The limits provided for the Equipment Breakdown Coverage Extensions are part of, not in addition to, the Limit of Insurance shown in the Declarations that applies to the damaged Covered Property.

The coverage provided by this Endorsement is part of, not in addition to, the Limits of Insurance shown in the Declarations.

- b. The most we will pay for water damage that results from a "breakdown" to "covered equipment" is \$25,000 for any one "breakdown" This is part of, not in addition to, the Limit of Insurance shown in the Declarations that applies to damaged Covered Property.

9. **Deductible**

If an amount is shown in the Deductible section of the Equipment Breakdown Schedule, the following will apply; otherwise the deductible shown in the Declaration for the applicable coverage will apply.

Paragraph D. - Deductibles of the applicable coverage form is deleted and replaced by:

- a. In any one "breakdown, we will first reduce the amount of loss if required by the Coinsurance Condition or the Agreed Value Optional Coverage. If the adjusted amount of loss is less than or equal to the Deductible, we will not pay for that loss. If the adjusted amount of loss exceeds the Deductible, we will then subtract the Deductible from the adjusted amount of loss, and will pay the resulting amount or the Limit of Insurance, whichever is less.

The deductibles listed in the Equipment Breakdown Schedule shall be applied separately to the applicable coverage as follows:

(1) **Dollar Deductible**

If a dollar deductible is shown in the above schedule, we will first subtract the deductible amount from any loss we would otherwise pay.

(2) **Multiple per Unit Deductible**

If a multiple of units is shown in the above schedule, the deductible will be calculated as the sum of the multiplier times the number of units specified. (For example: if the deductible is specified as \$25/hp for air conditioning units, and a covered 500 hp air conditioning unit suffered a "Breakdown", the deductible will be \$25 times 500 hp which equals \$12,500.)

(3) **Time Deductible**

If a time deductible is shown in the above schedule, we will not be liable for any loss under that coverage that occurs during that specified time period immediately following a "Breakdown". If a time deductible is shown in days, each day shall mean twenty-four consecutive hours.

(4) **Multiple of Daily Value Deductible**

If a multiple of daily value is shown in the above schedule, this deductible will be calculated as follows:

- (a) For the entire premise described in the Declarations where the loss occurred, determine the total amount of Business Income that would have been earned during the "Period of Restoration" had no "Breakdown" taken place.
- (b) Divide the result in Paragraph (1) by the number of days the business would have been open during the "Period of Restoration". The result is the daily value.
- (c) Multiply the daily value in Paragraph (2) by the number of daily value multiples shown in the above schedule. We will first subtract this deductible amount from any loss we would otherwise pay. We will then pay the amount of loss or damage in excess of the deductible, up to the applicable Limit of Insurance.

(5) **Percentage of Loss Deductible**

If a deductible is expressed as a percentage of loss in the above schedule, we will not be liable for the indicated percentage of the gross amount of loss or damage insured under the applicable coverage.

(6) **Minimum Or Maximum Deductible**

- (a) If:
 - (i) A minimum dollar amount deductible is shown in the above schedule; and

- (ii) The dollar amount of the Multiple per Unit, Multiple of Daily Value or the Percentage of Loss Deductible is less than the Minimum Deductible:
then the Minimum Deductible amount shown in the above schedule will be the applicable deductible.
- (b) If:
 - (i) A maximum dollar amount deductible is shown in the above schedule; and
 - (ii) The dollar amount of the Multiple per Unit, Multiple of Daily Value or the Percentage of Loss Deductible is greater than the Maximum Deductible;
then the Maximum Deductible amount shown in the above schedule will be the applicable deductible.

- b. If more than one deductible applies to a single coverage, then only one deductible, the highest, will apply to that coverage.

- 10 The following provision applies to the coverage provided by this Endorsement only and in addition to the provisions in the Loss Payment section of the Coverage Form to which this Endorsement applies:

Green Certification, Environmental Safety and Efficiency Improvements.

You may replace damaged "covered equipment" with a newer generation "covered equipment" of the same capacity which improves the environment, increases efficiency or enhances safety. This includes costs to employ "green" methods of construction, disposal or recycling in the course of repair or replacement of the damaged or destroyed Covered Property, in accordance with documented standards of a "green authority". This also includes such costs you actually incur to attain "green" certification of the repaired or replaced Covered Property in accordance with documented standards of a "green authority. We will pay up to an additional 50% of the cost to replace Covered Property. This additional amount is included in, not in addition to, the applicable Limit of Insurance for Covered Property.

- 11. With respect to the coverage provided under this Endorsement, the following are added to the Additional Conditions section of the Coverage Form to which this Endorsement applies:

a. Jurisdictional Inspections

- (1) We agree to provide pressure vessel certificate-of-operation engineering services where:
 - (a) The certificate-of-operation is required by state, city or provincial law; and
 - (b) The state, city or provincial law permits inspections by insurance company employees.
- (2) If we receive notification of a pressure vessel certificate-of-operation inspection due date less than 30 (thirty) days prior to the expiration of the certificate-of-operation, we will not be responsible for:
 - (a) Any fine or other penalty that may be assessed; or
 - (b) Any liability that may arise due to the fact that the inspection was not performed prior to the certificate-of-operation due date.
- (3) Certificate-of-operation engineering services will not be provided for any location, other than in the United States of America, Puerto Rico or Canada.

b. Suspension

- (1) Whenever "covered equipment" is found to be in, or exposed to, a dangerous condition, any of our representatives may immediately suspend the coverage provided by this Endorsement. We will deliver or mail a written notice of suspension to your last known address or the address where the "covered equipment" is located.
- (2) Once suspended in this way, your coverage can be reinstated only by an Endorsement for that "covered equipment".
- (3) If we suspend your coverage, you will get a pro rata refund of premium for that "covered equipment". But the suspension will be effective even if we have not yet made or offered a refund.

12. Electrical Risk Improvements

The following Additional Coverage applies in the event of the following:

When "Covered Equipment" sustains direct physical loss or damage results from a "Breakdown" from artificially generated electric current (including arcing) that necessitates its repair or replacement, we will pay up to an additional 10% of the amount we actually pay for all loss or damage covered by this endorsement, not to exceed \$10,000, for costs you incur to make material improvements to your electrical system at the location of the loss.

This Additional Coverage does not pay for:

- a. Stock, work in process, raw materials, finished goods or merchandise;
- b. Any personal property of your employees or officers;
- c. Any Covered Property that is repaired or replaced due to direct physical loss or damage as covered by this endorsement.
- d. Any Business Income or Extra Expense

These expenses must be reported to us in writing within 180 days of direct physical loss or damage covered by this endorsement. The limit for this Additional Coverage is part of, not in addition to the Direct Damage limit.

13. With regard to the coverage provided by this Endorsement, the following definitions apply in addition to the definitions provided in the Coverage Form to which this Endorsement applies:

- a. **"Computer equipment"** means your programmable electronic equipment that is used to store, retrieve and process data; and associated peripheral equipment that provides communication including input and output functions such as printing or auxiliary functions such as data transmission. It does not include data or "media".
- b. **"Electronic Vandalism"** means:
 - (1) Willful or malicious destruction of computer programs, content, instructions or other electronic or digital data stored within computer systems.
 - (2) Unauthorized computer code or programming that:
 - a. Deletes, distorts, corrupts or manipulates computer programs, content, instructions or other electronic or digital data, or otherwise results in damage to computers or computer systems or networks to which it is introduced;
 - b. Replicates itself, impairing the performance of computers or computer systems or networks; or
 - c. Gains remote control access to data and programming within computers or computer systems or networks to which it is introduced.
- c. **"Green"** means products, materials, methods and processes that conserve natural resources, reduce energy or water consumption, avoid toxic or other polluting emissions or otherwise minimize the environmental impact.
- d. **"Green Authority"** means a recognized authority on "Green" building or "Green" products, materials or processes.
- e. **"Media"** means electronic data processing or storage material such as films, tapes, discs, drums or cells.
- f. **"Perishable goods"** means personal property maintained under controlled conditions for its preservation and susceptible to loss or damage if the controlled conditions change.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CYBER INCIDENT EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART
STANDARD PROPERTY POLICY

A. The following exclusion is added to Paragraph B. Exclusions:

We will not pay for loss or damage caused directly or indirectly by the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

Cyber Incident

1. Unauthorized access to or use of any computer system (including electronic data).
2. Malicious code, virus or any other harmful code that is directed at, enacted upon or introduced into any computer system (including electronic data) and is designed to access, alter, corrupt, damage, delete, destroy, disrupt, encrypt, exploit, use or prevent or restrict access to or the use of any part of any computer system (including electronic data) or otherwise disrupt its normal functioning or operation.
3. Denial of service attack which disrupts, prevents or restricts access to or use of any computer system, or otherwise disrupts its normal functioning or operation.

B. Exceptions And Limitations

1. Fire Or Explosion

If a cyber incident as described in Paragraphs

A.1. through **A.3.** of this exclusion results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

2. Additional Coverage

The exclusion in Paragraph **A.** does not apply to the extent that coverage is provided in the:

- a. Additional Coverage – Electronic Data; or
- b. Additional Coverage – Interruption Of Computer Operations.

3. Electronic Commerce Endorsement

The exclusion in Paragraph **A.** does not apply to the Electronic Commerce (E-Commerce) endorsement when attached to your policy.

C. Vandalism

The following is added to Vandalism, if Vandalism coverage is not otherwise excluded under the Standard Property Policy or the Causes Of Loss – Basic, Broad or Special Forms and if applicable to the premises described in the Declarations:

Vandalism does not include a cyber incident as described in Paragraph **A.**

THIS ENDORSEMENT CHANGES THIS POLICY. PLEASE READ IT CAREFULLY.

WINDSTORM / HAIL LOSS REPORTING ENDORSEMENT

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART

The following is agreed for loss or damage to Covered Property caused by or resulting from windstorm or hail:

Under Section **E.**, **Loss Condition 3.**, **Duties in the Event of Loss or Damage**, of the Building and Personal Property Coverage Form, paragraph **a.** is amended by the addition of the following condition:

- (9)** In addition to your obligation to provide us with prompt written notice of loss or damage, with respect to any claim wherein notice of the claim for windstorm or hail damage or loss is reported to us more than one (1) year after the reported date of loss or damage, this policy shall not provide coverage for such claim.

All other terms and conditions of this policy remain unchanged.

THIS ENDORSEMENT CHANGES THIS POLICY. PLEASE READ IT CAREFULLY.

WINDSTORM / HAIL ROOF LOSS GCOP ENDORSEMENT

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART

It is agreed that, with respect to any claim for damage or loss caused by or resulting from windstorm or hail, the Company will not pay General Contractor Overhead and Profit (GCOP) to repair or replace loss or damage to the roof system or any component thereof, regardless of whether such costs are paid by the Named Insured.

“General Contractor Overhead and Profit” means those costs paid by the Named Insured to a General Contractor to oversee, supervise, coordinate, or monitor repairs to the Covered Property.

Whether General Contractor Overhead and Profit will be paid for other items damaged by windstorm or hail will be determined separately in accordance with the terms and conditions of this policy and without regard to whether such costs are actually paid by the Named Insured.

All other terms and conditions of this policy remain unchanged.

THIS ENDORSEMENT CHANGES THIS POLICY. PLEASE READ IT CAREFULLY.

GREEN MEASURES SUBLIMIT ENDORSEMENT

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART

Within this policy's limit for Increased Cost Of Construction Additional Coverage for each damaged building at an Insured Location, which is set forth in the Schedule of Sublimits, the Company will pay no more than the following as a result of the enforcement of an ordinance or law in force at the time of loss requiring green or sustainable construction measures or certification (such as Leadership in Energy & Environmental Design (LEED) or Energy Star) or otherwise regulating energy efficiency or resource conservation:

Per damaged building: The lesser of 10% of the value of the damaged building or \$25,000.

However, in no event will the Company pay more than \$100,000 per Insured Location.

All other terms and conditions of this policy remain unchanged.

THIS ENDORSEMENT CHANGES THIS POLICY. PLEASE READ IT CAREFULLY.

PROTECTIVE SAFEGUARD ENDORSEMENT

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART

The terms of this endorsement apply to any building(s) where one or more of the following indicators are true:

- The presence of an Automatic Sprinkler System is indicated in the application or underwriting materials provided to the Company by or on behalf of the Named Insured for that premises or building.
- The presence of an Automatic Fire Alarm System is indicated in the application or underwriting materials provided to the Company by or on behalf of the Named Insured for that premises or building.
- The presence of an Automatic Burglar Alarm System is indicated in the application or underwriting materials provided to the Company by or on behalf of the Named Insured for that premises or building.

The Commercial Property Conditions Form is amended by the addition of the following condition:

I. PROTECTIVE SAFEGUARDS

1. As a condition of this insurance, you are required to maintain the protective devices or services that were indicated in the application or underwriting materials provided to the Company by or on behalf of the Named Insured.
2. The protective safeguards to which this endorsement apply are as follow:
 - a. **Automatic Sprinkler System**, including related supervisory services.

“Automatic Sprinkler System” means:

 - (1) Any automatic fire protective or extinguishing system, including connected:
 - (a) Sprinklers and discharge nozzles;
 - (b) Ducts, pipes, valves and fittings;
 - (c) Tanks, their component parts and supports; and
 - (d) Pumps and private fire protection mains.

- (2) When supplied from an automatic fire protective system:
 - (a) Non-automatic fire protective systems; and
 - (b) Hydrants, standpipes and outlets.
 - b. **Automatic Fire Alarm System** protecting the entire building that is:
 - (1) Connected to a central station; or
 - (2) Reporting to a public or private fire alarm station.
 - c. **Automatic Burglar Alarm System** protecting the entire building that is:
 - (1) Connected to a central station; or
 - (2) Reporting to a public or private fire alarm station;
 - (3) A local gong alarm.
- 3. We will not pay for loss or damage caused by or resulting from fire, theft, attempted theft or vandalism if, prior to the occurrence of such Cause of Loss, you:
 - a. Knew of and failed to notify us of any suspension or impairment of any protective safeguard that was indicated in the application or underwriting materials provided to the Company by or on behalf of the Named Insured; or
 - b. Failed to maintain in complete working order any protective safeguard over which you had control and that was indicated in the application or underwriting materials provided to the Company by or on behalf of the Named Insured.

If part of an Automatic Sprinkler System is shut off due to breakage, leakage, or routine maintenance or repairs, notification to us will not be necessary if you can restore full protection within 48 hours.

All other terms and conditions of this policy remain unchanged.

THIS ENDORSEMENT CHANGES THIS POLICY. PLEASE READ IT CAREFULLY.

WIND-DRIVEN PRECIPITATION ENDORSEMENT

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART

Limitation **C.1.c.** in the Causes of Loss — Special Form is deleted and replaced by the following:

- c.** The interior of any building or structure, or to personal property in the building or structure, caused by or resulting from sand or dust, whether driven by wind or not, unless the building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the sand or dust enters.

The following is added to this policy:

Subject to the terms and conditions of this policy and the applicable sublimit below, this policy provides coverage for direct physical loss or damage to the interior of any building or structure, or to personal property in the building or structure caused by or resulting from Wind-Driven Precipitation.

“Wind-Driven Precipitation” means rain, snow, sleet, or ice pressing or flowing through the roofs, doors, windows, or other openings of the building or structure.

No part of this coverage or definition shall be construed to apply to flood coverage whether or not flood is insured by this policy.

Wind-Driven Precipitation Sublimit: \$25,000 per Occurrence per Insured Location.

All other terms and conditions of this policy remain unchanged.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

LOSS PAYABLE PROVISIONS

This endorsement modifies insurance provided under the following:

BUILDERS' RISK COVERAGE FORM
BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CONDOMINIUM ASSOCIATION COVERAGE FORM
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM
STANDARD PROPERTY POLICY

SCHEDULE

Location Number:	Building Number:	Applicable Clause (Enter C.1., C.2., C.3. or C.4.):
Description Of Property:		
Loss Payee Name:		
Loss Payee Address:		
Location Number:	Building Number:	Applicable Clause (Enter C.1., C.2., C.3. or C.4.):
Description Of Property:		
Loss Payee Name:		
Loss Payee Address:		
Location Number:	Building Number:	Applicable Clause (Enter C.1., C.2., C.3. or C.4.):
Description Of Property:		
Loss Payee Name:		
Loss Payee Address:		
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.		

- A. When this endorsement is attached to the Standard Property Policy **CP 00 99**, the term Coverage Part in this endorsement is replaced by the term Policy.
- B. Nothing in this endorsement increases the applicable Limit of Insurance. We will not pay any Loss Payee more than their financial interest in the Covered Property, and we will not pay more than the applicable Limit of Insurance on the Covered Property.
- C. The following is added to the **Loss Payment** Loss Condition, as indicated in the Declarations or in the Schedule:

1. Loss Payable Clause

For Covered Property in which both you and a Loss Payee shown in the Schedule or in the Declarations have an insurable interest, we will:

- a. Adjust losses with you; and
- b. Pay any claim for loss or damage jointly to you and the Loss Payee, as interests may appear

2. Lender's Loss Payable Clause

- a. The Loss Payee shown in the Schedule or in the Declarations is a creditor, including a mortgageholder or trustee, whose interest in Covered Property is established by such written instruments as:

- (1) Warehouse receipts;
- (2) A contract for deed;
- (3) Bills of lading;
- (4) Financing statements; or
- (5) Mortgages, deeds of trust, or security agreements.

- b. For Covered Property in which both you and a Loss Payee have an insurable interest:

- (1) We will pay for covered loss or damage to each Loss Payee in their order of precedence, as interests may appear.
- (2) The Loss Payee has the right to receive loss payment even if the Loss Payee has started foreclosure or similar action on the Covered Property.

- (3) If we deny your claim because of your acts or because you have failed to comply with the terms of the Coverage Part, the Loss Payee will still have the right to receive loss payment if the Loss Payee:

- (a) Pays any premium due under this Coverage Part at our request if you have failed to do so;
- (b) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
- (c) Has notified us of any change in ownership, occupancy or substantial change in risk known to the Loss Payee.

All of the terms of this Coverage Part will then apply directly to the Loss Payee.

- (4) If we pay the Loss Payee for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:

- (a) The Loss Payee's rights will be transferred to us to the extent of the amount we pay; and
- (b) The Loss Payee's rights to recover the full amount of the Loss Payee's claim will not be impaired.

At our option, we may pay to the Loss Payee the whole principal on the debt plus any accrued interest. In this event, you will pay your remaining debt to us.

- c. If we cancel this policy, we will give written notice to the Loss Payee at least:
 - (1) 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
 - (2) 30 days before the effective date of cancellation if we cancel for any other reason.
- d. If we elect not to renew this policy, we will give written notice to the Loss Payee at least 10 days before the expiration date of this policy.

3. Contract Of Sale Clause

- a. The Loss Payee shown in the Schedule or in the Declarations is a person or organization you have entered into a contract with for the sale of Covered Property.
- b. For Covered Property in which both you and the Loss Payee have an insurable interest, we will:
 - (1) Adjust losses with you; and
 - (2) Pay any claim for loss or damage jointly to you and the Loss Payee, as interests may appear.
- c. The following is added to the **Other Insurance** Condition:

For Covered Property that is the subject of a contract of sale, the word "you" includes the Loss Payee.

4. Building Owner Loss Payable Clause

- a. The Loss Payee shown in the Schedule or in the Declarations is the owner of the described building in which you are a tenant.
- b. We will adjust losses to the described building with the Loss Payee. Any loss payment made to the Loss Payee will satisfy your claims against us for the owner's property.
- c. We will adjust losses to tenants' improvements and betterments with you, unless the lease provides otherwise.

THIS ENDORSEMENT IS ATTACHED TO AND MADE PART OF YOUR POLICY IN RESPONSE TO THE DISCLOSURE REQUIREMENTS OF THE TERRORISM RISK INSURANCE ACT. THIS ENDORSEMENT DOES NOT GRANT ANY COVERAGE OR CHANGE THE TERMS AND CONDITIONS OF ANY COVERAGE UNDER THE POLICY.

DISCLOSURE PURSUANT TO TERRORISM RISK INSURANCE ACT

SCHEDULE

SCHEDULE – PART I			
Terrorism Premium (Certified Acts) \$ This premium is the total Certified Acts premium attributable to the following Coverage Part(s), Coverage Form(s) and/or Policy(ies): Additional information, if any, concerning the terrorism premium: 			
SCHEDULE – PART II			
Federal share of terrorism losses	80	% Year: 20	<u>21</u>
(Refer to Paragraph B. in this endorsement.)			
Federal share of terrorism losses	80	% Year: 20	<u>22</u>
(Refer to Paragraph B. in this endorsement.)			
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.			

A. Disclosure Of Premium

In accordance with the federal Terrorism Risk Insurance Act, we are required to provide you with a notice disclosing the portion of your premium, if any, attributable to coverage for terrorist acts certified under the Terrorism Risk Insurance Act. The portion of your premium attributable to such coverage is shown in the Schedule of this endorsement or in the policy Declarations.

B. Disclosure Of Federal Participation In Payment Of Terrorism Losses

The United States Government, Department of the Treasury, will pay a share of terrorism losses insured under the federal program. The federal share equals a percentage (as shown in Part II of the Schedule of this endorsement or in the policy Declarations) of that portion of the amount of such insured losses that exceeds the applicable insurer retention. However, if aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year, the Treasury shall not make any payment for any portion of the amount of such losses that exceeds \$100 billion.

THIS ENDORSEMENT IS ATTACHED TO AND MADE PART OF YOUR POLICY IN RESPONSE TO THE DISCLOSURE REQUIREMENTS OF THE TERRORISM RISK INSURANCE ACT. THIS ENDORSEMENT DOES NOT GRANT ANY COVERAGE OR CHANGE THE TERMS AND CONDITIONS OF ANY COVERAGE UNDER THE POLICY.

C. Cap On Insurer Participation In Payment Of Terrorism Losses

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART
FARM COVERAGE PART
STANDARD PROPERTY POLICY

A. Cap On Certified Terrorism Losses

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of the federal Terrorism Risk Insurance Act, to be an act of terrorism pursuant to such Act. The criteria contained in the Terrorism Risk Insurance Act for a "certified act of terrorism" include the following:

1. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

B. Application Of Exclusions

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss which would otherwise be excluded under this Coverage Part or Policy, such as losses excluded by the Nuclear Hazard Exclusion or the War And Military Action Exclusion.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF CERTAIN COMPUTER-RELATED LOSSES

This endorsement modifies insurance provided under the following:

COMMERCIAL INLAND MARINE
COVERAGE PART COMMERCIAL
PROPERTY COVERAGE PART CRIME AND
FIDELITY COVERAGE PART STANDARD
PROPERTY POLICY

- A.** We will not pay for loss ("loss") or damage caused directly or indirectly by the following. Such loss ("loss") or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss ("loss") or damage.
- 1.** The failure, malfunction or inadequacy of:
 - a.** Any of the following, whether belonging to any insured or to others:
 - (1)** Computer hardware, including microprocessors;
 - (2)** Computer application software;
 - (3)** Computer operating systems and related software;
 - (4)** Computer networks;
 - (5)** Microprocessors (computer chips) not part of any computer system; or
 - (6)** Any other computerized or electronic equipment or components; or
 - b.** Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph **A.1.a.** of this endorsement; due to the inability to correctly recognize, process, distinguish, interpret or accept one or more dates or times. An example is the inability of computer software to recognize the year 2000.
 - 2.** Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in Paragraph **A.1.** of this endorsement.
- B.** If an excluded Cause of Loss as described in Paragraph **A.** of this endorsement results:
- 1.** In a Covered Cause of Loss under the Crime and Fidelity Coverage Part, the Commercial Inland Marine Coverage Part or the Standard Property Policy; or
 - 2.** Under the Commercial Property Coverage Part:
 - a.** In a "Specified Cause of Loss", or in elevator collision resulting from mechanical breakdown, under the Causes of Loss – Special Form; or
 - b.** In a Covered Cause of Loss under the Causes Of Loss – Basic Form or the Causes Of Loss – Broad Form;
- we will pay only for the loss ("loss") or damage caused by such "Specified Cause of Loss", elevator collision, or Covered Cause of Loss.
- C.** We will not pay for repair, replacement or modification of any items in Paragraphs **A.1.a.** and **A.1.b.** of this endorsement to correct any deficiencies or change any features.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART
STANDARD PROPERTY POLICY

- A.** The exclusion set forth in Paragraph **B.** applies to all coverage under all forms and endorsements that comprise this Coverage Part or Policy, including but not limited to forms or endorsements that cover property damage to buildings or personal property and forms or endorsements that cover business income, extra expense or action of civil authority.
- B.** We will not pay for loss or damage caused by or resulting from any virus, bacterium or other microorganism that induces or is capable of inducing physical distress, illness or disease. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any other sequence to the loss or damage.

However, this exclusion does not apply to loss or damage caused by or resulting from "fungus", wet rot or dry rot. Such loss or damage is addressed in a separate exclusion in this Coverage Part or Policy.

- C.** With respect to any loss or damage subject to the exclusion in Paragraph **B.**, such exclusion supersedes any exclusion relating to "pollutants".
- D.** The following provisions in this Coverage Part or Policy are hereby amended to remove reference to bacteria:
 - 1. Exclusion of "Fungus", Wet Rot, Dry Rot And Bacteria; and
 - 2. Additional Coverage - Limited Coverage for "Fungus", Wet Rot, Dry Rot And Bacteria, including any endorsement increasing the scope or amount of coverage.
- E.** The terms of the exclusion in Paragraph **B.**, or the inapplicability of this exclusion to a particular loss, do not serve to create coverage for any loss that would otherwise be excluded under this Coverage Part or Policy.