

**POLICY COMMON DECLARATIONS**

**NAMED INSURED**  
Arbors at Mountain  
Shadows Condominium  
Owners Association, Inc.

**AND ADDRESS:**  
2192 Denton Grove  
Colorado Springs, CO 80919

**IN RETURN FOR PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL TERMS OF THIS POLICY, WE AGREE WITH YOU TO PROVIDE THE INSURANCE AS STATED IN THIS POLICY.**

**AGENT'S NAME AND ADDRESS:**  
Distinguished Program Insurance Brokerage, LLC  
1180 Avenue of the Americas, 16<sup>th</sup> Floor,  
New York, NY, 10036

Insurance is afforded by the Company named below, a Capital Stock Corporation:  
Great American Alliance Insurance Company

**POLICY PERIOD:** From 09/11/2020 To 09/11/2021  
12:01 A.M. Standard Time at the address of the Named Insured

This policy consists of the following Coverage Parts for which a premium is indicated. This premium may be subject to adjustment.

	<b>Premium</b>
Commercial Property	\$ 34,214
Commercial General Liability	\$ 5,680
Commercial Crime and Fidelity	\$ Included
Commercial Inland Marine	\$ Included
Commercial Equipment Breakdown	\$ 769
Commercial Auto	\$ Not Included
Commercial Umbrella	\$ Not Included
<b>TOTAL \$ 39,894</b>	

**FORMS AND ENDORSEMENTS:** applicable to all Coverage Parts and made part of this Policy at time of issue are listed on the attached Forms and Endorsements Schedule IL 88 01 (11/85).

**POLICY ALTERNATE MAILING ADDRESS:** N/A

**BUSINESSPRO PROPERTY COVERAGE PART  
DECLARATIONS PAGE**

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**NAMED INSURED:** Arbors at Mountain Shadows Condominium Owners Association, Inc.

**POLICY PERIOD:**  
09/11/2020 to  
09/11/2021

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**DESIGNATED PREMISES:**

Prem. No.	Bldg. No.	Location	Occupancy
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Please see Form CP 7201 Schedule of Locations

At the locations specified below, insurance is provided only for those coverages for which a Limit of Liability is shown:

**PROPERTY COVERAGES**

Prem. No.	Bldg. No.	Coverage	Coinsurance %	Limits of Liability
1	1 to 27	Building	N/A	\$26,331,375
		Community Personal Property	N/A	\$50,000
		Loss of Income/Business Income	N/A	\$305,000
		Other Property	N/A	\$271,420

	Covered Causes of Loss (X)			Deductible Amount	Valuation (X)			Inflation Guard %
	Basic	Broad	Special		ACV	RC	Agreed Value	
Building(s)			X	\$ 5,000		X		
Personal Property			X	\$ 5,000		X		
*Business Income			X					
Other Property			X	\$ 5,000		X		
Ice Damming			X	\$ 5,000		X		
Water Damage			X	\$ 5,000		X		
Sprinkler Leakage			X	\$ 0		X		
Water Backup of Sewers & Drains			X	\$ 5,000		X		
Basic			X	\$ 5,000		X		

**FORMS AND ENDORSEMENTS** applicable to all Coverage Forms and made part of this policy at time of issue are listed on the attached Forms and Endorsements Schedule CP 88 01 (11/85) .

**GENERAL LIABILITY COVERAGE PART  
DECLARATIONS PAGE**

**NAMED INSURED:** Arbors at Mountain Shadows Condominium Owners Association, Inc.

**POLICY PERIOD:**

09/11/2020 to

09/11/2021

**LIMITS OF INSURANCE:**

General Aggregate Limit (Other Than Products - Completed Operations)	\$ 2,000,000	
Products - Completed Operations Aggregate Limit	\$ 2,000,000	
Personal and Advertising Injury Limit	\$ 1,000,000	
Each Occurrence Limit	\$ 1,000,000	
Damage to Premises Rented to You Limit	\$ 500,000	Any One Premises
Medical Expense Limit	\$ 5,000	Any One Person

**SCHEDULE OF LOCATIONS:**

Please see Form CP 7201 Schedule of Locations

**FORMS AND ENDORSEMENTS** applicable to this Coverage Part and made a part of this Policy at the time of issue are listed on the attached Forms and Endorsements Schedule CG 88 01 (11/85).

**EQUIPMENT BREAKDOWN COVERAGE PART DECLARATIONS NO. 1**

<b>NAMED INSURED:</b> Arbors at Mountain Shadows Condominium Owners Association, Inc.	<b>POLICY PERIOD:</b> 09/11/2020 to 09/11/2021
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Issue Date: 09/11/2020

These coverages apply to any location listed on the Schedule of Locations for **Equipment Breakdown Coverage Part Declarations No. 1**.

	<b>Coverages</b>	<b>Limits</b>
Equipment Breakdown Limit		\$ 26,331,375
Property Damage		\$ Included
Off Premises Property Damage		\$ 25,000
Business Income		\$ Included
Extra Expense		\$ Included
Service Interruption		\$ Included
Contingent Business Income		\$ 100,000
Perishable Goods		\$ 250,000
Data Restoration		\$ 250,000
Demolition		\$ 2,500,000
Ordinance or Law		\$ 2,500,000
Expediting Expense		\$ 100,000
Hazardous Substances		\$ 100,000
Newly Acquired Locations		180 Days
Green		\$ 25,000
Mold		\$ 15,000
Civil Authority		\$ Excluded
Public Relations		\$ 5,000

**Deductibles**

Combined Coverage Policy Deductible: \$5,000

**FORMS AND ENDORSEMENTS** applicable to this Coverage Part and made a part of this Policy at the time of issue are listed on the attached Forms and Endorsements Schedule, BM 88 01.

**EQUIPMENT BREAKDOWN – SCHEDULE OF LOCATIONS**

Please see Form CP 7201 Schedule of Locations

## SCHEDULE OF LOCATIONS

**DESIGNATED PREMISES:**

Named Insured: Arbors at Mountain Shadows Condominium Owners Association, Inc.  
 Premises Number: 1 (This is a single premises policy)  
 Occupancy:  
 Physical Address: 2192 Denton Grove; Colorado Springs, CO, 80919

<b>BLDG No.</b>	<b>BLDG Address</b>
1	2110 Alicia Pt #101,102,201,202; Colorado Springs,CO,80919
2	2120 Alicia Pt #101,102,103,201,202,203 ; Colorado Springs,CO,80919
3	2125 Alicia Pt #101,102,103,201,202,203; Colorado Springs,CO,80919
4	2130 Alicia Pt #101,102,103,201,202,203; Colorado Springs,CO,80919
5	2140 Alicia Pt #101,102,103,201,202,203; Colorado Springs,CO,80919
6	2150 Alicia Pt #101,102,103,201,202,203; Colorado Springs,CO,80919
7	2160 Alicia Pt #101,102,201,202; Colorado Springs,CO,80919
8	2170 Alicia Pt #101,102,103,201,202,203; Colorado Springs,CO,80919
9	2175 Alicia Pt #101,102,201,202; Colorado Springs,CO,80919
10	2180 Alicia Pt #101,102,201,202; Colorado Springs,CO,80919
11	2185 Alicia Pt #101,102,103,201,202,203; Colorado Springs,CO,80919
12	2190 Alicia Pt #101,102,201,202; Colorado Springs,CO,80919
13	2195 Alicia Pt #101,102,201,202; Colorado Springs,CO,80919
14	2112 Denton Grv #101,102,201,202; Colorado Springs,CO,80919
15	2117 Denton Grv #101,102,201,202; Colorado Springs,CO,80919
16	2122 Denton Grv #101,102,103,201,202,203; Colorado Springs,CO,80919
17	2127 Denton Grv #101,102,103,201,202,203; Colorado Springs,CO,80919
18	2132 Denton Grv #101,102,103,201,202,203; Colorado Springs,CO,80919
19	2137 Denton Grv #101,102,201,202; Colorado Springs,CO,80919
20	2142 Denton Grv #101,102,103,201,202,203; Colorado Springs,CO,80919
21	2147 Denton Grv #101,102,103,201,202,203; Colorado Springs,CO,80919
22	2152 Denton Grv #101,102,103,201,202,203; Colorado Springs,CO,80919
23	2162 Denton Grv #101,102,201,202; Colorado Springs,CO,80919
24	2172 Denton Grv #101,102,103,201,202,203; Colorado Springs,CO,80919
25	2182 Denton Grv #101,102,201,202; Colorado Springs,CO,80919
26	2187 Denton Grv #101,102,103,201,202,203; Colorado Springs,CO,80919
27	2197 Denton Grv #101,102,103,201,202,203; Colorado Springs,CO,80919

# **DISTINGUISHED.**

## PROGRAMS

### **COMMUNITY ASSOCIATION PACKAGE CLAIM REPORTING** **INSTRUCTIONS**

#### **HOW TO REPORT A CLAIM**

- Report all claims, in writing, directly to Great American Insurance Company at the following e-mail address: [DPGclaims@gaig.com](mailto:DPGclaims@gaig.com). Claims may also be reported by telephone or fax to:

**Great American Insurance Company**  
**Claims Department**  
**Phone: (800) 336-3324**  
**Fax: (513) 579-6314**

- Include a complete notice of loss (ACORD Notice of Loss form or equivalent) that provides the following information:
  1. **Insured Name;**
  2. **Policy #;**
  3. **Date of Loss-;**
  4. **Location address;**
  5. **Claimant's name; and**
  6. **A description of the loss.**
- Attach a copy of the *Policy* to the email.
- Attach all other pertinent documents and/or photos.
- You will receive an acknowledgement of claim from Great American Insurance Company within 72 hours of receipt.

**If you received a Summons & Complaint, you may need to engage personal counsel to request an extension of the time to Answer or to file an Answer on your behalf. The carrier will determine coverage prior to accepting defense of the litigation.**

**Claims reported by e-mail will receive a brief acknowledgement via e-mail within 2 working days. Coverage decisions will be issued as quickly as possible, and a Reservation of Rights will be issued if Great American Insurance Company requires additional time to determine coverage.**



## FORMS AND ENDORSEMENTS SCHEDULE

It is here by understood and agreed the following forms and endorsements are attached to and are a part of this policy:

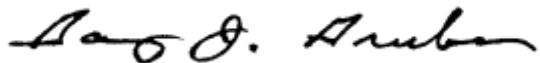
Form and Edition	Form Description	
IL7001	1007	POLICY COMMON DECLARATIONS
CP7200	1185	BUSINESSPRO PROPERTY COVERAGE PART DECLARATIONS PAGE
CG7400	0701	GENERAL LIABILITY COVERAGE PART DECLARATIONS PAGE
BM7210	0317	EQUIPMENT BREAKDOWN COVERAGE PART DECLARATIONS NO. 1
BM7296	0609	EQUIPMENT BREAKDOWN - SCHEDULE OF LOCATIONS
CP7201	1185	SCHEDULE OF LOCATIONS
DP01	0120	COMMUNITY ASSOCIATION PACKAGE CLAIM REPORTING
IL7268	0909	IN WITNESS CLAUSE
IL7368	0415	DISCLOSURE PURSUANT TO TERRORISM RISK INSURANCE ACT
IL7324	0812	ECONOMIC AND TRADE SANCTIONS CLAUSE
IL0017	1198	COMMON POLICY CONDITIONS
CP0017	1012	CONDOMINIUM ASSOCIATION COVERAGE FORM
CP0090	0788	COMMERCIAL PROPERTY CONDITIONS
CG0001	0413	COMMERCIAL GENERAL LIABILITY COVERAGE FORM
CR1000	1090	CRIME GENERAL PROVISIONS
CR0021	1115	COMMERCIAL CRIME COVERAGE FORM (LOSS SUSTAINED FORM)
IL7273	0808	LOSS PREVENTION SERVICES
CP0107	0695	CONDOMINIUM ADDITIONAL PROVISIONS
CP1030	0917	CAUSES OF LOSS - SPECIAL FORM
CP7428	1218	CONDOMINIUM AND COMMUNITY ASSOCIATION PROPERTY BROADENING ENDORSEMENT
CP0030	1012	BUSINESS INCOME AND EXTRA EXPENSE COVERAGE FORM
CP0040	1012	LEGAL LIABILITY COVERAGE FORM
CP0405	0917	ORDINANCE OR LAW COVERAGE - MANDATORY
CP0140	0706	EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA
IL7236	0705	NUCLEAR, BIOLOGICAL, OR CHEMICAL EXCLUSION
CG9130	0618	CONDOMINIUM AND COMMUNITY ASSOCIATION GENERAL LIABILITY ENHANCEMENT ENDORSEMENT

CG7872	0399	EARTH MOVEMENT EXCLUSION
CG8471	0613	EXCLUSION - PROFESSIONAL SERVICES
CG8015	0798	ABUSE, MOLESTATION, HARASSMENT OR SEXUAL MISCONDUCT EXCLUSION
CG8361	0205	SILICA OR RELATED DUST EXCLUSION
CG2107	0514	EXCLUSION - ACCESS OR DISCLOSURE OF CONFIDENTIAL OR PERSONAL INFO & DATA-RELATED LIAB - LIMITED BI EXCEPTION NOT INCLUDED
CG2147	1207	EMPLOYMENT-RELATED PRACTICES EXCLUSION
CG2165	1204	TOTAL POLLUTION EXCLUSION WITH A BUILDING, HEATING, COOLING AND DEHUMIDIFYING EQUIP EXCEPTION & HOSTILE FIRE EXCEPTION
CG7794	0798	EXCLUSION - LIABILITY ARISING OUT OF LEAD
CG8344	0103	EXCLUSION - PUNITIVE AND EXEMPLARY DAMAGES
CG8480	0110	EMPLOYERS LIABILITY EXCLUSION ENDORSEMENT
CG8481	0814	EXCLUSION - ORGANIC PATHOGENS
CG9029	0516	EXCLUSION OF CLAIMS AND SUITS ALLEGING INFRINGEMENT OF INTELLECTUAL PROPERTY OR UNFAIR COMPETITION
CG2109	0615	EXCLUSION - UNMANNED AIRCRAFT
CG8366	0605	NUCLEAR, BIOLOGICAL, OR CHEMICAL EXCLUSION
IL0021	0908	NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT
IL7069	0316	EXCLUSION - ASBESTOS
CR2547	0917	U.S. DEPARTMENT OF LABOR - ERISA PLAN COVERAGE AMENDMENTS
CR2508	1010	INCLUDE SPECIFIED NON-COMPENSATED OFFICERS AS EMPLOYEES
CR2509	1010	INCLUDE VOLUNTEER WORKERS AS EMPLOYEES
CM0001	0904	COMMERCIAL INLAND MARINE CONDITIONS
CM0066	0113	ACCOUNTS RECEIVABLE COVERAGE FORM
CM7658	1298	BUSINESS ELECTRONIC SYSTEMS AND TELECOMMUNICATIONS FORMS
CM7669	1205	COMMERCIAL FINE ARTS COVERAGE FORM
BM7211	0317	EQUIPMENT BREAKDOWN COVERAGE FORM
SDM698	0908	POLICYHOLDER NOTICE JURISDICTIONAL INSPECTIONS FOR BOILERS AND PRESSURE VESSELS
SDM570	0205	NOTICE TO POLICYHOLDERS
IL0169	0907	COLORADO CHANGES-CONCEALMENT, MISREPRESENTATION OR FRAUD
IL0125	1113	COLORADO CHANGES - CIVIL UNIONS
CR0160	0807	COLORADO CHANGES
SDM566	0114	NOTICE TO POLICYHOLDERS POTENTIAL RESTRICTIONS OF TERRORISM COVERAGE
SDM558	0120	NOTICE TO POLICYHOLDERS POTENTIAL RESTRICTIONS OF TERRORISM COVERAGE

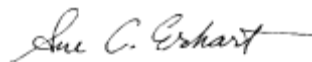
IL0995	0107	CONDITIONAL EXCLUSION OF TERRORISM (RELATING TO DISPOSITION OF FEDERAL TERRORISM RISK INSURANCE ACT)
CG2187	0115	CONDITIONAL EXCLUSION OF TERRORISM (RELATING TO DISPOSITION OF FEDERAL TERRORISM RISK INSURANCE ACT)
CG2193	0704	EXTENDED REPORTING PERIOD FOR TERRORISM COVERAGE
CG9012	0216	HIRED AUTO AND NON-OWNED AUTO LIABILITY
CP0321	1012	WINDSTORM OR HAIL PERCENTAGE DEDUCTIBLE
CP7430	0618	ICE DAMMING DEDUCTIBLE
CR2502	1010	INCLUDE DESIGNATED AGENTS AS EMPLOYEES
CP7450	0519	PER "UNIT" DEDUCTIBLE - SPECIFIED CAUSES OF LOSS
CP0405	1012	ORDINANCE OR LAW COVERAGE

**In Witness Clause**

In Witness Whereof, we have caused this Policy to be executed and attested, and, if required by state law, this Policy shall not be valid unless countersigned by our authorized representative.



**President**



**Secretary**

**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) \$ Included

This premium is the total Certified Acts premium attributable to the following Coverage Part(s), Coverage Form(s) and/or Policy(ies): Included

Additional information, if any, concerning the terrorism premium: Included

**Schedule - Part II**

<b>Federal share of terrorism losses</b>	<b>85%</b>	<b>Year: 2015</b>
(Refer to Paragraph B. in this endorsement.)	<b>84%</b>	<b>Year: 2016</b>
	<b>83%</b>	<b>Year: 2017</b>
	<b>82%</b>	<b>Year: 2018</b>
	<b>81%</b>	<b>Year: 2019</b>
	<b>80%</b>	<b>Year: 2020</b>

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) 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

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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.

**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 YOUR POLICY. PLEASE READ IT CAREFULLY.**

**ECONOMIC AND TRADE SANCTIONS CLAUSE**

This insurance does not apply to the extent that trade or economic sanctions or other laws or regulations prohibit us from providing insurance.

## 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 con-

sent 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.

## CONDOMINIUM ASSOCIATION 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, outside of individual units, 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 that are not contained within individual units;

(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; and

(6) any of the following types of property contained within a unit, regardless of ownership, if your Condominium Association Agreement requires you to insure it:

(a) fixtures, improvements and alterations that are a part of the building or structure; and

(b) appliances, such as those used for refrigerating, ventilating, cooking, dishwashing, laundering, security or housekeeping.

But 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.

**b. Your Business Personal 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 described premises, consisting of the following:

- (1) personal property owned by you or owned indivisibly by all unit-owners;
- (2) your interest in the labor, materials or services furnished or arranged by you on personal property of others; and
- (3) leased personal property for which you have a contractual responsibility to insure, unless otherwise provided for under Personal Property of Others.

But Your Business Personal Property does not include personal property owned only by a unit-owner.

**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 described premises.

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;
- 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 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 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 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; or
- (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 any property that is Property Not Covered, including property addressed under the Outdoor Property Coverage Extension;

- (c) remove property of others of a type that would not be Covered Property under this Coverage Form;
  - (d) remove deposits of mud or earth from the grounds of the described premises;
  - (e) extract "pollutants" from land or water; or
  - (f) 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:  $\$80,000 (\$79,500 + \$500) \times .25 = \$20,000$ , 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 ( $\$40,000 = 50\%$  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 for you 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 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 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

You may extend the insurance that applies to Building 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.

**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 described premises.
- (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:

\$60,100
- 250
<hr/>

\$59,850 Loss Payable - Building 1

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 Co-insurance 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 to covered property 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.

If you name an insurance trustee, we will adjust losses with you, but we will pay the insurance trustee. If we pay the trustee, the payments will satisfy your claims against us.

- 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 Conditions 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. Unit-owner's Insurance

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.

## 7. 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 sub-lessee and used by the lessee or sub-lessee 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%.

#### **8. 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.** and **c.** below.

**b.** If the Limit of Insurance for Building satisfies the Additional Condition, Co-insurance, 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.** Glass at the cost of replacement with safety-glazing material if required by law.

#### **9. Waiver of Rights of Recovery**

We waive our rights to recover payment from any unit-owner of the condominium that is shown in the Declarations.

#### **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 property is:  
 Building at Location #1: \$75,000  
 Building at Location #2: \$100,000  
 Personal Property at Location #2: \$75,000  
\$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: \$20,000  
\$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. Mortgageholders

- a. The term mortgageholder includes trustee.
- b. We will pay for covered loss of or damage to buildings or structures to each mortgageholder shown in the Declarations in their order of precedence, as interests may appear.
- c. The mortgageholder has the right to receive loss payment even if the mortgageholder 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 mortgageholder will still have the right to receive loss payment if the mortgageholder:
  - (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 mortgageholder.

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

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

At our option, we may pay to the mortgageholder 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 mortgageholder 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 mortgageholder 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 un-

der 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 Loss Condition, Valuation, of this Coverage Form.

b. This Optional Coverage does not apply to:

- (1) personal property of others;
- (2) contents of a residence; or
- (3) works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelains and bric-a-brac.

Under the terms of this Replacement Cost Optional Coverage, personal property owned indivisibly by all unit-owners, and the property covered under paragraph **A.1.a.(6)** of this Coverage Form, 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.

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.

## 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 organiza-

tion 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.

## COMMERCIAL GENERAL LIABILITY 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, and any other person or organization qualifying as a named insured under this Policy. The words "we", "us" and "our" refer to the company providing this insurance.

The word "insured" means any person or organization qualifying as such under **SECTION II - WHO IS AN INSURED**.

Other words and phrases that appear in quotation marks have special meaning. Refer to **SECTION V - DEFINITIONS**.

### SECTION I - COVERAGES

#### Coverage A - Bodily Injury and Property Damage Liability

##### 1. Insuring Agreement

- a. We will pay those sums that the Insured becomes legally obligated to pay as damages because of "bodily injury" or "property damage" to which this insurance applies. We will have the right and duty to defend the Insured against any "suit" seeking those damages. However, we will have no duty to defend the Insured against any "suit" seeking damages for "bodily injury" or "property damage" to which this insurance does not apply. We may, at our discretion, investigate any "occurrence" and settle any claim or "suit" that may result. But:

- (1) the amount we will pay for damages is limited as described in **SECTION III - LIMITS OF INSURANCE**; and
- (2) our right and duty to defend ends when we have used up the applicable Limit of Insurance in the payment of judgments or settlements under Coverages **A** or **B** or medical expenses under Coverage **C**.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments - Coverages **A** and **B**.

- b. This insurance applies to "bodily injury" and "property damage" only if:
  - (1) the "bodily injury" or "property damage" is caused by an "occurrence" that takes place in the "coverage territory";
  - (2) the "bodily injury" or "property damage" occurs during the policy period; and
  - (3) prior to the policy period, no insured listed under paragraph 1. of **SECTION II - WHO IS AN INSURED** and no "employee" authorized by you to give or receive notice of an "occurrence" or claim, knew that the "bodily injury" or "property damage" had occurred, in whole or in part. If such a listed insured or authorized "employee" knew, prior to the policy period, that the "bodily injury" or "property damage" occurred, then any continuation, change or resumption of such "bodily injury" or "property damage" during or after the policy period will be deemed to have been known prior to the policy period.
- c. "Bodily injury" or "property damage" which occurs during the policy period and was not, prior to the policy period, known to have occurred by any insured listed under paragraph 1. of **SECTION II - WHO IS AN INSURED** or any "employee" authorized by you to give or receive notice of an "occurrence" or claim, includes any continuation, change or resumption of that "bodily injury" or "property damage" after the end of the policy period.
- d. "Bodily injury" or "property damage" will be deemed to have been known to have occurred at the earliest time when any insured listed under paragraph 1. of **SEC-**

**TION II - WHO IS AN INSURED** or any "employee" authorized by you to give or receive notice of an "occurrence" or claim:

- (1) reports all, or any part, of the "bodily injury" or "property damage" to us or any other insurer;
- (2) receives a written or verbal demand or claim for damages because of the "bodily injury" or "property damage"; or
- (3) becomes aware by any other means that "bodily injury" or "property damage" has occurred or has begun to occur.

e. Damages because of "bodily injury" include damages claimed by any person or organization for care, loss of services or death resulting at any time from the "bodily injury."

## 2. Exclusions

This insurance does not apply to:

### a. Expected or Intended Injury

"Bodily injury" or "property damage" expected or intended from the standpoint of the Insured. This exclusion does not apply to "bodily injury" resulting from the use of reasonable force to protect persons or property.

### b. Contractual Liability

"Bodily injury" or "property damage" for which the Insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages:

- (1) that the Insured would have in the absence of the contract or agreement; or
- (2) assumed in a contract or agreement that is an "insured contract," provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement. Solely for the purposes of liability assumed in an "insured contract," rea-

sonable attorneys' fees and necessary litigation expenses incurred by or for a party other than an insured are deemed to be damages because of "bodily injury" or "property damage," provided:

- (a) liability to such party for, or for the cost of, that party's defense has also been assumed in the same "insured contract"; and
- (b) such attorneys' fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which damages to which this insurance applies are alleged.

### c. Liquor Liability

"Bodily injury" or "property damage" for which any insured may be held liable by reason of:

- (1) causing or contributing to the intoxication of any person;
- (2) the furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or
- (3) any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in:

- (a) the supervision, hiring, employment, training or monitoring of others by that Insured; or
- (b) providing or failing to provide transportation with respect to any person that may be under the influence of alcohol;

if the "occurrence" which caused the "bodily injury" or "property damage," involved that which is described in paragraph (1), (2) or (3) above.



However, this exclusion applies only if you are in the business of manufacturing, distributing, selling, serving or furnishing alcoholic beverages. For the purposes of this exclusion, permitting a person to bring alcoholic beverages on your premises, for consumption on your premises, whether or not a fee is charged or a license is required for such activity, is not by itself considered the business of selling, serving or furnishing alcoholic beverages.

#### **d. Workers' Compensation and Similar Laws**

Any obligation of the Insured under a workers' compensation, disability benefits or unemployment compensation law or any similar law.

#### **e. Employer's Liability**

"Bodily injury" to:

- (1) an "employee" of the Insured arising out of and in the course of:
  - (a) employment by the Insured; or
  - (b) performing duties related to the conduct of the Insured's business; or
- (2) the spouse, child, parent, brother or sister of that "employee" as a consequence of paragraph (1) above.

This exclusion applies whether the Insured may be liable as an employer or in any other capacity and to any obligation to share damages with or repay someone else who must pay damages because of the injury.

This exclusion does not apply to liability assumed by the Insured under an "insured contract."

#### **f. Pollution**

- (1) "Bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants":

- (a) at or from any premises, site or location which is or was at any time owned or occupied by, or rented or loaned to, any insured. However, this subparagraph does not apply to:

- (i) "bodily injury" if sustained within a building and caused by smoke, fumes, vapor or soot produced by or originating from equipment that is used to heat, cool or dehumidify the building, or equipment that is used to heat water for personal use, by the building's occupants or their guests;

- (ii) "bodily injury" or "property damage" for which you may be held liable, if you are a contractor and the owner or lessee of such premises, site or location has been added to your policy as an additional insured with respect to your ongoing operations performed for that Additional Insured at that premises, site or location and such premises, site or location is not and never was owned or occupied by, or rented or loaned to, any insured, other than that Additional Insured; or

- (iii) "bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire";

- (b) at or from any premises, site or location which is or was at any time used by or for any insured or others for the handling, storage, disposal, processing or treatment of waste;

- (c) which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for:

- (i) any insured; or

- (ii) any person or organization for whom you may be legally responsible; or
  - (d) at or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the "pollutants" are brought on or to the premises, site or location in connection with such operations by such insured, contractor or subcontractor. However, this subparagraph does not apply to:
    - (i) "bodily injury" or "property damage" arising out of the escape of fuels, lubricants or other operating fluids which are needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of "mobile equipment" or its parts, if such fuels, lubricants or other operating fluids escape from a vehicle part designed to hold, store or receive them. This exception does not apply if the "bodily injury" or "property damage" arises out of the intentional discharge, dispersal or release of the fuels, lubricants or other operating fluids, or if such fuels, lubricants or other operating fluids are brought on or to the premises, site or location with the intent that they be discharged, dispersed or released as part of the operations being performed by such insured, contractor or subcontractor;
    - (ii) "bodily injury" or "property damage" sustained within a building and caused by the release of gases, fumes or vapors from materials brought into that building in connection with operations being performed by you or on your behalf by a contractor or subcontractor; or
    - (iii) "bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire."
  - (e) at or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants."
- (2) Any loss, cost or expense arising out of any:
- (a) request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or
  - (b) claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants."
- However, this paragraph does not apply to liability for damages because of "property damage" that the Insured would have in the absence of such request, demand, order or statutory or regulatory requirement, or such claim or "suit" by or on behalf of a governmental authority.
- g. Aircraft, Auto or Watercraft**
- "Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any air-

craft, "auto" or watercraft owned or operated by or rented or loaned to any insured. Use includes operation and "loading or unloading."

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that Insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft that is owned or operated by or rented or loaned to any insured.

This exclusion does not apply to:

- (1) a watercraft while ashore on premises you own or rent;
- (2) a watercraft you do not own that is:
  - (a) less than 26 feet long; and
  - (b) not being used to carry persons or property for a charge;
- (3) parking an "auto" on, or on the ways next to, premises you own or rent, provided the "auto" is not owned by or rented or loaned to you or the Insured;
- (4) liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft; or
- (5) "bodily injury" or "property damage" arising out of:
  - (a) the operation of machinery or equipment that is attached to, or part of, a land vehicle that would qualify under the definition of "mobile equipment" if it were not subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged; or
  - (b) the operation of any of the machinery or equipment listed in paragraph f.(2) or f.(3) of the definition of "mobile equipment."

#### **h. Mobile Equipment**

"Bodily injury" or "property damage" arising out of:

- (1) the transportation of "mobile equipment" by an "auto" owned or operated by or rented or loaned to any insured; or
- (2) the use of "mobile equipment" in, or while in practice for, or while being prepared for, any prearranged racing, speed, demolition, or stunting activity.

#### **i. War**

"Bodily injury" or "property damage," however caused, arising, directly or indirectly, out of:

- (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.

#### **j. Damage to Property**

"Property damage" to:

- (1) property you own, rent, or occupy, including any costs or expenses incurred by you, or any other person, organization or entity, for repair, replacement, enhancement, restoration or maintenance of such property for any reason, including prevention of injury to a person or damage to another's property;
- (2) premises you sell, give away or abandon, if the "property damage" arises out of any part of those premises;
- (3) property loaned to you;
- (4) personal property in the care, custody or control of the Insured;

(5) that particular part of real property on which you or any contractors or subcontractors working directly or indirectly on your behalf are performing operations, if the "property damage" arises out of those operations; or

(6) that particular part of any property that must be restored, repaired or replaced because "your work" was incorrectly performed on it.

Paragraphs (1), (3) and (4) of this exclusion do not apply to "property damage" (other than damage by fire) to premises, including the contents of such premises, rented to you for a period of seven or fewer consecutive days. A separate Limit of Insurance applies to Damage to Premises Rented to You as described in **SECTION III - LIMITS OF INSURANCE**.

Paragraph (2) of this exclusion does not apply if the premises are "your work" and were never occupied, rented or held for rental by you.

Paragraphs (3), (4), (5) and (6) of this exclusion do not apply to liability assumed under a sidetrack agreement.

Paragraph (6) of this exclusion does not apply to "property damage" included in the "products-completed operations hazard."

#### **k. Damage to Your Product**

"Property damage" to "your product" arising out of it or any part of it.

#### **l. Damage to Your Work**

"Property damage" to "your work" arising out of it or any part of it and included in the "products-completed operations hazard."

This exclusion does not apply if the damaged work or the work out of which the damage arises was performed on your behalf by a subcontractor.

#### **m. Damage to Impaired Property or Property Not Physically Injured**

"Property damage" to "impaired property" or property that has not been physically injured, arising out of:

(1) a defect, deficiency, inadequacy or dangerous condition in "your product" or "your work"; or

(2) a delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.

This exclusion does not apply to the loss of use of other property arising out of sudden and accidental physical injury to "your product" or "your work" after it has been put to its intended use.

#### **n. Recall of Products, Work or Impaired Property**

Damages claimed for any loss, cost or expense incurred by you or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of:

(1) "your product";

(2) "your work"; or

(3) "impaired property";

if such product, work, or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it.

#### **o. Personal and Advertising Injury**

"Bodily injury" arising out of "personal and advertising injury."

#### **p. Electronic Data**

Damages arising out of the loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate electronic data.

However, this exclusion does not apply to liability for damages because of "bodily injury."

As used in this exclusion, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

**q. Recording and Distribution of Material or Information in Violation of Law**

"Bodily injury" or "property damage" arising directly or indirectly out of any action or omission that violates or is alleged to violate:

- (1) the Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law;
- (2) the CAN-SPAM Act of 2003, including any amendment of or addition to such law;
- (3) the Fair Credit Reporting Act (FCRA), and any amendment of or addition to such law, including the Fair and Accurate Credit Transactions Act (FACTA); or
- (4) any federal, state or local statute, ordinance or regulation, other than the TCPA, CAN-SPAM Act of 2003 or FCRA and their amendments and additions, that addresses, prohibits, or limits the printing, dissemination, disposal, collecting, recording, sending, transmitting, communicating or distribution of material or information.

Exclusions **c.** through **n.** do not apply to damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner. A separate Limit of Insurance applies to this coverage as described in **SECTION III - LIMITS OF INSURANCE.**

**Coverage B - Personal and Advertising Injury Liability**

**1. Insuring Agreement**

- a. We will pay those sums that the Insured becomes legally obligated to pay as damages because of "personal and advertising injury" to which this insurance applies. We will have the right and duty to defend the Insured against any "suit" seeking those damages. However, we will have no duty to defend the Insured against any "suit" seeking damages for "personal and advertising injury" to which this insurance does not apply. We may, at our discretion, investigate any offense and settle any claim or "suit" that may result. But:

(1) the amount we will pay for damages is limited as described in **SECTION III - LIMITS OF INSURANCE**; and

(2) our right and duty to defend end when we have used up the applicable Limit of Insurance in the payment of judgments or settlements under Coverages **A** or **B** or medical expenses under Coverage **C.**

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments - Coverages **A** and **B.**

- b. This insurance applies to "personal and advertising injury" caused by an offense arising out of your business but only if the offense was committed in the "coverage territory" during the policy period.

**2. Exclusions**

This insurance does not apply to:

**a. Knowing Violation of Rights of Another**

"Personal and advertising injury" caused by or at the direction of the Insured with the knowledge that the act would violate the rights of another and would inflict "personal and advertising injury."

**b. Material Published with Knowledge of Falsity**

"Personal and advertising injury" arising out of oral or written publication, in any manner, of material, if done by or at the direction of the Insured with knowledge of its falsity.

**c. Material Published Prior to Policy Period**

"Personal and advertising injury" arising out of oral or written publication, in any manner, of material whose first publication took place before the beginning of the policy period.

**d. Criminal Acts**

"Personal and advertising injury" arising out of a criminal act committed by or at the direction of the Insured.

**e. Contractual Liability**

"Personal and advertising injury" for which the Insured has assumed liability in a contract or agreement. This exclusion does not apply to liability for damages that the Insured would have in the absence of the contract or agreement.

**f. Breach of Contract**

"Personal and advertising injury" arising out of a breach of contract, except an implied contract to use another's advertising idea in your "advertisement."

**g. Quality or Performance of Goods - Failure to Conform to Statements**

"Personal and advertising injury" arising out of the failure of goods, products or services to conform with any statement of quality or performance made in your "advertisement."

**h. Wrong Description of Prices**

"Personal and advertising injury" arising out of the wrong description of the price of goods, products or services stated in your "advertisement."

**i. Infringement of Copyright, Patent, Trademark or Trade Secret**

"Personal and advertising injury" arising out of the infringement of copyright, patent, trademark, trade secret or other intellectual property rights. Under this exclusion, such other intellectual property rights do not include the use of another's advertising idea in your "advertisement."

However, this exclusion does not apply to infringement, in your "advertisement," of copyright, trade dress or slogan.

**j. Insureds in Media and Internet Type Businesses**

"Personal and advertising injury" committed by an insured whose business is:

- (1) advertising, broadcasting, publishing or telecasting;
- (2) designing or determining content of web sites for others; or
- (3) an Internet search, access, content or service provider.

However, this exclusion does not apply to paragraphs **14.a.**, **b.** and **c.** of "personal and advertising injury" under the **Definitions** section.

For the purposes of this exclusion, the placing of frames, borders or links, or advertising, for you or others anywhere on the Internet, is not by itself, considered the business of advertising, broadcasting, publishing or telecasting.

**k. Electronic Chat Rooms or Bulletin Boards**

"Personal and advertising injury" arising out of an electronic chat room or bulletin board the Insured hosts, owns, or over which the Insured exercises control.

**l. Unauthorized Use of Another's Name or Product**

"Personal and advertising injury" arising out of the unauthorized use of another's name or product in your e-mail address, domain

name or metatag, or any other similar tactics to mislead another's potential customers.

**m. Pollution**

"Personal and advertising injury" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time.

**n. Pollution-related**

Any loss, cost or expense arising out of any:

- (1) request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or
- (2) claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants."

**o. War**

"Personal and advertising injury," however caused, arising, directly or indirectly, out of:

- (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.

**p. Recording and Distribution of Material or Information in Violation of Law**

"Personal and advertising injury" arising directly or indirectly out of any action or omission that violates or is alleged to violate:

- (1) the Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law;
- (2) the CAN-SPAM Act of 2003, including any amendment of or addition to such law;
- (3) the Fair Credit Reporting Act (FCRA), and any amendment of or addition to such law, including the Fair and Accurate Credit Transactions Act (FACTA); or
- (4) any federal, state or local statute, ordinance or regulation, other than the TCPA, CAN-SPAM Act of 2003 or FCRA and their amendments and additions, that addresses, prohibits, or limits the printing, dissemination, disposal, collecting, recording, sending, transmitting, communicating or distribution of material or information.

**Coverage C - Medical Payments**

**1. Insuring Agreement**

a. We will pay medical expenses as described below for "bodily injury" caused by an accident:

- (1) on premises you own or rent;
- (2) on ways next to premises you own or rent; or
- (3) because of your operations;

provided that:

- (a) the accident takes place in the "coverage territory" and during the policy period;
- (b) the expenses are incurred and reported to us within one year of the date of the accident; and

(c) the injured person submits to examination, at our expense, by physicians of our choice as often as we reasonably require.

b. We will make these payments regardless of fault. These payments will not exceed the applicable Limit of Insurance. We will pay reasonable expenses for:

- (1) first aid administered at the time of an accident;
- (2) necessary medical, surgical, X-ray and dental services, including prosthetic devices; and
- (3) necessary ambulance, hospital, professional nursing and funeral services.

## 2. Exclusions

We will not pay expenses for "bodily injury":

### a. Any Insured

To any insured, except "volunteer workers."

### b. Hired Person

To a person hired to do work for or on behalf of any insured or a tenant of any insured.

### c. Injury on Normally Occupied Premises

To a person injured on that part of premises you own or rent that the person normally occupies.

### d. Workers' Compensation and Similar Laws

To a person, whether or not an "employee" of any insured, if benefits for the "bodily injury" are payable or must be provided under a workers' compensation or disability benefits law or a similar law.

### e. Athletics Activities

To a person injured while practicing, instructing or participating in any physical exercises or games, sports, or athletic contests.

### f. Products-Completed Operations Hazard

Included within the "products-completed operations hazard."

### g. Coverage A Exclusions

Excluded under Coverage A.

## Supplementary Payments - Coverages A and B

1. We will pay, with respect to any claim we investigate or settle, or any "suit" against an insured we defend:

- a. All expenses we incur.
- b. Up to \$250 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which the Bodily Injury Liability Coverage applies. We do not have to furnish these bonds.
- c. The cost of bonds to release attachments, but only for bond amounts within the applicable Limit of Insurance. We do not have to furnish these bonds.
- d. All reasonable expenses incurred by the Insured at our request to assist us in the investigation or defense of the claim or "suit," including actual loss of earnings up to \$250 a day because of time off from work.
- e. All court costs taxed against the Insured in the "suit." However, these payments do not include attorneys' fees or attorneys' expenses taxed against the Insured.
- f. Prejudgment interest awarded against the Insured on that part of the judgment we pay. If we make an offer to pay the applicable Limit of Insurance, we will not pay any prejudgment interest based on that period of time after the offer.
- g. All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable Limit of Insurance.

These payments will not reduce the Limits of Insurance.



2. If we defend an insured against a "suit" and an indemnitee of the Insured is also named as a party to the "suit," we will defend that indemnitee if all of the following conditions are met:

- a. the "suit" against the indemnitee seeks damages for which the Insured has assumed the liability of the indemnitee in a contract or agreement that is an "insured contract";
- b. this insurance applies to such liability assumed by the Insured;
- c. the obligation to defend, or the cost of the defense of, that indemnitee, has also been assumed by the Insured in the same "insured contract";
- d. the allegations in the "suit" and the information we know about the "occurrence" are such that no conflict appears to exist between the interests of the Insured and the interests of the indemnitee;
- e. the indemnitee and the Insured ask us to conduct and control the defense of that indemnitee against such "suit" and agree that we can assign the same counsel to defend the Insured and the indemnitee; and
- f. the indemnitee:

(1) Agrees in writing to:

- (a) cooperate with us in the investigation, settlement or defense of the "suit";
- (b) immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "suit";
- (c) notify any other insurer whose coverage is available to the indemnitee; and
- (d) cooperate with us with respect to coordinating other applicable insurance available to the indemnitee; and

(2) Provides us with written authorization to:

- (a) obtain records and other information related to the "suit"; and
- (b) conduct and control the defense of the indemnitee in such "suit."

So long as the above conditions are met, attorneys' fees incurred by us in the defense of that indemnitee, necessary litigation expenses incurred by us and necessary litigation expenses incurred by the indemnitee at our request will be paid as Supplementary Payments. Notwithstanding the provisions of paragraph 2.b.(2) of **SECTION I - COVERAGE A - Bodily Injury and Property Damage Liability**, such payments will not be deemed to be damages for "bodily injury" and "property damage" and will not reduce the Limits of Insurance.

Our obligation to defend an insured's indemnitee and to pay for attorneys' fees and necessary litigation expenses as Supplementary Payments ends when we have used up the applicable Limit of Insurance in the payment of judgments or settlements or the conditions set forth above, or the terms of the agreement described in paragraph f. above, are no longer met.

## **SECTION II - WHO IS AN INSURED**

1. If you are designated in the Declarations as:

- a. An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.
- b. A partnership or joint venture, you are an insured. Your members, your partners, and their spouses are also insureds, but only with respect to the conduct of your business.
- c. A limited liability company, you are an insured. Your members are also insureds, but only with respect to the conduct of your business. Your managers are insureds, but only with respect to their duties as your managers.

d. An organization other than a partnership, joint venture or limited liability company, you are an insured. Your "executive officers" and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.

e. A trust, you are an insured. Your trustees are also insureds, but only with respect to their duties as trustees.

2. Each of the following is also an insured:

a. Your "volunteer workers" only while performing duties related to the conduct of your business, or your "employees," other than either your "executive officers" (if you are an organization other than a partnership, joint venture or limited liability company) or your managers (if you are a limited liability company), but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business. However, none of these "employees" or "volunteer workers" are insureds for:

(1) "Bodily injury" or "personal and advertising injury":

(a) to you, to your partners or members (if you are a partnership or joint venture), to your members (if you are a limited liability company), to a co-"employee" while in the course of his or her employment or performing duties related to the conduct of your business, or to your other "volunteer workers" while performing duties related to the conduct of your business;

(b) to the spouse, child, parent, brother or sister of that co-"employee" or "volunteer worker" as a consequence of paragraph (1)(a) above;

(c) for which there is any obligation to share damages with or repay someone else who must pay

damages because of the injury described in paragraph (1)(a) or (b) above; or

(d) arising out of his or her providing or failing to provide professional health care services.

(2) "Property damage" to property:

(a) owned, occupied or used by;

(b) rented to, in the care, custody or control of, or over which physical control is being exercised for any purpose by;

you, any of your "employees", "volunteer workers", any partner or member (if you are a partnership or joint venture), or any member (if you are a limited liability company).

b. Any person (other than your "employee" or "volunteer worker"), or any organization while acting as your real estate manager.

c. Any person or organization having proper temporary custody of your property if you die, but only:

(1) with respect to liability arising out of the maintenance or use of that property; and

(2) until your legal representative has been appointed.

d. Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this Coverage Part.

3. Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company, and over which you maintain ownership or majority interest, will qualify as a named insured if there is no other similar insurance available to that organization. However:

a. coverage under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the policy period, whichever is earlier;

- b. Coverage **A** does not apply to "bodily injury" or "property damage" that occurred before you acquired or formed the organization; and
- c. Coverage **B** does not apply to "personal and advertising injury" arising out of an offense committed before you acquired or formed the organization.

No person or organization is an insured with respect to the conduct of any current or past partnership, joint venture or limited liability company that is not shown as a named insured in the Declarations.

### SECTION III - LIMITS OF INSURANCE

1. The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:
  - a. insureds;
  - b. claims made or "suits" brought; or
  - c. persons or organizations making claims or bringing "suits."
2. The General Aggregate Limit is the most we will pay for the sum of:
  - a. medical expenses under Coverage **C**;
  - b. damages under Coverage **A**, except damages because of "bodily injury" or "property damage" included in the "products-completed operations hazard"; and
  - c. damages under Coverage **B**.
3. The Products-Completed Operations Aggregate Limit is the most we will pay under Coverage **A** for damages because of "bodily injury" and "property damage" included in the "products-completed operations hazard".
4. Subject to paragraph 2. above, the Personal and Advertising Injury Limit is the most we will pay under Coverage **B** for the sum of all damages because of all "personal and advertising injury" sustained by any one person or organization.

5. Subject to paragraph 2. or 3. above, whichever applies, the Each Occurrence Limit is the most we will pay for the sum of:
  - a. damages under Coverage **A**; and
  - b. medical expenses under Coverage **C**
 because of all "bodily injury" and "property damage" arising out of any one "occurrence".
6. Subject to paragraph 5. above, the Damage to Premises Rented to You Limit is the most we will pay under Coverage **A** for damages because of "property damage" to any one premises, while rented to you, or in the case of damage by fire, while rented to you or temporarily occupied by you with permission of the owner.
7. Subject to paragraph 5. above, the Medical Expense Limit is the most we will pay under Coverage **C** for all medical expenses because of "bodily injury" sustained by any one person.

The Limits of Insurance of this Coverage Part apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

### SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS

#### 1. Bankruptcy

Bankruptcy or insolvency of the Insured or of the Insured's estate will not relieve us of our obligations under this Coverage Part.

#### 2. Duties in the Event of Occurrence, Offense, Claim or Suit

- a. You must see to it that we are notified as soon as practicable of an "occurrence" or an offense which may result in a claim. To the extent possible, notice should include:

- (1) how, when and where the "occurrence" or offense took place;

(2) the names and addresses of any injured persons and witnesses; and

(3) the nature and location of any injury or damage arising out of the "occurrence" or offense.

b. If a claim is made or "suit" is brought against any insured, you must:

(1) immediately record the specifics of the claim or "suit" and the date received; and

(2) notify us as soon as practicable.

You must see to it that we receive written notice of the claim or "suit" as soon as practicable.

c. You and any other involved insured must:

(1) immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";

(2) authorize us to obtain records and other information;

(3) cooperate with us in the investigation or settlement of the claim or defense against the "suit"; and

(4) assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the Insured because of injury or damage to which this insurance may also apply.

d. No insured will, except at that Insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

### 3. Legal Action Against Us

No person or organization has a right under this Coverage Part:

a. to join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or

b. to sue us on this Coverage Part unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured; but we will not be liable for damages that are not payable under the terms of this Coverage Part or that are in excess of the applicable Limit of Insurance. An agreed settlement means a settlement and release of liability signed by us, the Insured and the claimant or the claimant's legal representative.

### 4. Other Insurance

If other valid and collectible insurance is available to the Insured for a loss we cover under Coverages **A** or **B** of this Coverage Part, our obligations are limited as follows:

#### a. Primary Insurance

This insurance is primary except when paragraph **b.** below applies. If this insurance is primary, our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in paragraph **c.** below.

#### b. Excess Insurance

(1) This insurance is excess over:

(a) Any of the other insurance, whether primary, excess, contingent or on any other basis:

(i) that is Fire, Extended Coverage, Builder's Risk, Installation Risk or similar coverage for "your work";

(ii) that is Fire insurance for premises rented to you or temporarily occupied by you with permission of the owner;

(iii) that is insurance purchased by you to cover your liability as a tenant for "property damage" to premises rented to you or temporarily occupied by you with permission of the owner; or

(iv) if the loss arises out of the maintenance or use of aircraft, "autos" or watercraft to the extent not subject to exclusion g. of **SECTION I - COVERAGE A - Bodily Injury and Property Damage Liability**.

(b) Any other primary insurance available to you covering liability for damages arising out of the premises or operations, or the products and completed operations, for which you have been added as an additional insured.

(2) When this insurance is excess, we will have no duty under Coverages **A** or **B** to defend the Insured against any "suit" if any other insurer has a duty to defend the Insured against that "suit." If no other insurer defends, we will undertake to do so, but we will be entitled to the Insured's rights against all those other insurers.

(3) When this insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of:

(a) the total amount that all such other insurance would pay for the loss in the absence of this insurance; and

(b) the total of all deductible and self-insured amounts under all that other insurance.

(4) We will share the remaining loss, if any, with any other insurance that is not described in this **Excess Insurance** Provision and was not bought specifically to apply in excess of the Limits of Insurance shown in the Declarations of this Coverage Part.

### c. Method of Sharing

If all of the other insurance permits contribution by equal shares, we will follow this method also. Under this approach each insurer contributes equal amounts until it

has paid its applicable Limit of Insurance or none of the loss remains, whichever comes first.

If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable Limit of Insurance to the total applicable Limits of Insurance of all insurers.

## 5. Premium Audit

a. We will compute all premiums for this Coverage Part in accordance with our rules and rates.

b. Premium shown in this Coverage Part as advance premium is a deposit premium only. At the close of each audit period we will compute the earned premium for that period and send notice to the first Named Insured. The due date for audit and retrospective premiums is the date shown as the due date on the bill. If the sum of the advance and audit premiums paid for the policy period is greater than the earned premium, we will return the excess to the first Named Insured.

c. The first Named Insured must keep records of the information we need for premium computation, and send us copies at such times as we may request.

## 6. Representations

By accepting this Policy, you agree:

a. the statements in the Declarations are accurate and complete;

b. those statements are based upon representations you made to us; and

c. we have issued this Policy in reliance upon your representations.

## 7. Separation of Insureds

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this Coverage Part to the first Named Insured, this insurance applies:

- a. as if each named insured were the only named insured; and
- b. separately to each insured against whom claim is made or "suit" is brought.

**8. Transfer of Rights of Recovery Against Others to Us**

If the Insured has rights to recover all or part of any payment we have made under this Coverage Part, those rights are transferred to us. The Insured must do nothing after loss to impair them. At our request, the Insured will bring "suit" or transfer those rights to us and help us enforce them.

**9. When We Do Not Renew**

If we decide not to renew this Coverage Part, we will mail or deliver to the first Named Insured shown in the Declarations written notice of the nonrenewal not less than 30 days before the expiration date.

If notice is mailed, proof of mailing will be sufficient proof of notice.

**SECTION V - DEFINITIONS**

**1. "Advertisement"** means a notice that is broadcast or published to the general public or specific market segments about your goods, products or services for the purpose of attracting customers or supporters. For the purposes of this definition:

- a. notices that are published include material placed on the Internet or on similar electronic means of communication; and
- b. regarding web sites, only that part of a web site that is about your goods, products or services for the purposes of attracting customers or supporters is considered an advertisement.

**2. "Auto"** means:

- a. a land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or equipment; or

- b. any other land vehicle that is subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged.

However, "auto" does not include "mobile equipment."

**3. "Bodily injury"** means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.

**4. "Coverage territory"** means:

- a. the United States of America (including its territories and possessions), Puerto Rico and Canada;
- b. international waters or airspace, but only if the injury or damage occurs in the course of travel or transportation between any places included in paragraph a. above; or
- c. all other parts of the world if the injury or damage arises out of:
  - (1) goods or products made or sold by you in the territory described in paragraph a. above;
  - (2) the activities of a person whose home is in the territory described in paragraph a. above, but is away for a short time on your business; or
  - (3) "personal and advertising injury" offenses that take place through the Internet or similar electronic means of communication;

provided the Insured's responsibility to pay damages is determined in a "suit" on the merits, in the territory described in paragraph a. above or in a settlement we agree to.

**5. "Employee"** includes a "leased worker". "Employee" does not include a "temporary worker".

**6. "Executive officer"** means a person holding any of the officer positions created by your charter, constitution, bylaws or any other similar governing document.

7. **"Hostile fire"** means one which becomes uncontrollable or breaks out from where it was intended to be.

8. **"Impaired property"** means tangible property, other than "your product" or "your work", that cannot be used or is less useful because:

- a. it incorporates "your product" or "your work" that is known or thought to be defective, deficient, inadequate or dangerous; or
- b. you have failed to fulfill the terms of a contract or agreement;

if such property can be restored to use by the repair, replacement, adjustment or removal of "your product" or "your work" or your fulfilling the terms of the contract or agreement.

9. **"Insured contract"** means:

- a. a contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner is not an "insured contract";
- b. a sidetrack agreement;
- c. any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
- d. an obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;
- e. an elevator maintenance agreement;
- f. that part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "bodily injury" or "property damage" to a third person or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

Paragraph f. does not include that part of any contract or agreement:

(1) that indemnifies a railroad for "bodily injury" or "property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, road-beds, tunnel, underpass or crossing;

(2) that indemnifies an architect, engineer or surveyor for injury or damage arising out of:

(a) preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; or

(b) giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage; or

(3) under which the Insured, if an architect, engineer or surveyor, assumes liability for an injury or damage arising out of the Insured's rendering or failure to render professional services, including those listed in (2) above and supervisory, inspection, architectural or engineering activities.

10. **"Leased worker"** means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker."

11. **"Loading or unloading"** means the handling of property:

a. after it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or "auto";

b. while it is in or on an aircraft, watercraft or "auto"; or

c. while it is being moved from an aircraft, watercraft or "auto" to the place where it is finally delivered;

but "loading or unloading" does not include the movement of property by means of a mechanical device, other than a hand truck, that is not attached to the aircraft, watercraft or "auto".

12. **"Mobile equipment"** means any of the following types of land vehicles, including any attached machinery or equipment:

- a. bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;
- b. vehicles maintained for use solely on or next to premises you own or rent;
- c. vehicles that travel on crawler treads;
- d. vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:
  - (1) power cranes, shovels, loaders, diggers or drills; or
  - (2) road construction or resurfacing equipment such as graders, scrapers or rollers;
- e. vehicles not described in paragraph a., b., c. or d. above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:
  - (1) air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or
  - (2) cherry pickers and similar devices used to raise or lower workers;
- f. vehicles not described in paragraph a., b., c. or d. above maintained primarily for purposes other than the transportation of persons or cargo.

However, self-propelled vehicles with the following types of permanently attached equipment are not "mobile equipment" but will be considered "autos":

(1) equipment designed primarily for:

- (a) snow removal;
- (b) road maintenance, but not construction or resurfacing; or
- (c) street cleaning;

(2) cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and

(3) air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.

However, "mobile equipment" does not include any land vehicles that are subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged. Land vehicles subject to a compulsory or financial responsibility law or other motor vehicle insurance law are considered "autos".

13. **"Occurrence"** means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.

14. **"Personal and advertising injury"** means injury, including consequential "bodily injury," arising out of one or more of the following offenses:

- a. false arrest, detention or imprisonment;
- b. malicious prosecution;
- c. the wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;
- d. oral or written publication, in any manner, of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;



- e. oral or written publication, in any manner, of material that violates a person's right of privacy;
- f. the use of another's advertising idea in your "advertisement"; or
- g. infringing upon another's copyright, trade dress or slogan in your "advertisement".

15. **"Pollutants"** mean 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.

16. **"Products-completed operations hazard"**:

a. Includes all "bodily injury" and "property damage" occurring away from premises you own or rent and arising out of "your product" or "your work" except:

- (1) products that are still in your physical possession; or
- (2) work that has not yet been completed or abandoned. However, "your work" will be deemed completed at the earliest of the following times:

- (a) When all of the work called for in your contract has been completed.
- (b) When all of the work to be done at the job site has been completed if your contract calls for work at more than one job site.
- (c) When that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.

b. Does not include "bodily injury" or "property damage" arising out of:

- (1) the transportation of property, unless the injury or damage arises out of a condition in or on a vehicle not owned or operated by you, and that condition was created by the "loading or unloading" of that vehicle by any insured;
- (2) the existence of tools, uninstalled equipment or abandoned or unused materials; or
- (3) products or operations for which the classification, listed in the Declarations or in a policy Schedule, states that products-completed operations are subject to the General Aggregate Limit.

17. **"Property damage"** means:

- a. physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or
- b. loss of use of tangible property that is not physically injured. All such loss of use shall be deemed to occur at the time of the "occurrence" that caused it.

For the purposes of this insurance, electronic data is not tangible property.

As used in this definition, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

18. **"Suit"** means a civil proceeding in which damages because of "bodily injury", "property damage" or "personal and advertising injury" to which this insurance applies are alleged. "Suit" includes:

- a. an arbitration proceeding in which such damages are claimed and to which the Insured must submit or does submit with our consent; or

b. any other alternative dispute resolution proceeding in which such damages are claimed and to which the Insured submits with our consent.

**19. "Temporary worker"** means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.

**20. "Volunteer worker"** means a person who is not your "employee", and who donates his or her work and acts at the direction of and within the scope of duties determined by you, and is not paid a fee, salary or other compensation by you or anyone else for their work performed for you.

**21. "Your product":**

a. Means:

(1) any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:

(a) you;

(b) others trading under your name;  
or

(c) a person or organization whose business or assets you have acquired; and

(2) containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.

b. Includes:

(1) warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your product"; and

(2) the providing of or failure to provide warnings or instructions.

c. Does not include vending machines or other property rented to or located for the use of others but not sold.

**22. "Your work":**

a. Means:

(1) work or operations performed by you or on your behalf; and

(2) materials, parts or equipment furnished in connection with such work or operations.

b. Includes:

(1) warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your work"; and

(2) the providing of or failure to provide warnings or instructions.

## CRIME GENERAL PROVISIONS

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is or 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.

Words and phrases in quotation marks are defined in the policy.

Unless stated otherwise in any Crime Coverage Form, DECLARATIONS or endorsement, the following General Exclusions, General Conditions and General Definitions apply to all Crime Coverage Forms forming part of this policy.

### A. GENERAL EXCLUSIONS

We will not pay for loss as specified below:

**1. Acts Committed by You or Your Partners:** Loss resulting from any dishonest or criminal act committed by you or any of your partners whether acting alone or in collusion with other persons.

**2. Governmental Action:** Loss resulting from seizure or destruction of property by order of governmental authority.

**3. Indirect Loss:** Loss that is an indirect result of any act or "occurrence" covered by this insurance including, but not limited to, loss resulting from:

**a.** Your inability to realize income that you would have realized had there been no loss of, or loss from damage to, Covered Property.

**b.** Payment of damages of any type for which you are legally liable. But we will pay compensatory damages arising directly from a loss covered under this insurance.

**c.** Payment of costs, fees or other expenses you incur in establishing either the existence or the amount of loss under this insurance.

**4. Legal Expenses:** Expenses related to any legal action.

**5. Nuclear:** Loss resulting from nuclear reaction, nuclear radiation or radioactive contamination, or any related act or incident.

**6. War and Similar Actions:** Loss resulting from war, whether or not declared, war-like action, insurrection, rebellion or revolution, or any related act or incident.

### B. GENERAL CONDITIONS

**1. Consolidation - Merger:** If through consolidation or merger with, or purchase of assets of, some other entity:

**a.** any additional persons become "employees"; or

**b.** you acquire the use and control of any additional "premises";

any insurance afforded for "employees" or "premises" also applies to those additional "employees" and "premises," but only if you:

**a.** give us written notice within 30 days thereafter; and

**b.** pay us an additional premium.

**2. Coverage Extensions:** Unless stated otherwise in the Coverage Form, our liability under any Coverage Extension is part of, not in addition to, the Limit of Insurance applying to the Coverage or Coverage Section.

**3. Discovery Period for Loss:** We will pay only for covered loss discovered no later than one year from the end of the policy period.

**4. Duties in the Event of Loss:** After you discover a loss or a situation that may result in loss of, or loss from damage to, Covered Property you must:

- a. Notify us as soon as possible.
- b. Submit to examination under oath at our request and give us a signed statement of your answers.
- c. Give us a detailed, sworn proof of loss within 120 days.
- d. Cooperate with us in the investigation and settlement of any claim.

**5. Joint Insured**

- a. If more than one Insured is named in the DECLARATIONS, the first Named Insured will act for itself and for every other Insured for all purposes of this insurance. If the first Named Insured ceases to be covered, then the next Named Insured will become the first Named Insured.
- b. If any Insured or partner or officer of that Insured has knowledge of any information relevant to this insurance, that knowledge is considered knowledge of every Insured.
- c. An "employee" of any Insured is considered to be an "employee" of every Insured.
- d. If this insurance or any of its coverages is cancelled or terminated as to any Insured, loss sustained by that Insured is covered only if discovered no later than one year from the date of that cancellation or termination.
- e. We will not pay more for loss sustained by more than one Insured than the amount we would pay if all the loss had been sustained by one Insured.

**6. Legal Action Against Us:** You may not bring any legal action against us involving loss:

- a. unless you have complied with all the terms of this insurance; and
- b. until 90 days after you have filed proof of loss with us; and
- c. unless brought within 2 years from the date you discover the loss.

**7. Loss Covered Under More Than One Coverage of This Insurance:** If two or more coverages of this insurance apply to the same loss, we will pay the lesser of:

- a. the actual amount of loss; or
- b. the sum of the Limits of Insurance applicable to those coverages.

**8. Loss Sustained During Prior Insurance**

a. If you, or any predecessor in interest, sustained loss during the period of any prior insurance that you or the predecessor in interest could have recovered under that insurance except that the time within which to discover loss had expired, we will pay for it under this insurance, provided.

- (1) this insurance became effective at the time of cancellation or termination of the prior insurance; and
- (2) this loss would have been covered by this insurance had it been in effect when the acts or events causing the loss were committed or occurred.

b. The insurance under this Condition is part of, not in addition to, the Limits of Insurance applying to this insurance and is limited to the lesser of the amount recoverable under:

- (1) this insurance as of its effective date; or
- (2) the prior insurance had it remained in effect.

**9. Loss Covered Under This Insurance and Prior Insurance Issued by Us or Any Affiliate:** If any loss is covered:

- a. partly by this insurance; and

- b. partly by any prior cancelled or terminated insurance that we or any affiliate had issued to you or any predecessor in interest;

the most we will pay is the larger of the amount recoverable under this insurance or the prior insurance.

**10. Non-Cumulation of Limit of Insurance**

Regardless of the number of years this insurance remains in force or the number of premiums paid, no Limit of Insurance cumulates from year to year or period to period.

- 11. Other Insurance:** This insurance does not apply to loss recoverable or recovered under other insurance or indemnity. However, if the limit of the other insurance or indemnity is insufficient to cover the entire amount of the loss, this insurance will apply to that part of the loss, other than that falling within any Deductible Amount, not recoverable or recovered under the other insurance or indemnity. However, this insurance will not apply to the amount of loss that is more than the applicable Limit of Insurance shown in the **Declarations**.

- 12. Ownership of Property; Interests Covered:** The property covered under this insurance is limited to property:

- a. that you own or hold; or
- b. for which you are legally liable.

However, this insurance is for your benefit only. It provides no rights or benefits to any other person or organization.

**13. Policy Period**

- a. The Policy Period is shown in the DECLARATIONS.
- b. Subject to the Loss Sustained During Prior Insurance condition, we will pay only for loss that you sustain through acts committed or events occurring during the Policy Period.

- 14. Records:** You must keep records of all Covered Property so we can verify the amount of any loss.

**15. Recoveries**

- a. Any recoveries, less the cost of obtaining them, made after settlement of loss covered by this insurance will be distributed as follows:

- (1) to you, until you are reimbursed for any loss that you sustain that exceeds the Limit of Insurance and the Deductible Amount, if any;
- (2) then to us, until we are reimbursed for the settlement made;
- (3) then to you, until you are reimbursed for that part of the loss equal to the Deductible Amount, if any.

- b. Recoveries do not include any recovery:

- (1) from insurance, suretyship, reinsurance, security or indemnity taken for our benefit; or
- (2) of original "securities" after duplicates of them have been issued.

- 16. Territory:** This insurance covers only acts committed or events occurring within the United States of America, U.S. Virgin Islands, Puerto Rico, Canal Zone, or Canada.

- 17. Transfer of Your Rights of Recovery Against Others to Us:** You must transfer to us all your rights of recovery against any person or organization for any loss you sustained and for which we have paid or settled. You must also do everything necessary to secure those rights and do nothing after loss to impair them.

**18. Valuation - Settlement**

- a. Subject to the applicable Limit of Insurance provision we will pay for:

- (1) Loss of "money" but only up to and including its face value. We may, at our option, pay for loss of "money" issued by any country other than the United States of America:

- (a) at face value in the "money" issued by that country; or

(b) in the United States of America dollar equivalent determined by the rate of exchange on the day the loss was discovered.

(2) Loss of "securities" but only up to and including their value at the close of business on the day the loss was discovered. We may, at our option:

(a) pay the value of such "securities" or replace them in kind, in which event you must assign to us all your rights, title and interest in and to those "securities";

(b) pay the cost of any Lost Securities Bond required in connection with issuing duplicates of the "securities." However, we will be liable only for the payment of so much of the cost of the bond as would be charged for a bond having a penalty not exceeding the lesser of the:

i. value of the "securities" at the close of business on the day the loss was discovered; or

ii. Limit of Insurance.

(3) Loss of, loss from damage to, "property other than money and securities" or loss from damage to the "premises" for not more than the:

(a) actual cash value of the property on the day the loss was discovered;

(b) cost of repairing the property or "premises"; or

(c) cost of replacing the property with property of like kind and quality.

We may, at our option, pay the actual cash value of the property or repair or replace it.

If we cannot agree with you upon the actual cash value or the cost of repair or replacement, the value or cost will be determined by arbitration.

b. We may, at our option, pay for loss of, or loss from damage to, property other than "money";

(1) in the "money" of the country in which the loss occurred; or

(2) in the United States of America dollar equivalent of the "money" of the country in which the loss occurred determined by the rate of exchange on the day the loss was discovered.

c. Any property that we pay for or replace becomes our property.

### C. GENERAL DEFINITIONS

1. "Employee" means:

a. Any natural person:

(1) while in your service (and for 30 days after termination of service); and

(2) whom you compensate directly by salary, wages or commissions; and

(3) whom you have the right to direct and control while performing services for you; or

b. Any natural person employed by an employment contractor while that person is subject to your direction and control and performing services for you excluding, however, any such person while having care and custody of property outside the "premises."

But "employee" does not mean any:

(1) agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character; or

(2) director or trustee except while performing acts coming within the scope of the usual duties of an employee.

2. **"Money"** means:

- a. currency, coins and bank notes in current use and having a face value; and
- b. travelers checks, register checks and money orders held for sale to the public.

3. **"Property Other Than Money and Securities"** means any tangible property other than "money" and "securities" that has intrinsic value but does not include any property listed in any Crime Coverage Form as Property Not Covered.

4. **"Securities"** means negotiable and non-negotiable instruments or contracts representing either "money" or other property and includes:

- a. tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and
- b. evidences of debt issued in connection with credit or charge cards, which cards are not issued by you;

but does not include "money."

## COMMERCIAL CRIME COVERAGE FORM (LOSS SUSTAINED FORM)

Various provisions in this Policy restrict coverage. Read the entire Policy carefully to determine rights, duties and what is or 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. Insuring Agreements

Coverage is provided under the following Insuring Agreements for which a Limit Of Insurance is shown in the Declarations and applies to loss that you sustain resulting directly from an "occurrence" taking place during the Policy Period shown in the Declarations, except as provided in Condition E.1.k. or E.1.l., which is "discovered" by you during the Policy Period shown in the Declarations or during the period of time provided in the Extended Period To Discover Loss Condition E.1.g.:

#### 1. Employee Theft

We will pay for loss of or damage to "money", "securities" and "other property" resulting directly from "theft" committed by an "employee", whether identified or not, acting alone or in collusion with other persons.

For the purposes of this Insuring Agreement, "theft" shall also include forgery.

#### 2. Forgery Or Alteration

- a. We will pay for loss resulting directly from "forgery" or alteration of checks, drafts, promissory notes, or similar written promises, orders or directions to pay a sum certain in "money" that are:

- (1) Made or drawn by or drawn upon you; or

- (2) Made or drawn by one acting as your agent;

or that are purported to have been so made or drawn.

For the purposes of this Insuring Agreement, a substitute check as defined in the Check Clearing for the 21st Century Act shall be treated the same as the original it replaced.

- b. If you are sued for refusing to pay any instrument covered in Paragraph 2.a., on the basis that it has been forged or altered, and you have our written consent to defend against the suit, we will pay for any reasonable legal expenses that you incur and pay in that defense. The amount that we will pay for such legal expenses is in addition to the Limit of Insurance applicable to this Insuring Agreement.

### 3. Inside The Premises - Theft Of Money And Securities

We will pay for:

- a. Loss of "money" and "securities" inside the "premises" or "financial institution premises":

- (1) Resulting directly from "theft" committed by a person present inside such "premises" or "financial institution premises"; or

- (2) Resulting directly from disappearance or destruction.

- b. Loss from damage to the "premises" or its exterior resulting directly from an actual or attempted "theft" of "money" and "securities", if you are the owner of the "premises" or are liable for damage to it.



- c. Loss of or damage to a locked safe, vault, cash register, cash box or cash drawer located inside the "premises" resulting directly from an actual or attempted "theft" of, or unlawful entry into, those containers.

**4. Inside The Premises - Robbery Or Safe Burglary Of Other Property**

We will pay for:

- a. Loss of or damage to "other property":
  - (1) Inside the "premises" resulting directly from an actual or attempted "robbery" of a "custodian"; or
  - (2) Inside the "premises" in a safe or vault resulting directly from an actual or attempted "safe burglary".
- b. Loss from damage to the "premises" or its exterior resulting directly from an actual or attempted "robbery" or "safe burglary" of "other property", if you are the owner of the "premises" or are liable for damage to it.
- c. Loss of or damage to a locked safe or vault located inside the "premises" resulting directly from an actual or attempted "robbery" or "safe burglary".

**5. Outside The Premises**

We will pay for:

- a. Loss of "money" and "securities" outside the "premises" in the care and custody of a "messenger" or an armored motor vehicle company resulting directly from "theft", disappearance or destruction.
- b. Loss of or damage to "other property" outside the "premises" in the care and custody of a "messenger" or an armored motor vehicle company resulting directly from an actual or attempted "robbery".

**6. Computer And Funds Transfer Fraud**

a. We will pay for:

- (1) Loss resulting directly from a fraudulent:

- (a) Entry of "electronic data" or "computer program" into; or
- (b) Change of "electronic data" or "computer program" within;

any "computer system" owned, leased or operated by you, provided the fraudulent entry or fraudulent change causes, with regard to Paragraphs **6.a.(1)(a)** and **6.a.(1)(b)**:

- (i) "Money", "securities" or "other property" to be transferred, paid or delivered; or
- (ii) Your account at a "financial institution" to be debited or deleted.

- (2) Loss resulting directly from a "fraudulent instruction" directing a "financial institution" to debit your "transfer account" and to transfer, pay or deliver "money" or "securities" from that account.

b. As used in Paragraph **6.a.(1)**, fraudulent entry or fraudulent change of "electronic data" or "computer program" shall include such entry or change made by an "employee" acting, in good faith, upon a "fraudulent instruction" received from a computer software contractor who has a written agreement with you to design, implement or service "computer programs" for a "computer system" covered under this Insuring Agreement.

**7. Money Orders And Counterfeit Money**

We will pay for loss resulting directly from your having, in good faith, accepted in exchange for merchandise, "money" or services:

- a. Money orders issued by any post office, express company or "financial institution" that are not paid upon presentation; or
- b. "Counterfeit money" that is acquired during the regular course of business.

**B. Limit Of Insurance**

The most we will pay for all loss resulting directly from an "occurrence" is the applicable Limit Of Insurance shown in the Declarations.

If any loss is covered under more than one Insuring Agreement or coverage, the most we will pay for such loss shall not exceed the largest Limit of Insurance available under any one of those Insuring Agreements or coverages.

**C. Deductible**

We will not pay for loss resulting directly from an "occurrence" unless the amount of loss exceeds the Deductible Amount shown in the Declarations. We will then pay the amount of loss in excess of the Deductible Amount, up to the Limit of Insurance.

**D. Exclusions**

1. This insurance does not cover:

**a. Acts Committed By You, Your Partners Or Your Members**

Loss resulting from "theft" or any other dishonest act committed by:

- (1) You; or
- (2) Any of your partners or "members";

whether acting alone or in collusion with other persons.

**b. Acts Committed By Your Employees Learned Of By You Prior To The Policy Period**

Loss caused by an "employee" if the "employee" had also committed "theft" or any other dishonest act prior to the effective date of this insurance and you or any of your partners, "mem-

bers", "managers", officers, directors or trustees, not in collusion with the "employee", learned of such "theft" or dishonest act prior to the Policy Period shown in the Declarations.

**c. Acts Committed By Your Employees, Managers, Directors, Trustees Or Representatives**

Loss resulting from "theft" or any other dishonest act committed by any of your "employees", "managers", directors, trustees or authorized representatives:

- (1) Whether acting alone or in collusion with other persons; or
- (2) While performing services for you or otherwise;

except when covered under Insuring Agreement **A.1.**

**d. Confidential Or Personal Information**

Loss resulting from:

- (1) The disclosure or use of another person's or organization's confidential or personal information; or
- (2) The disclosure of your confidential or personal information. However, this Paragraph **1.d.(2)** does not apply to loss otherwise covered under this insurance that results directly from the use of your confidential or personal information.

For the purposes of this exclusion, confidential or personal information includes, but is not limited to, patents, trade secrets, processing methods, customer lists, financial information, credit card information, health information or any other type of nonpublic information.

**e. Data Security Breach**

Fees, costs, fines, penalties and other expenses incurred by you which are related to the access to or disclosure of another person's or organization's

confidential or personal information including, but not limited to, patents, trade secrets, processing methods, customer lists, financial information, credit card information, health information or any other type of nonpublic information.

**f. Governmental Action**

Loss resulting from seizure or destruction of property by order of governmental authority.

**g. Indirect Loss**

Loss that is an indirect result of an "occurrence" covered by this insurance including, but not limited to, loss resulting from:

- (1) Your inability to realize income that you would have realized had there been no loss of or damage to "money", "securities" or "other property";
- (2) Payment of damages of any type for which you are legally liable. But, we will pay compensatory damages arising directly from a loss covered under this insurance; or
- (3) Payment of costs, fees or other expenses you incur in establishing either the existence or the amount of loss under this insurance.

**h. Legal Fees, Costs And Expenses**

Fees, costs and expenses incurred by you which are related to any legal action, except when covered under Insuring Agreement **A.2.**

**i. Nuclear Hazard**

Loss or damage resulting from nuclear reaction or radiation, or radioactive contamination, however caused.

**j. Pollution**

Loss or damage caused by or resulting from pollution. Pollution means the discharge, dispersal, seepage, migration, release or escape of 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.

**k. Virtual Currency**

Loss involving virtual currency of any kind, by whatever name known, whether actual or fictitious including, but not limited to, digital currency, crypto currency or any other type of electronic currency.

**l. War And Military Actions**

Loss or damage resulting from:

- (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.

2. Insuring Agreement **A.1.** does not cover:

**a. Inventory Shortages**

Loss, or that part of any loss, the proof of which as to its existence or amount is dependent upon:

- (1) An inventory computation; or
- (2) A profit and loss computation.

However, where you establish wholly apart from such computations that you have sustained a loss, then you may offer your inventory records and actual physical count of inventory in support of the amount of loss claimed.

**b. Trading**

Loss resulting from trading, whether in your name or in a genuine or fictitious account.

**c. Warehouse Receipts**

Loss resulting from the fraudulent or dishonest signing, issuing, cancelling or failing to cancel, a warehouse receipt or any papers connected with it.

**3. Insuring Agreements A.3., A.4. and A.5. do not cover:**

**a. Accounting Or Arithmetical Errors Or Omissions**

Loss resulting from accounting or arithmetical errors or omissions.

**b. Exchanges Or Purchases**

Loss resulting from the giving or surrendering of property in any exchange or purchase.

**c. Fire**

Loss or damage resulting from fire, however caused, except:

(1) Loss of or damage to "money" and "securities"; and

(2) Loss from damage to a safe or vault.

**d. Money Operated Devices**

Loss of property contained in any money operated device unless the amount of "money" deposited in it is recorded by a continuous recording instrument in the device.

**e. Motor Vehicles Or Equipment And Accessories**

Loss of or damage to motor vehicles, trailers or semitrailers or equipment and accessories attached to them.

**f. Transfer Or Surrender Of Property**

(1) Loss of or damage to property after it has been transferred or surrendered to a person or place outside the "premises" or "financial institution premises":

(a) On the basis of unauthorized instructions; or

(b) As a result of a threat including, but not limited to:

(i) A threat to do bodily harm to any person;

(ii) A threat to do damage to any property;

(iii) A threat to introduce a denial of service attack into any "computer system";

(iv) A threat to introduce a virus or other malicious instruction into any "computer system" which is designed to damage, destroy or corrupt "electronic data" or "computer programs" stored within the "computer system";

(v) A threat to contaminate, pollute or render sub-standard your products or goods; or

(vi) A threat to disseminate, divulge or utilize:

i. Your confidential information;

ii. Confidential or personal information of another person or organization; or

iii. Weaknesses in the source code within any "computer system".

(2) However, this exclusion does not apply under Insuring Agreement **A.5.** to loss of "money", "securities" or "other property" while outside the "premises" in the care and custody of a "messenger" if you:

(a) Had no knowledge of any threat at the time the conveyance began; or

(b) Had knowledge of a threat at the time the conveyance began, but the loss was not related to the threat.

**g. Vandalism**

Loss from damage to the "premises" or its exterior, or to any safe, vault, cash register, cash box, cash drawer or "other property" by vandalism or malicious mischief.

**h. Voluntary Parting Of Title To Or Possession Of Property**

Loss resulting from your, or anyone else acting on your express or implied authority, being induced by any dishonest act to voluntarily part with title to or possession of any property.

4. Insuring Agreement **A.6.** does not cover:

**a. Authorized Access**

Loss resulting from a fraudulent:

(1) Entry of "electronic data" or "computer program" into; or

(2) Change of "electronic data" or "computer program" within;

any "computer system" owned, leased or operated by you by a person or organization with authorized access to that "computer system", except when covered under Insuring Agreement **A.6.b.**

**b. Credit Card Transactions**

Loss resulting from the use or purported use of credit, debit, charge, access, convenience, identification, stored-value or other cards or the information contained on such cards.

**c. Exchanges Or Purchases**

Loss resulting from the giving or surrendering of property in any exchange or purchase.

**d. Fraudulent Instructions**

Loss resulting from an "employee" or "financial institution" acting upon any instruction to:

(1) Transfer, pay or deliver "money", "securities" or "other property"; or

(2) Debit or delete your account;

which instruction proves to be fraudulent, except when covered under Insuring Agreement **A.6.a.(2)** or **A.6.b.**

**e. Inventory Shortages**

Loss, or that part of any loss, the proof of which as to its existence or amount is dependent upon:

(1) An inventory computation; or

(2) A profit and loss computation.

**E. Conditions**

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

## 1. Conditions Applicable To All Insuring Agreements

### a. Additional Premises Or Employees

If, while this insurance is in force, you establish any additional "premises" or hire additional "employees", other than through consolidation or merger with, or purchase or acquisition of assets or liabilities of, another entity, such "premises" and "employees" shall automatically be covered under this insurance. Notice to us of an increase in the number of "premises" or "employees" is not required, and no additional premium will be charged for the remainder of the Policy Period shown in the Declarations.

### b. Concealment, Misrepresentation Or Fraud

This insurance is void in any case of fraud by you as it relates to this insurance at any time. It is also void if you or any other Insured, at any time, intentionally conceals or misrepresents a material fact concerning:

- (1) This insurance;
- (2) The property covered under this insurance;
- (3) Your interest in the property covered under this insurance; or
- (4) A claim under this insurance.

### c. Consolidation - Merger Or Acquisition

If you consolidate or merge with, or purchase or acquire the assets or liabilities of, another entity:

- (1) You must give us written notice as soon as possible and obtain our written consent to extend the coverage provided by this insurance to such consolidated or merged entity or such purchased or acquired assets or liabilities.

We may condition our consent by requiring payment of an additional premium; but

- (2) For the first 90 days after the effective date of such consolidation, merger or purchase or acquisition of assets or liabilities, the coverage provided by this insurance shall apply to such consolidated or merged entity or such purchased or acquired assets or liabilities, provided that all "occurrences" causing or contributing to a loss involving such consolidation, merger or purchase or acquisition of assets or liabilities, must take place after the effective date of such consolidation, merger or purchase or acquisition of assets or liabilities.

### d. Cooperation

You must cooperate with us in all matters pertaining to this insurance as stated in its terms and conditions.

### e. Duties In The Event Of Loss

After you "discover" a loss or a situation that may result in loss of or damage to "money", "securities" or "other property", you must:

- (1) Notify us as soon as possible. If you have reason to believe that any loss (except for loss covered under Insuring Agreement **A.1.** or **A.2.**) involves a violation of law, you must also notify the local law enforcement authorities;
- (2) Give us a detailed, sworn proof of loss within 120 days;
- (3) Cooperate with us in the investigation and settlement of any claim;
- (4) Produce for our examination all pertinent records;

- (5) Submit to examination under oath at our request and give us a signed statement of your answers; and
- (6) Secure all of your rights of recovery against any person or organization responsible for the loss and do nothing to impair those rights.

**f. Employee Benefit Plans**

The "employee benefit plans" shown in the Declarations (hereinafter referred to as Plan) are included as Insureds under Insuring Agreement **A.1.**, subject to the following:

- (1) If any Plan is insured jointly with any other entity under this insurance, you or the Plan Administrator is responsible for selecting a Limit of Insurance for Insuring Agreement **A.1.** that is sufficient to provide a Limit of Insurance for each Plan that is at least equal to that required under ERISA as if each Plan were separately insured.
- (2) With respect to loss sustained or "discovered" by any such Plan, Insuring Agreement **A.1.** is replaced by the following:

We will pay for loss of or damage to "money", "securities" and "other property" resulting directly from fraudulent or dishonest acts committed by an "employee", whether identified or not, acting alone or in collusion with other persons.

- (3) If the first Named Insured is an entity other than a Plan, any payment we make for loss sustained by any Plan will be made to the Plan sustaining the loss.
- (4) If two or more Plans are insured under this insurance, any payment we make for loss:

- (a) Sustained by two or more Plans; or
- (b) Of commingled "money", "securities" or "other property" of two or more Plans;

resulting directly from an "occurrence", will be made to each Plan sustaining loss in the proportion that the Limit of Insurance required under ERISA for each Plan bears to the total of those limits.

- (5) The Deductible Amount applicable to Insuring Agreement **A.1.** does not apply to loss sustained by any Plan.

**g. Extended Period To Discover Loss**

We will pay for loss that you sustained prior to the effective date of cancellation of this insurance, which is "discovered" by you:

- (1) No later than one year from the date of that cancellation. However, this extended period to "discover" loss terminates immediately upon the effective date of any other insurance obtained by you, whether from us or another insurer, replacing in whole or in part the coverage afforded under this insurance, whether or not such other insurance provides coverage for loss sustained prior to its effective date.
- (2) No later than one year from the date of that cancellation with regard to any "employee benefit plan".

**h. Joint Insured**

- (1) If more than one Insured is named in the Declarations, the first Named Insured will act for itself and for every other Insured for all purposes of this insurance. If the first Named Insured ceases to be covered, then the next Named Insured will become the first Named Insured.

- (2) If any Insured, or partner, "member", "manager", officer, director or trustee of that Insured has knowledge of any information relevant to this insurance, that knowledge is considered knowledge of every Insured.
- (3) An "employee" of any Insured is considered to be an "employee" of every Insured.
- (4) If this insurance or any of its coverages are cancelled as to any Insured, loss sustained by that Insured is covered only if it is "discovered" by you:
  - (a) No later than one year from the date of that cancellation. However, this extended period to "discover" loss terminates immediately upon the effective date of any other insurance obtained by that Insured, whether from us or another insurer, replacing in whole or in part the coverage afforded under this insurance, whether or not such other insurance provides coverage for loss sustained prior to its effective date.
  - (b) No later than one year from the date of that cancellation with regard to any "employee benefit plan".
- (5) We will not pay more for loss sustained by more than one Insured than the amount we would pay if all such loss had been sustained by one Insured.
- (6) Payment by us to the first Named Insured for loss sustained by any Insured, or payment by us to any "employee benefit plan" for loss sustained by that Plan, shall fully release us on account of such loss.

**i. Legal Action Against Us**

You may not bring any legal action against us involving loss:

- (1) Unless you have complied with all the terms of this insurance;
- (2) Until 90 days after you have filed proof of loss with us; and
- (3) Unless brought within two years from the date you "discovered" the loss.

If any limitation in this condition is prohibited by law, such limitation is amended so as to equal the minimum period of limitation provided by such law.

**j. Liberalization**

If we adopt any revision that would broaden the coverage under this insurance without additional premium within 45 days prior to or during the Policy Period shown in the Declarations, the broadened coverage will immediately apply to this insurance.

**k. Loss Sustained During Prior Insurance Issued By Us Or Any Affiliate**

**(1) Loss Sustained Partly During This Insurance And Partly During Prior Insurance**

If you "discover" loss during the Policy Period shown in the Declarations, resulting directly from an "occurrence" taking place:

- (a) Partly during the Policy Period shown in the Declarations; and
- (b) Partly during the policy period(s) of any prior cancelled insurance that we or any affiliate issued to you or any predecessor in interest;

and this insurance became effective at the time of cancellation of the prior insurance, we will first settle the amount of loss that you



sustained during this Policy Period. We will then settle the remaining amount of loss that you sustained during the policy period(s) of the prior insurance.

**(2) Loss Sustained Entirely During Prior Insurance**

If you "discover" loss during the Policy Period shown in the Declarations, resulting directly from an "occurrence" taking place entirely during the policy period(s) of any prior cancelled insurance that we or any affiliate issued to you or any predecessor in interest, we will pay for the loss, provided:

- (a) This insurance became effective at the time of cancellation of the prior insurance; and
- (b) The loss would have been covered under this insurance had it been in effect at the time of the "occurrence".

We will first settle the amount of loss that you sustained during the most recent prior insurance. We will then settle any remaining amount of loss that you sustained during the policy period(s) of any other prior insurance.

**(3) In settling loss under Paragraphs k.(1) and k.(2):**

- (a) The most we will pay for the entire loss is the highest single Limit of Insurance applicable during the period of loss, whether such limit was written under this insurance or was written under the prior insurance issued by us.
- (b) We will apply the applicable Deductible Amount shown in the Declarations to the amount of loss sustained under this insurance. If no loss was sustained under this

insurance, we will apply the Deductible Amount shown in the Declarations to the amount of loss sustained under the most recent prior insurance.

If the Deductible Amount is larger than the amount of loss sustained under this insurance, or the most recent prior insurance, we will apply the remaining Deductible Amount to the remaining amount of loss sustained during the prior insurance.

We will not apply any other Deductible Amount that may have been applicable to the loss.

- (4) The following examples demonstrate how we will settle losses subject to this condition:

**Example Number 1**

The Insured sustained a covered loss of \$10,000 resulting directly from an "occurrence" taking place during the terms of Policy A and Policy B.

**Policy A**

The current policy. Written at a Limit of Insurance of \$50,000 and a Deductible Amount of \$5,000.

**Policy B**

Issued prior to Policy A. Written at a Limit of Insurance of \$50,000 and a Deductible Amount of \$5,000.

**Settlement Of Loss**

The amount of loss sustained under Policy A is \$2,500 and under Policy B, \$7,500.

The highest single Limit of Insurance applicable to this entire loss is \$50,000 written under Policy

**A.** The Policy A Deductible Amount of \$5,000 applies. The loss is settled as follows:

- (a) The amount of loss sustained under Policy A (\$2,500) is settled first. The amount we will pay is nil (\$0.00) because the amount of loss is less than the Deductible Amount (i.e., \$2,500 loss - \$5,000 deductible = \$0.00).
- (b) The remaining amount of loss sustained under Policy B (\$7,500) is settled next. The amount recoverable is \$5,000 after the remaining Deductible Amount from Policy A of \$2,500 is applied to the loss (i.e., \$7,500 loss - \$2,500 deductible = \$5,000).

The most we will pay for this loss is \$5,000.

### **Example Number 2**

The Insured sustained a covered loss of \$250,000 resulting directly from an "occurrence" taking place during the terms of Policy A and Policy B.

#### **Policy A**

The current policy. Written at a Limit of Insurance of \$125,000 and a Deductible Amount of \$10,000.

#### **Policy B**

Issued prior to Policy A. Written at a Limit of Insurance of \$150,000 and a Deductible Amount of \$25,000.

#### **Settlement Of Loss**

The amount of loss sustained under Policy A is \$175,000 and under Policy B, \$75,000.

The highest single Limit of Insurance applicable to this entire loss is \$150,000 written under Policy B. The Policy A Deductible Amount of \$10,000 applies. The loss is settled as follows:

- (a) The amount of loss sustained under Policy A (\$175,000) is settled first. The amount we will pay is the Policy A Limit of \$125,000 because \$175,000 loss - \$10,000 deductible = \$165,000, which is greater than the \$125,000 policy limit.
- (b) The remaining amount of loss sustained under Policy B (\$75,000) is settled next. The amount we will pay is \$25,000 (i.e., \$150,000 Policy B limit - \$125,000 paid under Policy A = \$25,000).

The most we will pay for this loss is \$150,000.

### **Example Number 3**

The Insured sustained a covered loss of \$2,000,000 resulting directly from an "occurrence" taking place during the terms of Policies A, B, C and D.

#### **Policy A**

The current policy. Written at a Limit of Insurance of \$1,000,000 and a Deductible Amount of \$100,000.

#### **Policy B**

Issued prior to Policy A. Written at a Limit of Insurance of \$750,000 and a Deductible Amount of \$75,000.

### Policy C

Issued prior to Policy B. Written at a Limit of Insurance of \$500,000 and a Deductible Amount of \$50,000.

### Policy D

Issued prior to Policy C. Written at a Limit of Insurance of \$500,000 and a Deductible Amount of \$50,000.

### Settlement Of Loss

The amount of loss sustained under Policy A is \$350,000; under Policy B, \$250,000; under Policy C, \$600,000; and under Policy D, \$800,000.

The highest single Limit of Insurance applicable to this entire loss is \$1,000,000 written under Policy A. The Policy A Deductible Amount of \$100,000 applies. The loss is settled as follows:

- (a) The amount of loss sustained under Policy A (\$350,000) is settled first. The amount we will pay is \$250,000 (i.e., \$350,000 loss - \$100,000 deductible = \$250,000).
- (b) The amount of loss sustained under Policy B (\$250,000) is settled next. The amount we will pay is \$250,000 (no deductible is applied).
- (c) The amount of loss sustained under Policy C (\$600,000) is settled next. The amount we will pay is \$500,000, the policy limit (no deductible is applied).
- (d) We will not make any further payment under Policy D, as the maximum amount payable under the highest single Limit of Insurance applying to the loss of \$1,000,000 under Policy A has been satisfied.

The most we will pay for this loss is \$1,000,000.

### I. Loss Sustained During Prior Insurance Not Issued By Us Or Any Affiliate

(1) If you "discover" loss during the Policy Period shown in the Declarations, resulting directly from an "occurrence" taking place during the policy period of any prior cancelled insurance that was issued to you or a predecessor in interest by another company, and the period of time to discover loss under that insurance had expired, we will pay for the loss under this insurance, provided:

- (a) This insurance became effective at the time of cancellation of the prior insurance; and
- (b) The loss would have been covered under this insurance had it been in effect at the time of the "occurrence".

(2) In settling loss subject to this condition:

- (a) The most we will pay for the entire loss is the lesser of the Limits of Insurance applicable during the period of loss, whether such limit was written under this insurance or was written under the prior cancelled insurance.
- (b) We will apply the applicable Deductible Amount shown in the Declarations to the amount of loss sustained under the prior cancelled insurance.

(3) The insurance provided under this condition is subject to the following:

- (a) If loss covered under this condition is also partially covered under Condition

**E.1.k.**, the amount recoverable under this condition is part of, not in addition to, the amount recoverable under Condition **E.1.k.**

(b) For loss covered under this condition that is not subject to Paragraph **I.(3)(a)**, the amount recoverable under this condition is part of, not in addition to, the Limit of Insurance applicable to the loss covered under this insurance and is limited to the lesser of the amount recoverable under:

- (i) This insurance as of its effective date; or
- (ii) The prior cancelled insurance had it remained in effect.

#### **m. Other Insurance**

If other valid and collectible insurance is available to you for loss covered under this insurance, our obligations are limited as follows:

##### **(1) Primary Insurance**

When this insurance is written as primary insurance, and:

- (a) You have other insurance subject to the same terms and conditions as this insurance, we will pay our share of the covered loss. Our share is the proportion that the applicable Limit Of Insurance shown in the Declarations bears to the total limit of all insurance covering the same loss.
- (b) You have other insurance covering the same loss other than that described in Paragraph **m.(1)(a)**, we will only pay for the amount of loss that exceeds:

(i) The Limit of Insurance and Deductible Amount of that other insurance, whether you can collect on it or not; or

(ii) The Deductible Amount shown in the Declarations;

whichever is greater. Our payment for loss is subject to the terms and conditions of this insurance.

##### **(2) Excess Insurance**

(a) When this insurance is written excess over other insurance, we will only pay for the amount of loss that exceeds the Limit of Insurance and Deductible Amount of that other insurance, whether you can collect on it or not. Our payment for loss is subject to the terms and conditions of this insurance.

(b) However, if loss covered under this insurance is subject to a deductible, we will reduce the Deductible Amount shown in the Declarations by the sum total of all such other insurance plus any Deductible Amount applicable to that other insurance.

#### **n. Ownership Of Property; Interests Covered**

The property covered under this insurance is limited to property:

- (1) That you own or lease;
- (2) That is held by you in any capacity; or
- (3) For which you are legally liable, provided you were liable for the property prior to the time the loss was sustained.

However, this insurance is for your benefit only. It provides no rights or benefits to any other person or organization. Any claim for loss that is covered under this insurance must be presented by you.

**o. Records**

You must keep records of all property covered under this insurance so we can verify the amount of any loss.

**p. Recoveries**

(1) Any recoveries, whether effected before or after any payment under this insurance, whether made by us or by you, shall be applied net of the expense of such recovery:

(a) First, to you in satisfaction of your covered loss in excess of the amount paid under this insurance;

(b) Second, to us in satisfaction of amounts paid in settlement of your claim;

(c) Third, to you in satisfaction of any Deductible Amount; and

(d) Fourth, to you in satisfaction of any loss not covered under this insurance.

(2) Recoveries do not include any recovery:

(a) From insurance, suretyship, reinsurance, security or indemnity taken for our benefit; or

(b) Of original "securities" after duplicates of them have been issued.

**q. Territory**

This insurance covers loss that you sustain resulting directly from an "occurrence" taking place within the Unit-

ed States of America (including its territories and possessions), Puerto Rico and Canada.

**r. Transfer Of Your Rights Of Recovery Against Others To Us**

You must transfer to us all your rights of recovery against any person or organization for any loss you sustained and for which we have paid or settled. You must also do everything necessary to secure those rights and do nothing after loss to impair them.

**s. Valuation - Settlement**

The value of any loss for purposes of coverage under this insurance shall be determined as follows:

**(1) Money**

Loss of "money" but only up to and including its face value. We will, at your option, pay for loss of "money" issued by any country other than the United States of America:

(a) At face value in the "money" issued by that country; or

(b) In the United States of America dollar equivalent, determined by the rate of exchange published in The Wall Street Journal on the day the loss was "discovered".

**(2) Securities**

Loss of "securities" but only up to and including their value at the close of business on the day the loss was "discovered". We may, at our option:

(a) Pay the market value of such "securities" or replace them in kind, in which event you must assign to us all your rights, title and interest in and to those "securities"; or

(b) Pay the cost of any Lost Securities Bond required in connection with issuing duplicates of the "securities". However, we will be liable only for the payment of so much of the cost of the bond as would be charged for a bond having a penalty not exceeding the lesser of the:

- (i) Market value of the "securities" at the close of business on the day the loss was "discovered"; or
- (ii) Limit of Insurance applicable to the "securities".

### 3. Property Other Than Money And Securities

(a) Loss of or damage to "other property" or loss from damage to the "premises" or its exterior for the replacement cost of the property without deduction for depreciation. However, we will not pay more than the least of the following:

- (i) The Limit of Insurance applicable to the lost or damaged property;
- (ii) The cost to replace the lost or damaged property with property of comparable material and quality and used for the same purpose; or
- (iii) The amount you actually spend that is necessary to repair or replace the lost or damaged property.

(b) We will not pay on a replacement cost basis for any loss or damage to property covered under Paragraph s.(3)(a):

- (i) Until the lost or damaged property is actually repaired or replaced; and
- (ii) Unless the repair or replacement is made as soon as reasonably possible after the loss or damage.

If the lost or damaged property is not repaired or replaced, we will pay on an actual cash value basis.

(c) We will, at your option, pay for loss or damage to such property:

- (i) In the "money" of the country in which the loss or damage was sustained; or
- (ii) In the United States of America dollar equivalent of the "money" of the country in which the loss or damage was sustained, determined by the rate of exchange published in The Wall Street Journal on the day the loss was "discovered".

(d) Any property that we pay for or replace becomes our property.

## 2. Conditions Applicable To Insuring Agreement A.1.

### a. Termination As To Any Employee

This Insuring Agreement terminates as to any "employee":

(1) As soon as:

(a) You; or

(b) Any of your partners, "members", "managers", officers, directors or trustees not in collusion with the "employee";

learn of "theft" or any other dishonest act committed by the "employee" whether before or after becoming employed by you; or

(2) On the date specified in a notice mailed to the first Named Insured. That date will be at least 30 days after the date of mailing.

We will mail or deliver our notice to the first Named Insured's last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice.

**b. Territory**

We will pay for loss caused by any "employee" while temporarily outside the territory specified in Territory Condition **E.1.q.** for a period of not more than 90 consecutive days.

**3. Conditions Applicable To Insuring Agreement A.2.**

**a. Deductible Amount**

The Deductible Amount does not apply to legal expenses paid under Insuring Agreement **A.2.**

**b. Electronic And Mechanical Signatures**

We will treat signatures that are produced or reproduced electronically, mechanically or by other means the same as handwritten signatures.

**c. Proof Of Loss**

You must include with your proof of loss any instrument involved in that loss or, if that is not possible, an affidavit setting forth the amount and cause of loss.

**d. Territory**

We will cover loss that you sustain resulting directly from an "occurrence" taking place anywhere in the world. Territory Condition **E.1.q.** does not apply to Insuring Agreement **A.2.**

**4. Conditions Applicable To Insuring Agreements A.4. And A.5.**

**a. Armored Motor Vehicle Companies**

Under Insuring Agreement **A.5.**, we will only pay for the amount of loss you cannot recover:

(1) Under your contract with the armored motor vehicle company; and

(2) From any insurance or indemnity carried by, or for the benefit of customers of, the armored motor vehicle company.

**b. Special Limit Of Insurance For Specified Property**

We will only pay up to \$5,000 for any one "occurrence" of loss of or damage to:

(1) Precious metals, precious or semiprecious stones, pearls, furs, or completed or partially completed articles made of or containing such materials that constitute the principal value of such articles; or

(2) Manuscripts, drawings, or records of any kind or the cost of reconstructing them or reproducing any information contained in them.

**5. Conditions Applicable To Insuring Agreement A.6.**

**a. Special Limit Of Insurance For Specified Property**

We will only pay up to \$5,000 for any one "occurrence" of loss of or damage to manuscripts, drawings, or records of any kind, or the cost of reconstructing them or reproducing any information contained in them.

**b. Territory**

We will cover loss that you sustain resulting directly from an "occurrence" taking place anywhere in the world. Territory Condition **E.1.q.** does not apply to Insuring Agreement **A.6.**

**F. Definitions**

1. "Computer program" means a set of related electronic instructions, which direct the operation and function of a computer or devices connected to it, which enable the computer or devices to receive, process, store or send "electronic data".
2. "Computer system" means:
  - a. Computers, including Personal Digital Assistants (PDAs) and other transportable or handheld devices, electronic storage devices and related peripheral components;
  - b. Systems and applications software; and
  - c. Related communications networks;by which "electronic data" is collected, transmitted, processed, stored or retrieved.
3. "Counterfeit money" means an imitation of "money" which is intended to deceive and to be taken as genuine.
4. "Custodian" means you, or any of your partners or "members", or any "employee" while having care and custody of property inside the "premises", excluding any person while acting as a "watchperson" or janitor.

5. "Discover" or "discovered" means the time when you first become aware of facts which would cause a reasonable person to assume that a loss of a type covered by this insurance has been or will be incurred, regardless of when the act or acts causing or contributing to such loss occurred, even though the exact amount or details of loss may not then be known.

"Discover" or "discovered" also means the time when you first receive notice of an actual or potential claim in which it is alleged that you are liable to a third party under circumstances which, if true, would constitute a loss under this insurance.

6. "Electronic data" means information, facts, images or sounds stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software) on data storage devices, including hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.
7. "Employee":
  - a. Means:
    - (1) Any natural person:
      - (a) While in your service and for the first 30 days immediately after termination of service, unless such termination is due to "theft" or any dishonest act committed by the "employee";
      - (b) Whom you compensate directly by salary, wages or commissions; and
      - (c) Whom you have the right to direct and control while performing services for you;
    - (2) Any natural person who is furnished temporarily to you:
      - (a) To substitute for a permanent "employee", as defined in Paragraph **7.a.(1)**, who is on leave; or



- (b) To meet seasonal or short-term work load conditions;

while that person is subject to your direction and control and performing services for you;

- (3) Any natural person who is leased to you under a written agreement between you and a labor leasing firm, to perform duties related to the conduct of your business, but does not mean a temporary "employee" as defined in Paragraph 7.a.(2);

- (4) Any natural person who is:

- (a) A trustee, officer, employee, administrator or manager, except an administrator or manager who is an independent contractor, of any "employee benefit plan"; or

- (b) Your director or trustee while that person is engaged in handling "money", "securities" or "other property" of any "employee benefit plan";

- (5) Any natural person who is a former "employee", partner, "member", "manager", director or trustee retained by you as a consultant while performing services for you;

- (6) Any natural person who is a guest student or intern pursuing studies or duties;

- (7) Any natural person employed by an entity merged or consolidated with you prior to the effective date of this insurance; and

- (8) Any natural person who is your "manager", director or trustee while:

- (a) Performing acts within the scope of the usual duties of an "employee"; or

- (b) Acting as a member of any committee duly elected or appointed by resolution of your board of directors or board of trustees to perform specific, as distinguished from general, directorial acts on your behalf.

- b. Does not mean:

Any agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character not specified in Paragraph 7.a.

- 8. "Employee benefit plan" means any welfare or pension benefit plan shown in the Declarations that you sponsor and that is subject to the Employee Retirement Income Security Act of 1974 (ERISA) and any amendments thereto.

- 9. "Financial institution" means:

- a. With regard to Insuring Agreement A.3.:

- (1) A bank, savings bank, savings and loan association, trust company, credit union or similar depository institution; or

- (2) An insurance company.

- b. With regard to Insuring Agreement A.6.:

- (1) A bank, savings bank, savings and loan association, trust company, credit union or similar depository institution;

- (2) An insurance company; or

- (3) A stock brokerage firm or investment company.

- c. Other than Insuring Agreements A.3. and A.6., any financial institution.

- 10. "Financial institution premises" means the interior of that portion of any building occupied by a "financial institution" as defined in Paragraph F.9.a.

11. "Forgery" means the signing of the name of another person or organization with intent to deceive; it does not mean a signature which consists in whole or in part of one's own name signed with or without authority, in any capacity, for any purpose.
12. "Fraudulent instruction" means:
- a. With regard to Insuring Agreement **A.6.a.(2)**:
- (1) A computer, telefacsimile, telephone or other electronic instruction directing a "financial institution" to debit your "transfer account" and to transfer, pay or deliver "money" or "securities" from that "transfer account", which instruction purports to have been issued by you, but which in fact was fraudulently issued by someone else without your knowledge or consent; or
- (2) A written instruction (other than those covered under Insuring Agreement **A.2.**) issued to a "financial institution" directing the "financial institution" to debit your "transfer account" and to transfer, pay or deliver "money" or "securities" from that "transfer account", through an electronic funds transfer system at specified times or under specified conditions, which instruction purports to have been issued by you, but which in fact was issued, forged or altered by someone else without your knowledge or consent.
- b. With regard to Insuring Agreement **A.6.b.:**
- A computer, telefacsimile, telephone or other electronic, written or voice instruction directing an "employee" to enter or change "electronic data" or "computer programs" within a "computer system" covered under the Insuring Agreement, which instruction in fact was fraudulently issued by your computer software contractor.
13. "Manager" means a natural person serving in a directorial capacity for a limited liability company.
14. "Member" means an owner of a limited liability company represented by its membership interest who, if a natural person, may also serve as a "manager".
15. "Messenger" means you, or your relative, or any of your partners or "members", or any "employee" while having care and custody of property outside the "premises".
16. "Money" means:
- a. Currency, coins and bank notes in current use and having a face value;
- b. Traveler's checks and money orders held for sale to the public; and
- c. In addition, includes:
- (1) Under Insuring Agreements **A.1.** and **A.2.**, deposits in your account at any "financial institution"; and
- (2) Under Insuring Agreement **A.6.**, deposits in your account at a "financial institution" as defined in Paragraph **F.9.b.**
17. "Occurrence" means:
- a. Under Insuring Agreement **A.1.:**
- (1) An individual act;
- (2) The combined total of all separate acts whether or not related; or
- (3) A series of acts whether or not related;
- committed by an "employee" acting alone or in collusion with other persons, during the Policy Period shown in the Declarations, except as provided under Condition **E.1.k.** or **E.1.l.**
- b. Under Insuring Agreement **A.2.:**
- (1) An individual act;

- (2) The combined total of all separate acts whether or not related; or
- (3) A series of acts whether or not related;
- committed by a person acting alone or in collusion with other persons, involving one or more instruments, during the Policy Period shown in the Declarations, except as provided under Condition **E.1.k.** or **E.1.l.**
- c. Under all other Insuring Agreements:
- (1) An individual act or event;
- (2) The combined total of all separate acts or events whether or not related; or
- (3) A series of acts or events whether or not related;
- committed by a person acting alone or in collusion with other persons, or not committed by any person, during the Policy Period shown in the Declarations, except as provided under Condition **E.1.k.** or **E.1.l.**
18. "Other property" means any tangible property other than "money" and "securities" that has intrinsic value. "Other property" does not include "computer programs", "electronic data" or any property specifically excluded under this insurance.
19. "Premises" means the interior of that portion of any building you occupy in conducting your business.
20. "Robbery" means the unlawful taking of property from the care and custody of a person by one who has:
- Caused or threatened to cause that person bodily harm; or
  - Committed an obviously unlawful act witnessed by that person.
21. "Safe burglary" means the unlawful taking of:
- Property from within a locked safe or vault by a person unlawfully entering the safe or vault as evidenced by marks of forcible entry upon its exterior; or
  - A safe or vault from inside the "premises".
22. "Securities" means negotiable and non-negotiable instruments or contracts representing either "money" or property and includes:
- Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and
  - Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you;
- but does not include "money".
23. "Theft" means the unlawful taking of property to the deprivation of the Insured.
24. "Transfer account" means an account maintained by you at a "financial institution" from which you can initiate the transfer, payment or delivery of "money" or "securities":
- By means of computer, telefacsimile, telephone or other electronic instructions; or
  - By means of written instructions (other than those covered under Insuring Agreement **A.2.**) establishing the conditions under which such transfers are to be initiated by such "financial institution" through an electronic funds transfer system.
25. "Watchperson" means any person you retain specifically to have care and custody of property inside the "premises" and who has no other duties.

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

## **LOSS PREVENTION SERVICES**

This endorsement modifies insurance provided under the following:

### **COMMON POLICY CONDITIONS**

The following is added to the **Common Policy Conditions**

#### **G. Loss Prevention Services**

At our cost, we may provide or recommend a broad range of loss prevention services designed to improve the acceptability of an insured. These services may require your cooperation to make them effective.

We provide these services based on need as indicated by the size, hazard and experience of your operation. We may elect to provide these services through another entity.

In addition to inspections and surveys, referenced in **D. Inspections and Surveys**, these services may include, but are not limited

to, safety and prevention training, consultations, safety devices, health screenings and analyses of accident causes.

We are not obligated to provide any loss prevention services and 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.

This endorsement does not change any other provision of the Policy.

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

## **CONDOMINIUM ADDITIONAL PROVISIONS**

This endorsement modifies insurance provided under the following:

### **CONDOMINIUM ASSOCIATION COVERAGE FORM**

**A.** Paragraph 2. of the **CANCELLATION** Common Policy Condition is replaced by the following:

2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least 30 days before the effective date of cancellation.

**B.** The following are added:

1. We may elect not to renew this policy by mailing or delivering notice of non-renewal to the first Named Insured's last mailing address known to us. We will mail or deliver this notice at least 30 days before the expiration date of this policy.
2. No act or omission by any unit-owner will void the policy or be a condition to recovery under this policy. But this does not apply to unit-owners acting within the scope of their authority on behalf of the Association.

**C.** The **WAIVER OF RIGHTS OF RECOVERY** Loss Condition is replaced by the following:

#### **Waiver of Rights of Recovery**

We waive our rights to recover payment against:

- (1) Any unit-owner described in the Declarations including the developer, and members of his or her household;
- (2) The Association; and

- (3) Members of the board of directors for acts or omissions within the scope of their duties for you.

But we reserve our rights to recover from the developer damages for which he or she may be held liable in his or her capacity as a developer.

**D.** Paragraph b. of the **MORTGAGEHOLDERS** Additional Condition is replaced by the following:

- b. If the condominium is terminated, we will pay for covered loss of, or damage to, buildings or structures to each mortgageholder shown on the Declarations in their order of precedence, as interests may appear.

In all other respects, we will pay for loss to buildings or structures to you or the designated insurance trustee in accordance with the **Loss Payment** Loss Condition contained in this Coverage Part.

**E.** Paragraphs f. and g. of the **MORTGAGEHOLDERS** Additional Condition are replaced by the following:

- f. If we cancel this policy, we will give written notice to the mortgageholder at least 30 days before the effective date of cancellation.
- g. If we elect not to renew this policy, we will give written notice to the mortgageholder at least 30 days before the expiration date of this policy.

## 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 micro-waves.



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 restora-

tion" 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, mainten-

ance 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, wind-storm or hail, riot or civil commotion, or vandalism.
  - (2) Vehicle collision, upset or overturn. Collision means accidental contact of your vehicle with an-



other 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: fire; lightning; explosion; wind-storm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire-extinguishing equipment; sink-hole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage.
  - 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 manmade 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.**

**CONDOMINIUM AND COMMUNITY ASSOCIATION PROPERTY  
BROADENING ENDORSEMENT**

This endorsement modifies and is subject to the insurance provided under the following:

CONDOMINIUM ASSOCIATION COVERAGE FORM  
BUSINESS INCOME AND EXTRA EXPENSE COVERAGE FORM  
CAUSES OF LOSS - SPECIAL FORM  
COMMERCIAL CRIME FORM

The following is a summary of Coverage and Limits of Insurance provided by this endorsement. These coverages and limits apply separately to each of your locations described in the Declarations.

If you purchase additional limits for any of these coverages at a specified location, the limits shown below will apply in excess of the insurance purchased separately. We will not pay more under this endorsement than the Limits of Insurance shown below under the Coverages Included in the Blanket Limit of Insurance or Summary of Additional Scheduled Coverages with Specific Limits of Insurance.

**A. Coverage**

**1. Coverages Included in the Blanket Limit of Insurance**

\$250,000 Each Occurrence  
\$250,000 Aggregate Loss Limit

The Blanket Limit of Insurance shown above applies to all coverages shown in **Section A.1. of Schedule of Coverages Included in the Blanket Limit of Insurance** of this endorsement at each scheduled location. At the time of loss, the First Named Insured may elect to apportion this Blanket Limit of Insurance to one or any combination of coverages shown in the **Schedule of Coverages Included in the Blanket Limit of Insurance** per Each Occurrence but under no circumstances will the aggregate apportionment be permitted to exceed the Aggregate Loss Limit at one covered location.

**Schedule of Coverages Included in the Blanket Limit of Insurance**

Accounts Receivable (Including Credit or Charge Card Slips)  
Business Electronic Systems and Telecommunications  
(Including Electronic Equipment, Data and Media, Extra Expense, Mechanical Breakdown and Transit)  
Fine Arts (\$10,000 Maximum Limit Any One Item)  
Fire Department Service Charge  
Property of Others (including Mysterious Disappearance)  
Valuable Papers and Records (Other than Electronic Data)

## 2. Summary of Additional Scheduled Coverages

Schedule of Additional Coverages	Limit of Insurance	Page
Arson Reward	\$50,000	4
Building Definition Amendment	INCLUDED	4
Business Personal Property Definition Amendment	INCLUDED	5
Business Personal Property Temporarily in Portable Storage Units	\$25,000	9
Crime Coverage (including ERISA plan)		5
Employee Theft	\$50,000	
Forgery or Alteration	\$25,000	
Inside the Premises - Theft of Money and Securities	\$25,000	
Outside the Premises	\$10,000	
Computer and Funds Transfer Fraud	\$10,000	
Money Orders and Counterfeit Money	\$10,000	
Debris Removal	\$50,000	3
Emergency Evacuation Expense	\$25,000	6
Fire Protection Device Recharge	\$50,000	10
Foundations	Included in building limit	6
Legal Liability - Tenants	\$250,000	6
Lock Replacement & Alternative Key Systems Coverage	\$25,000	6
Loss Data Preparation	\$50,000	7
Loss of Maintenance Fees	Actual Loss Sustained	15
Newly Acquired Locations for 90 Days		7
Building	\$1,000,000	
Business Personal Property	\$500,000	
Ordinance or Law - Loss to Undamaged Portion of Building	Included in building limit	10
Ordinance or Law - Demolition Cost	25% of Building Limit/Maximum \$1,000,000	10
Ordinance or Law - Increased Cost of Construction	25% of Building Limit/Maximum \$1,000,000	10

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Outdoor Property (Including Trees, Shrubs and Plants) Any One Occurrence	\$50,000	9
Personal Effects Per Occurrence Any One Person	\$50,000 \$10,000	8
Pollutant Clean Up	\$50,000	4
Property in Transit	\$100,000	12
Retaining Walls (Not Part of Building)	\$10,000	10
Temporary Relocation Expense	\$25,000	7
Utility Services - Direct Damage	\$50,000	12
Utility Services - Time Element	\$50,000	13
Valuation Condition - Building and Your Business Personal Property	Guaranteed Replacement Cost	11
Water Back Up of Sewers or Drains	\$100,000	12

**B. Deductible**

The deductible, as shown in the Declarations, under Section **D. DEDUCTIBLE** of the **CONDOMINIUM ASSOCIATION COVERAGE FORM**, applies to this endorsement unless otherwise stated in this endorsement.

**C. CONDOMINIUM ASSOCIATION COVERAGE FORM** is amended as follows:

1. All references to 100 feet are changed to 1000 feet.
2. Item **4. Additional Coverages** is amended as follows:
  - a. Under item **a. Debris Removal**, subparagraph **a.(4)** the limit of **\$25,000** is changed to **\$50,000**.
  - b. Item **c. Fire Department Service Charge** is deleted in its entirety and is replaced by the following:
    - c. Fire Department Service Charge** is included in **A.1. Coverages Included in the Blanket Limit of Insurance**. When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to the Limit of Insurance shown in the Schedule. 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.

- c. Under Item **d. Pollutant Clean Up and Removal** - the last paragraph is deleted in its entirety and replaced by the following:

The most we will pay under this Additional Coverage for each described location is **\$50,000** for the sum of all covered expenses arising out of Covered Causes of Loss occurring during each separate 12-month period of this Policy.

3. The following are added to item **4. Additional Coverages**:

**g. Arson Reward**

We will pay up to **\$50,000** to an eligible person for information leading to the arrest and conviction of a person or persons responsible for crimes committed against the Insured. This Additional Coverage only applies when a covered fire is deemed suspicious or arson by the fire department, and only when the person responsible is convicted of the crime.

The administration of the reward is completed by an independent organization approved by us.

Subject to the limit shown above, we will pay no more than the lesser of the following amounts:

- (1) Replacement cost of the Covered Property at the time of loss or damage, but not more than the amount required to repair or replace it; or
- (2) The amount determined by the loss settlement procedure applicable to the Covered Property.

This Additional Coverage applies subject to the following conditions:

- (1) An eligible person means that person designated by a law enforcement agency as being the first to voluntarily provide the necessary information, and who is not:
  - (a) you or any family member;
  - (b) your employee or any of his or her family members;
  - (c) an employee of a law enforcement agency or business engaged in property protection;
  - (d) any person involved in the arson.
- (2) The amount of the reward is the most we will pay for fire at any one location.

**h. Building Definition Amendment**

**CONDOMINIUM ASSOCIATION COVERAGE FORM, A. COVERAGE, 1. Covered Property, a. Building** is amended to add the following:

- (7) (a) **Community Buildings** means: residences; attached garages and carports; detached garages and carports; clubhouses; buildings housing heating, ventilating, air conditioning plants and utilities; buildings housing sewage and water treatment facilities; and other buildings described in the Declarations.

- (b) **Community Structures** means: swimming pools; statues; outdoor fixtures; pool and pump houses; signs (whether attached or unattached); structural glass; bridges, roadways, drives, walkways, patios and other paved surfaces; recreation fixtures and courts; sheds; temporary seasonal structures; shelters; cabanas; freestanding walls (excluding retaining walls); fountains; gazebos; gate houses; mailboxes; playground equipment; light and flag poles; outdoor lighting, lighting standards; benches; and other structures not described in the Declarations.

Item **d.** is deleted in its entirety from Paragraph **2. Property Not Covered.**

Item **q.(2)** is deleted in its entirety and replaced with the following:

- q.(2)** 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.

**i. Your Business Personal Property Definition Amendment**

**CONDOMINIUM ASSOCIATION COVERAGE FORM, A. COVERAGE, 1. Covered Property,**  
**b. Your Business Personal Property** is amended to add the following:

- (4) **Community Personal Property** means: equipment; tools; supplies and furnishings; and non-motorized watercraft.

**j. Crime Coverage**

- (1) Employee Theft

We will pay up to **\$50,000** for loss in any one "occurrence" under the Employee Theft Insuring Agreement.

- (2) Forgery or Alteration

We will pay up to **\$25,000** for loss in any one "occurrence" under the Forgery or Alteration Insuring Agreement.

- (3) Inside the Premises - Theft of Money and Securities

We will pay up to **\$25,000** for loss in any one "occurrence" under the Inside of Premises - Theft of Money or Securities Insuring Agreement.

- (4) Outside the Premises

We will pay up to **\$10,000** for loss in any one "occurrence" under the Outside the Premises Insuring Agreement.

- (5) Computer and Funds Transfer Fraud

We will pay up to **\$10,000** for loss in any one "occurrence" under the Computer and Funds Transfer Fraud Insuring Agreement.

- (6) Money Orders and Counterfeit Money

We will pay up to **\$10,000** for loss in any one "occurrence" under the Money Orders and Counterfeit Money Insuring Agreement.

"Employee benefit plans" owned by the Insured are included as insureds subject to the provisions of the **Commercial Crime Coverage Form (Loss Sustained), CR 00 21, E. Conditions, f. Employment Benefit Plans.**

This Additional Coverage is subject to the provisions of **Commercial Crime Coverage Form (Loss Sustained), CR 00 21**, with the exception of the Limit of Insurance provision contained in that form as well as **U.S. Department of Labor - ERISA Plan Coverage Amendments, CR 25 47. Commercial Crime Coverage Form (Loss Sustained), CR 00 21**, and **U.S. Department of Labor - ERISA Plan Coverage Amendments, CR 25 47** are made a part of this Policy whether or not Commercial Crime coverage is indicated in the Declarations.

**k. Emergency Evacuation Expense**

We will pay up to **\$25,000** for reasonable expenses you incur due to the emergency evacuation of your location described in the Declarations when the evacuation is necessary due to the imminent danger of loss of life or harm to occupants due to a Covered Cause of Loss.

**l. Foundations**

Item **g.** is deleted in its entirety from Paragraph **2. Property Not Covered.**

**m. Legal Liability - Tenants**

We will pay up to **\$250,000** for sums you are legally obligated to pay due to direct physical loss of or damage to property of others in your care, custody or control, caused by or resulting from a Covered Cause of Loss during the term of this Policy.

This Coverage Extension is subject to the provisions of the **Legal Liability Coverage Form, CP 00 40**, with the exception of the Limit of Insurance provision contained in that form. **Legal Liability Coverage Form, CP 00 40**, is made a part of this Policy whether or not Legal Liability Coverage is indicated in the Declarations.

**n. Lock Replacement & Alternative Key Systems Coverage**

We will pay up to **\$25,000** in any one occurrence to cover locks and "alternative key systems", as described below:

- (1) Locks: Following the loss of keys by an insured or an employee we will pay the least of the following of the cost to:
  - (a) re-key the locks,
  - (b) install new lock cylinders,
  - (c) provide new master keys, or
  - (d) replace existing locks with new locks of like kind and quality.
- (2) "Alternative Keys Systems": We will pay the least of the cost to repair, the cost to replace, or the cost to reprogram "alternative key systems" including card programmers, card readers, computers, related alarms, transceivers, power supplies and any other electronic or mechanical apparatus related to the function of the card



system. The loss must be caused by a Covered Cause of Loss that takes place at a covered location. "Alternative Key Systems" means programmable key systems, such as mechanically or electronically coded key cards.

However, this Additional Coverage - **Lock Replacement & Alternative Key Systems Coverage** does not apply to any act by or on behalf of any insured or employee constituting:

- (a) Misappropriation;
- (b) Secretion;
- (c) Conversion;
- (d) Infidelity; or
- (e) Any other dishonest act.

The Policy deductible does not apply to this Additional Coverage.

**o. Loss Data Preparation Costs**

We will pay up to **\$50,000** for reasonable costs you incur in preparing loss data required by policy conditions after a covered property loss. This includes the cost of taking inventory, making appraisals, and preparing other data to determine the extent of your loss.

**p. Temporary Relocation Expense**

We will reimburse you up to **\$25,000** in any one policy year under this Additional Coverage - Temporary Relocation Expense for expenses you incur to temporarily relocate your operations when your premises become unavailable due to:

- 1. the failure of a climate control system, or leakage of a hot water heater;
- 2. infestation of pests or vermin; or
- 3. waterborne contamination.

No deductible applies to this Additional Coverage - Temporary Relocation Expense.

**4. Item Section A. Coverage, 5. Coverage Extensions** is amended as follows:

- a. Under item **a. Newly Acquired Or Constructed Property**, the last paragraph of Item **a.(1)** is deleted and replaced by the following:

**(1) Buildings**

The most we will pay for loss or damage under this Extension is **\$1,000,000** at each building.

- b. Under item **a. Newly Acquired Or Constructed Property**, the last paragraph of Item **a. (2)(a)** is deleted and replaced by the following:

**(2) Your Business Personal Property**

The most we will pay for loss or damage under this Extension is **\$500,000** at each building.

- c. Under Item **a. Newly Acquired Or Constructed Property**, subparagraph **(3)(b)** is deleted in its entirety and replaced by the following:

**(b)** 90 days expire after you acquire the property or begin construction of that part of the building that would qualify as covered property; or

- d. Item **b. Personal Effects And Property of Others** is deleted in its entirety and replaced by the following:

**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, directors, partners, trustees, managers, and employees while those personal effects are at the locations described in the Declarations.

The most we will pay for loss or damage under this Extension is **\$50,000** per occurrence subject to a maximum of **\$10,000** for any one person at each described location. Coverage does not apply if the property is already insured elsewhere under this Policy. This Extension does not apply to loss or damage by theft.

- (2)** Property of Others in your care, custody or control (including mysterious disappearance).

This Coverage Extension is included in **A.1. Coverages Included in the Blanket Limit of Insurance**. We will pay up to the limit for loss or damage to Property of Others in your care, custody or control. Coverage does not apply if the property is already insured elsewhere under this Policy.

Our payment for loss of or damage to personal effects or property of others will only be for the account of the owner of the property. If this protection is used to cover someone else's property, we can settle all losses with you and make all payments to you.

- e. Under Item **c. Valuable Papers And Records (Other Than Electronic Data)**, subparagraph **(4)** is deleted in its entirety and replaced by the following:

**(4)** This Coverage Extension is included in **A.1. Coverages Included in the Blanket Limit of Insurance**. Under Valuable Papers and Records (Other Than Electronic Data) we will pay up to the limit to replace or restore the lost information. 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.

- f. Item **e. Outdoor Property** is deleted in its entirety and is replaced by the following:

**e. Outdoor Property**

You may extend the insurance provided by this Coverage Form to apply to your antennas and satellite dishes; greenhouses; trees, shrubs, and plants (other than trees, shrubs or plants which are "stock" or are part of a vegetated roof); and fences and gates; including debris removal expense, caused by or resulting from any of the Covered Causes of Loss.

The most we will pay for loss or damage under this Extension is **\$50,000** but not more than **\$500** for any one tree, shrub or plant. This limit applies to any one occurrence, regardless of the types or number of items lost or damaged in that occurrence.

Outdoor property does not include a Building, a Community Building or Community Structure.

- g. Item **g. Business Personal Property Temporarily in Portable Storage Units** is changed as follows:

In paragraph (3) the references to **90** days are changed to **180** days

The limit shown in paragraph (4) is changed to **\$25,000**.

5. The following are added to Item **5. Coverage Extensions**:

**h. Accounts Receivable** (Including Credit or Charge Card Slips)

This Coverage Extension is included under **A.1. Coverages Included in the Blanket Limit of Insurance**. Under Accounts Receivable (including credit or charge card slips), we will pay up to the limit to replace or restore the lost information. You may extend the insurance that applies to your Business Personal Property to include your records of accounts receivable, including credit or charge card slips.

This Coverage Extension is subject to the provisions of **Accounts Receivable Coverage Form, CM 00 66**, with the exception of the Limit of Insurance provision contained in that form. **Accounts Receivable Coverage Form, CM 00 66**, is made a part of this Policy whether or not Accounts Receivable coverage is indicated in the Declarations.

**i. Business Electronic Systems and Telecommunications** (Including Electronic Equipment, Data and Media, Extra Expense, Mechanical Breakdown and Transit)

This Coverage Extension is included under **A.1. Coverages Included in the Blanket Limit of Insurance**. We will pay up to the limit for loss to your Electronic Data Processing Equipment (Including Electronic Equipment, Data and Media, Extra Expense, Mechanical Breakdown and Transit). You may extend the insurance that applies to Your Business Personal Property to cover direct physical loss of or damage to your Business Electronic Data Processing Equipment caused by or resulting from a Covered Cause of Loss.

This Coverage Extension is subject to the provisions of **Business Electronic Systems and Telecommunications Form, CM 76 58**, with the exception of the Limit of Insurance provision contained in that form. **Business Electronic Systems and Telecommunications Form, CM 76 58**, is made a part of this Policy whether or not Business Electronic Systems and Telecommunications coverage is indicated in the Declarations.

**j. Fine Arts**

This Coverage Extension is included **under A.1. Coverages Included in the Blanket Limit of Insurance**. You may extend the insurance that applies to Your Business Personal Property to cover direct physical loss of or damage to your Fine Arts caused by or resulting from a Covered Cause of Loss.

We will pay up to the limit available, but not more than **\$10,000** for any one item for loss or damage under this Coverage Extension - Fine Arts.

This Coverage Extension is subject to the provisions of **Commercial Fine Arts Coverage Form, CM 76 69**, with the exception of the Limit of Insurance provision contained in that form. **Commercial Fine Arts Coverage Form, CM 76 69**, is made a part of this Policy whether or not Fine Arts coverage is indicated in the Declarations.

**k. Fire Protection Device Recharge**

You may extend the insurance that applies under Building coverage to recharge or refill fire protective devices that are permanently installed in buildings at locations described in the Declarations. This Coverage Extension only applies when such devices have been discharged while being used to combat a fire.

We will pay up to **\$50,000** to recharge or refill fire protective devices under this Coverage Extension - Fire Protection Device Recharge.

No deductible applies to this Coverage Extension.

**l. Retaining Walls**

You may extend the insurance that applies under Building coverage to direct physical loss of or damage to retaining walls not attached to the building caused by or resulting from a Covered Cause of Loss.

We will pay up to **\$10,000** in any one occurrence to apply at each location described in the Declarations under this Coverage Extension - Retaining Walls.

For coverage provided under this Coverage Extension - Retaining Walls, under **A.2. Property Not Covered in the Condominium Association Coverage Form**, subparagraph i. is deleted.

We will not pay under this Coverage Extension - Retaining Walls with respect to physical loss or damage caused by tree roots, freezing, thawing or normal deterioration.

**m. Building Ordinance or Law Coverage**

You may extend the insurance that applies to Building coverage to apply to the Loss to the Undamaged Portion of the Building, Demolition Costs and Increased Cost of Construction due to the enforcement of or compliance with an Ordinance or Law as provided below.

The most we will pay for these coverages is the Limit of Insurance shown in the Schedule of this endorsement.

This Coverage Extension is subject to the provisions of the **Ordinance or Law Coverage** endorsement, **CP 04 05**, with the exception of references to the Schedule in that form.

**6. CONDOMINIUM ASSOCIATION COVERAGE FORM, E. Loss Conditions, 8. Valuation** is amended to add the following:

With respect to Community Buildings, Community Structures and Community Personal Property to which this endorsement applies, Guaranteed Replacement Cost (without deduction for depreciation) replaces Actual Cash Value as the Valuation Loss Condition of this Coverage Form.

We will:

- a.** Increase the Limits of Insurance for Building and Your Business Personal Property to equal the current replacement cost if the amount of loss or damage to Building and Your Business Personal Property is more than the Limit of Insurance shown in the Declarations.
- b.** Adjust the premium for Building and Your Business Personal Property from the time of loss or damage for the remainder of the policy period based on the increased Limit of Insurance.

You must notify us within 30 days of commencement of construction of any additional improvements or enlargements which increases the replacement cost of Building or Your Business Personal Property by more than 5%.

If you fail to notify us as required above, and there is a loss or damage, you will incur a coinsurance penalty equal to the percentage that the replacement cost of the unreported construction bears to the total replacement value of the Building and Your Business Personal Property.

If you elect not to repair or replace Building or Your Business Personal Property after loss or damage, we will pay no more than its Actual Cash Value at the time of loss or damage.

If you do elect to repair or replace Building or Your Business Personal Property after loss or damage, we will not pay on a replacement cost basis for any loss or damage:

- i.** Until the loss or damaged property is actually repaired or replaced; and
- ii.** Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.

We will not pay more for loss or damage on a replacement cost basis than the lesser of:

- a.** The cost to replace, on the same premises, the lost or damaged property with other property;
  - (1)** of comparable material and quality; and
  - (2)** used for the same purpose; or
- b.** The amount you actually spend that is necessary to repair or replace the lost or damaged property.

D. The **Causes of Loss - Special Form** is amended as follows:

1. Under Item **F. Additional Coverage Extensions**, subparagraph **1. - Property in Transit**, item **c.** is deleted in its entirety and replaced by the following:

c. The most we will pay for loss or damage under this Extension is **\$100,000**.

2. The following are added to Item **F. Additional Coverage Extensions**:

**4. Water Back Up of Sewers and Drains**

You may extend coverage under the **Causes of Loss - Special Form** to provide coverage for loss or damage caused by or resulting from water or waterborne material that backs up or overflows from interior sewers, drains, or sumps within a covered building, provided such discharge is not induced by flood or flood-related conditions. This coverage extension applies to direct damage to building and personal property only, but does not apply to loss of business income and/or extra expense coverage.

The most we will pay for this coverage is the Limit of Insurance shown in the Schedule of this endorsement.

**5. Utility Services - Direct Damage**

**a. Coverage**

You may extend your coverage for Building and Your Business Personal Property for loss of or damage to Covered Property, caused by the interruption of service to covered premises. The interruption must result from direct physical loss or damage by a Covered Cause of Loss to Covered Property.

**Causes of Loss - Special Form, B. Exclusions, e. Utility Services** does not apply to the coverage provided by this Additional Coverage Extension.

**b. Exception**

Coverage under this endorsement does not apply to Building and Your Business Personal Property coverage related to interruption in utility service which causes loss of or damage to electronic data, including destruction or corruption of electronic data. The term electronic data has the meaning set forth in the Coverage Form to which this endorsement applies.

**c. Utility Services** means the following:

(1) **Water Supply Services**, means the following types of property supplying water to covered location:

(a) Pumping stations; and

(b) Water mains.

(2) **Wastewater Removal Property**, means a utility system for removing wastewater and sewage from the described location, other than a system designed primarily for draining storm water. The utility property includes sewer mains, pumping stations and similar equipment for moving the effluent to a holding, treatment or

disposal facility, and includes such facilities. Coverage under this Coverage Extension does not apply to interruption in service caused by or resulting from a discharge of water or sewage due to heavy rainfall or flooding.

- (3) **Communication Supply Services**, means property supplying communication services, including telephone, radio, microwave or television services to a covered location, including but not limited to;
- (a) Communication transmission lines, including optic fiber transmission lines;
  - (b) Coaxial cables;
  - (c) Microwave radio relays except satellites; and
  - (d) Service relating to internet access or access to any electronic, cellular or satellite network.
- (4) **Power Supply Services**, means the following types of property supplying electricity, steam or gas to a covered location:
- (a) Utility generating plants;
  - (b) Switching stations;
  - (c) Substations;
  - (d) Transformers; and
  - (e) Transmission lines.

- d. As used in this Coverage Extension, the term transmission lines includes all lines which serve to transmit communication service or power, including lines which may be identified as distributions lines.

#### **Limit**

The most we will pay under this Coverage Extension is **\$50,000**. This limit is the only limit that applies to the coverage provided under this Coverage Extension and is a part of, not in addition to, the Limit of Insurance for Building and Your Business Personal Property stated in the Declarations as applicable to a covered location.

#### **6. Utility Services - Time Element**

##### **a. Coverage**

You may extend your coverage for Business Income and/or Extra Expense to apply to a "suspension" of "operations" at a covered location caused by an interruption in utility service to that location. The interruption in utility service must result from direct physical loss of or damage to the Utility Service located outside of a covered building described in the Declarations caused by or resulting from a Covered Cause of Loss.

**Causes of Loss - Special Form, B. Exclusions, e. Utility Services** does not apply to the coverage provided by this Additional Coverage Extension.

**b. Exception**

Coverage under this endorsement does not apply to Business Income loss or Extra Expense related to interruption in utility service which causes loss of or damage to electronic data, including destruction or corruption of electronic data. The term electronic data has the meaning set forth in the Coverage Form to which this endorsement applies.

**c. Utility Services** means the following:

**(1) Water Supply Services**, means the following types of property supplying water to covered location:

**(a)** Pumping stations; and

**(b)** Water mains.

**(2) Wastewater Removal Property**, means a utility system for removing wastewater and sewage from the described location, other than a system designed primarily for draining storm water. The utility property includes sewer mains, pumping stations and similar equipment for moving the effluent to a holding, treatment or disposal facility, and includes such facilities. Coverage under this Coverage Extension does not apply to interruption in service caused by or resulting from a discharge of water or sewage due to heavy rainfall or flooding.

**(3) Communication Supply Services**, means property supplying communication services, including telephone, radio, microwave or television services to a covered location, including but not limited to;

**(a)** Communication transmission lines, including optic fiber transmission lines;

**(b)** Coaxial cables;

**(c)** Microwave radio relays except satellites; and

**(d)** Service relating to internet access or access to any electronic, cellular or satellite network.

**(4) Power Supply Services**, means the following types of property supplying electricity, steam or gas to a covered location:

**(a)** Utility generating plants;

**(b)** Switching stations;

**(c)** Substations;

**(d)** Transformers; and

**(e)** Transmission lines.

**d.** As used in this Coverage Extension, the term transmission lines includes all lines which serve to transmit communication service or power, including lines which may be identified as distributions lines.



**Limit**

The most we will pay under this Coverage Extension is **\$50,000**. This limit is the only limit that applies to the coverage provided under this Coverage Extension and is a part of, not in addition to, the Limit of Insurance for Business Income and/or Extra Expense stated in the Declarations as applicable to a covered location.

We will only pay for loss you sustain after the first 12 hours following the direct physical loss or damage to the utility service property to which the Coverage Extension applies.

**E. BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM, A. Coverage, 1. Business Income** is amended to add:

- c. Loss of maintenance fees

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

## **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 inter-

ruptions 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:

The Coinsurance percentage is:	\$400,000
The Limit of Insurance is:	50%
The amount of loss is:	\$150,000
	\$ 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 x 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, includ-

ing 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.

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

## **LEGAL LIABILITY 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**

We will pay those sums that you become legally obligated to pay as damages because of direct physical loss or damage, including loss of use, to Covered Property caused by accident and arising out of any Covered Cause of Loss. We will have the right and duty to defend any "suit" seeking those damages. However, we have no duty to defend you against a "suit" seeking damages for direct physical loss or damage to which this insurance does not apply. We may investigate and settle any claim or "suit" at our discretion. But:

- (1) the amount we will pay for damages is limited as described in Section **C. Limits of Insurance**; and
- (2) our right and duty to defend end when we have used up the Limit of Insurance in the payment of judgments or settlements.

#### **1. Covered Property and Limitations**

Covered Property, as used in this Coverage Form, means tangible property of others in your care, custody or control that is described in the Declarations or on the Legal Liability Coverage Schedule.

Covered Property does not include 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 de-

vices 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 does not apply to electronic data which is integrated in and operates or controls the building's elevator, lighting, heating, ventilation, air conditioning or security system.

#### **2. Covered Causes of Loss**

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

#### **3. Additional Coverage**

##### **Supplementary Payments**

We will pay, with respect to any claim or any "suit" against you we defend:

- a. All expenses we incur.
- b. The cost of bonds to release attachments, but only for bond amounts within our Limit of Insurance. We do not have to furnish these bonds.
- c. All reasonable expenses incurred by you at our request, including actual loss of earnings up to \$250 a day because of time off from work.

- d. All costs taxed against you in the "suit."
- e. Prejudgment interest awarded against you on that part of the judgment we pay. If we make an offer to pay the Limit of Insurance, we will not pay any prejudgment interest based on that period of time after the offer.
- f. All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within our Limit of Insurance.

These payments will not reduce the applicable Limit of Insurance.

#### 4. Coverage Extensions

##### a. Additional Insureds

If the Named Insured shown in the Declarations is a partnership, limited liability company or corporation, throughout this Coverage Form the words "you" and "your" include:

- (1) partners, members, executive officers, trustees, directors and stockholders of such partnership, limited liability company or corporation, but only with respect to their duties as such; and
- (2) managers of a limited liability company, but only with respect to their duties as such.

##### b. Newly Acquired Organizations

Throughout this Coverage Form, the words "you" and "your" also include any organization (other than a partnership, joint venture or limited liability company) you newly acquire or form and over which you maintain ownership or majority interest if there is no other similar insurance available to that organization.

This Coverage Extension ends:

- (1) 90 days after you acquire or form the organization; or

- (2) at the end of the policy period shown in the Declarations;

whichever is earlier.

This Extension does not apply to direct physical loss or damage that occurred before you acquired or formed the organization.

##### c. Newly Acquired Property

- (1) You may extend the insurance that applies to Covered Property, as used in this Coverage Form, to apply to your liability for tangible property of others that comes under your care, custody or control after the beginning of the current policy period. This Extension is subject to the following:

- (a) All terms and conditions of this Coverage Form.

- (b) Buildings must be intended for:

- (i) similar use as the building described in the Declarations or on the Legal Liability Coverage Schedule; or

- (ii) use as a warehouse.

The most we will pay as the result of any one accident for loss or damage to buildings covered under this Extension is \$250,000 at each building.

- (c) Personal property must be at a location:

- (i) that you own; or

- (ii) that is or comes under your care, custody or control;

other than at fairs or exhibitions.

The most we will pay as the result of any one accident for loss or damage to per-

sonal property covered under this Extension is \$100,000 at each building.

(2) Insurance under this Extension for each item of property of others will end when any of the following first occurs:

- (a) this Policy expires;
- (b) 30 days expire after the property has come under your care, custody or control; or
- (c) you report values to us.

We will charge you additional premium for values reported from the date the property comes under your care, custody or control.

This Extension does not apply to direct physical loss or damage that occurred before the property came under your care, custody or control.

## B. Exclusions and Limitations

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

## C. Limits of Insurance

The most we will pay in damages as the result of any one accident is the applicable Limit of Insurance shown on the Legal Liability Coverage Schedule, or in the Declarations.

Payments under the Additional Coverage and the Newly Acquired Property Coverage Extension are in addition to the Limits of Insurance.

The existence of one or more:

- 1. Additional Insureds; or
- 2. newly Acquired Organizations,

does not increase the Limit of Insurance.

## D. Loss Conditions

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

## 1. Duties in the Event of Accident, Claim or Suit

a. You must see to it that we are notified promptly of any accident that may result in a claim. Notice should include:

- (1) how, when and where the accident took place; and
- (2) the names and addresses of any witnesses.

Notice of an accident is not notice of a claim.

b. If a claim is made or "suit" is brought against you, you must see to it that we receive prompt written notice of the claim or "suit."

c. You must:

- (1) immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";
- (2) authorize us to obtain records and other information;
- (3) cooperate with us in the investigation, settlement or defense of the claim or "suit"; and
- (4) assist us, upon our request, in the enforcement of any right against any person or organization that may be liable to you because of damage to which this insurance may also apply.

d. You will not, except at your own cost, voluntarily make a payment, assume any obligation, or incur any expense without our consent.

## 2. Legal Action Against Us

No person or organization has a right under this Coverage Form:

a. to join us as a party or otherwise bring us into a "suit" asking for damages from you; or



- b. to sue us on this Coverage Form unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against you obtained after an actual trial; but we will not be liable for damages that are not payable under the terms of this Coverage Form or that are in excess of the Limit of Insurance. An agreed settlement means a settlement and release of liability signed by us, you and the claimant or the claimant's legal representative.

### 3. Other Insurance

You may have other insurance covering the same loss as the insurance under this Coverage Form. If you do, we will pay our share of the covered loss. Our share is the proportion that the Limit of Insurance under this Coverage Form covering such loss bears to the Limits of Insurance of all insurance covering the loss.

### 4. Transfer of Rights of Recovery Against Others to Us

If you have rights to recover all or part of any payment we have made under this Coverage Form, those rights are transferred to us. You must do nothing after loss to impair them. At our request, you will bring "suit" or transfer those rights to us and help us enforce them.

## E. Additional Conditions

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

### 1. Amendment of Commercial Property Conditions

None of the Commercial Property Conditions apply to this Coverage Form, except:

- a. condition **A. Concealment, Misrepresentation or Fraud**;
- b. condition **C. Insurance Under Two or More Coverages**; and
- c. condition **E. Liberalization**.

## 2. Bankruptcy

Bankruptcy or insolvency of you or your estate will not relieve us of our obligations under this Coverage Form.

## 3. Policy Period, Coverage Territory

Under this Coverage Form:

- a. We will pay for loss or damage caused by an accident that occurs:
  - (1) during the policy period shown in the Declarations; and
  - (2) within the coverage territory.
- b. The coverage territory is:
  - (1) the United States of America;
  - (2) Puerto Rico; and
  - (3) Canada.

## 4. Separation of Insureds

The insurance under this Coverage Form applies separately to you and each additional insured, except with respect to the Limits of Insurance.

## F. Definitions

"Suit" includes an arbitration proceeding to which you must submit or submit with our consent.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**ORDINANCE OR LAW COVERAGE**

This endorsement modifies insurance provided under the following:  
 BUILDING AND PERSONAL PROPERTY COVERAGE FORM  
 CONDOMINIUM ASSOCIATION COVERAGE FORM  
 STANDARD PROPERTY POLICY

**SCHEDULE**

<b>Building Number/ Premises Number</b>	<b>Coverage A</b>	<b>Coverage B Limit Of Insurance</b>	<b>Coverage C Limit Of Insurance</b>	<b>Coverage B And C Combined Limit Of Insurance</b>
See Form # CP 72 01 – Schedule of Locations	Included in the Building Limit	25% of Building Limit/Maximum \$1,000,000	25% of Building Limit/Maximum \$1,000,000	\$
/	( )	\$	\$	\$
/	( )	\$	\$	\$
<b>Post-Loss Ordinance Or Law Option: Yes ( ) No (X)</b>				
* Do <b>not</b> enter a Combined Limit of Insurance if individual Limits of Insurance are selected for Coverages <b>B</b> and <b>C</b> , or if one of these Coverages is not applicable.				
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.				

**A.** Each Coverage - Coverage **A**, Coverage **B** and Coverage **C** - is provided under this endorsement only if that Coverage(s) is chosen by entry in the above Schedule and then only with respect to the building identified for that Coverage(s) in the Schedule.

**B. Application Of Coverage(s)**

The Coverage(s) provided by this endorsement applies with respect to an ordinance or law that regulates the demolition, construction or repair of buildings, or establishes zoning or land use requirements at the described premises, subject to the following:

1. The requirements of the ordinance or law are in force at the time of loss. But if the Post-Loss Ordinance Or Law Option is indicated in the Schedule as being applicable, then Paragraph **B.2.** applies instead of this Paragraph **B.1.**
2. The requirements of the ordinance or law are in force at the time of loss; or the ordinance or law is promulgated or revised after the loss but prior to commencement of reconstruction or repair and provided that such ordinance or law requires compliance as a condition precedent to obtaining a building permit or certificate of occupancy.

3. Coverage under this endorsement applies only in response to the minimum requirements of the ordinance or law. Losses and costs incurred in complying with recommended actions or standards that exceed actual requirements are not covered under this endorsement.
4. Coverage under this endorsement applies only if:
  - a. The building sustains only direct physical damage that is covered under this policy and as a result of such damage, you are required to comply with the ordinance or law; or
  - b. The building sustains both direct physical damage that is covered under this policy and direct physical damage that is not covered under this policy, and as a result of the building damage in its entirety, you are required to comply with the ordinance or law.

However, there is no coverage under this endorsement if the building sustains direct physical damage that is not covered under this policy, and such damage is the subject of the ordinance or law, even if the building has also sustained covered direct physical damage.
5. If coverage applies under this endorsement based on the terms of Paragraph **B.4.b.**, we will not pay the full amount of loss otherwise payable under the terms of Coverages **A**, **B**, and/or **C** of this endorsement. Instead, we will pay a proportion of such loss, meaning the proportion that the covered direct physical damage bears to the total direct physical damage.

(Paragraph **F**. of this endorsement provides an example of this procedure.)

However, if the covered direct physical damage, alone, would have resulted in a requirement to comply with the ordinance or law, then we will pay the full amount of loss otherwise payable under the terms of Coverages **A**, **B** and/or **C** of this endorsement.

6. We will not pay under this endorsement for:
  - a. Enforcement of or compliance with any ordinance or law which requires the 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. The costs associated with the enforcement of or compliance with any 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.
7. We will not pay under this endorsement for any loss in value or any cost incurred due to an ordinance or law that you were required to comply with before the time of the current loss, even in the absence of building damage, if you failed to comply.

## **C. Coverage**

### **1. Coverage A - Coverage For Loss To The Undamaged Portion Of The Building**

With respect to the building that has sustained covered direct physical damage, we will pay under Coverage **A** for the loss in value of the undamaged portion of the building as a consequence of a requirement to comply with an ordinance or law that requires demolition of undamaged parts of the same building. 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.

**2. Coverage B - Demolition Cost Coverage**

With respect to the building that has sustained covered direct physical damage, we will pay the cost to demolish and clear the site of undamaged parts of the same building as a consequence of a requirement to comply with an ordinance or law that requires demolition of such undamaged property.

The Coinsurance Additional Condition does not apply to Demolition Cost Coverage.

**3. Coverage C - Increased Cost Of Construction Coverage**

a. With respect to the building that has sustained covered direct physical damage, we will pay the increased cost to:

- (1) Repair or reconstruct damaged portions of that building; and/or
- (2) Reconstruct or remodel undamaged portions of that building, whether or not demolition is required;

when the increased cost is a consequence of a requirement to comply with the minimum standards of the ordinance or law.

However:

- (1) This coverage applies only if the restored or remodeled property is intended for similar occupancy as the current property, unless such occupancy is not permitted by zoning or land use ordinance or law.
- (2) We will not pay for the increased cost of construction if the building is not repaired, reconstructed or remodeled.

The Coinsurance Additional Condition does not apply to Increased Cost of Construction Coverage.

b. When a building is damaged or destroyed and Coverage C applies to that building in accordance with Paragraph C.3.a. above, coverage for the increased cost of construction also applies to repair or reconstruction of the following, subject to the same conditions stated in Paragraph C.3.a.:

- (1) The cost of excavations, grading, backfilling and filling;
- (2) Foundation of the building;
- (3) Pilings; and
- (4) Underground pipes, flues and drains.

The items listed in b.(1) through b.(4) above are deleted from Property Not Covered, but only with respect to the coverage described in this provision, 3.b.

**D. Loss Payment**

- 1. All following loss payment provisions, D.2. through D.5., are subject to the apportionment procedures set forth in Paragraph B.5. of this endorsement.
- 2. When there is a loss in value of an undamaged portion of a building to which Coverage A applies, the loss payment for that building, including damaged and undamaged portions, will be determined as follows:
  - a. If the Replacement Cost Coverage Option applies and such building is being repaired or replaced, on the same or another premises, we will not pay more than the lesser of:

- (1) The amount you would actually spend to repair, rebuild or reconstruct such building, but not for more than the amount it would cost to restore the building on the same premises and to the same height, floor area, style and comparable quality of the original property insured; or
  - (2) The Limit Of Insurance applicable to such building as shown in the Declarations or addressed elsewhere in this policy. (If this policy is endorsed to cover Earthquake and/or Flood as a Covered Cause of Loss, the Limit of Insurance applicable to the building in the event of damage by such Covered Cause of Loss may be lower than the Limit of Insurance that otherwise would apply.)
- b. If the Replacement Cost Coverage Option applies and such building is **not** repaired or replaced, or if the Replacement Cost Coverage Option does **not** apply, we will not pay more than the lesser of:
- (1) The actual cash value of such building at the time of loss; or
  - (2) The Limit Of Insurance applicable to such building as shown in the Declarations or addressed elsewhere in this policy. (If this policy is endorsed to cover Earthquake and/or Flood as a Covered Cause of Loss, the Limit of Insurance applicable to the building in the event of damage by such Covered Cause of Loss may be lower than the Limit of Insurance that otherwise would apply.)
3. Unless Paragraph **D.5.** applies, loss payment under Coverage **B** - Demolition Cost Coverage will be determined as follows:
- We will not pay more than the lesser of the following:
- a. The amount you actually spend to demolish and clear the site of the described premises; or
  - b. The applicable Limit Of Insurance shown for Coverage **B** in the Schedule.
4. Unless Paragraph **D.5.** applies, loss payment under Coverage **C** - Increased Cost Of Construction Coverage will be determined as follows:
- a. We will not pay under Coverage **C**:
    - (1) Until the building is actually repaired or replaced, at the same or another premises; and
    - (2) 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 under Coverage **C** is the lesser of:
    - (1) The increased cost of construction at the same premises; or
    - (2) The applicable Limit Of Insurance shown for Coverage **C** in the Schedule.
  - c. If the ordinance or law requires relocation to another premises, the most we will pay under Coverage **C** is the lesser of:
    - (1) The increased cost of construction at the new premises; or
    - (2) The applicable Limit Of Insurance shown for Coverage **C** in the Schedule.
5. If a Combined Limit Of Insurance is shown for Coverages **B** and **C** in the Schedule, Paragraphs **D.3.** and **D.4.** do not apply with respect to the building that is subject to the Combined Limit, and the following loss payment provisions apply instead:

The most we will pay, for the total of all covered losses for Demolition Cost and Increased Cost of Construction, is the Combined Limit Of Insurance shown for Coverages **B** and **C** in the Schedule. Subject to this Combined Limit of Insurance, the following loss payment provisions apply:

- a. For Demolition Cost, we will not pay more than the amount you actually spend to demolish and clear the site of the described premises.
- b. With respect to the Increased Cost of Construction:
  - (1) We will not pay for the increased cost of construction:
    - (a) Until the building is actually repaired or replaced, at the same or another premises; and
    - (b) 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.
  - (2) 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 is the increased cost of construction at the same premises.
  - (3) If the ordinance or law requires relocation to another premises, the most we will pay for the increased cost of construction is the increased cost of construction at the new premises.

- E. The terms of this endorsement apply separately to each building to which this endorsement applies.
- F. Example of proportionate loss payment for Ordinance Or Law Coverage Losses (procedure as set forth in Paragraph **B.5**).

Assume:

- Wind is a Covered Cause of Loss; Flood is an excluded Cause of Loss
- The building has a value of \$200,000
- Total direct physical damage to building: \$100,000
- The ordinance or law in this jurisdiction is enforced when building damage equals or exceeds 50% of the building's value
- Portion of direct physical damage that is covered (caused by wind): \$30,000
- Portion of direct physical damage that is not covered (caused by flood): \$70,000
- Loss under Ordinance Or Law Coverage **C** of this endorsement: \$60,000

**Step 1:** Determine the proportion that the covered direct physical damage bears to the total direct physical damage.

$$\$30,000 \div \$100,000 = .30$$

**Step 2:** Apply that proportion to the Ordinance or Law loss.

$$\$60,000 \times .30 = \$18,000$$

In this example, the most we will pay under this endorsement for the Coverage **C** loss is \$18,000, subject to the applicable Limit of Insurance and any other applicable provisions.

**Note:** The same procedure applies to losses under Coverages **A** and **B** of this endorsement.

**G.** The following definition is added:

"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.

**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.
- 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.



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

**NUCLEAR, BIOLOGICAL OR CHEMICAL EXCLUSION**

This endorsement modifies insurance provided under the following:

AGRIPAK® FARM AND RANCH POLICY  
AgriPro® AGRIBUSINESS® PROTECTION POLICY  
BOILER AND MACHINERY COVERAGE PART  
COMMERCIAL CRIME COVERAGE FORM  
COMMERCIAL CRIME POLICY  
COMMERCIAL INLAND MARINE COVERAGE PART  
COMMERCIAL INLAND MARINE POLICY  
COMMERCIAL PROPERTY COVERAGE PART  
EQUINE CARE, CUSTODY AND CONTROL COVERAGE FORM  
EQUINE CARE, CUSTODY OR CONTROL POLICY  
EQUIPMENT BREAKDOWN COVERAGE PART  
FARM COVERAGE PART  
GOVERNMENT CRIME COVERAGE FORM  
GOVERNMENT CRIME POLICY  
SAFEPAK® POLICY  
SELECT BUSINESS POLICY  
SELECT BUSINESS POLICY COVERAGE FORM

The following exclusion is added:

**A. Nuclear, Biological or Chemical Exclusion**

Notwithstanding any other provision of this policy, we will not pay for any loss or damage caused, directly or indirectly, in whole or in part, by any of the following, regardless of any other cause(s) or event(s) that may contribute concurrently or in any other sequence to the loss or damage:

1. Any actual, attempted, suspected, or threatened use of any "NBC material" as part of any plan, effort, or design, actually or apparently intended to cause any:
  - a. loss or damage to any tangible or intangible property, or
  - b. "bodily injury" or emotional distress.
2. Any actual, attempted, suspected, or threatened presence, spread, dissemination, release, escape, or distribution of any "NBC material" as a direct or indirect result

of any actual, attempted, suspected, or threatened plan, effort, or design, actually or apparently intended to cause any:

- a. loss or damage to any tangible or intangible property, or
- b. "bodily injury" or emotional distress.

However, if a hostile fire results, directly or indirectly, from **1.** or **2.** above, we will not pay for any loss or damage from that fire, unless an applicable statute of the state whose law applies to this insurance requires us to do so. This is so, even if another exclusion in this Coverage Form, Coverage Part, or Policy also applies, and under that other exclusion we would pay for loss or damage from that fire.

However, if an applicable statute of the state whose law applies to this insurance requires us to pay for loss or damage from that fire, then we will do so, but only

(a) to the extent necessary to satisfy the minimum mandatory requirements of that statute and

(b) subject to all applicable policy provisions including the Limit of Insurance on the affected property.

Such coverage for fire applies only to direct loss or damage by fire to Covered Property. Therefore, for example, the coverage does not apply to insurance provided under Business Income and/or Extra Expense Coverage Forms or Endorsements that apply to those coverage forms, or to the Legal Liability Coverage Form or the Leasehold Interest Coverage Form.

## B. Definitions

The following definitions are added:

### 1. "NBC material"

"NBC material" means any nuclear, biological, or chemical material or substance

that causes damage to property or is harmful to human health. "NBC material" includes, but is not limited to:

(1) any radioactive substance or material, and the radiation it releases,

(2) any pathogen, bacterium, microbe, virus, or other organism,

(3) any substance or material produced by or from any pathogen, bacterium, microbe, virus, or other organism, and

(4) any poison, toxin, or other harmful chemical, substance, or material.

(5) the foregoing list (1) through (4) is only illustrative, and should not be construed as a complete, exclusive, or exhaustive list of all "NBC materials."

### 2. "Bodily injury"

"Bodily injury" includes any physical injury, disease, or death of any person.

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

**CONDOMINIUM AND COMMUNITY ASSOCIATION GENERAL  
LIABILITY ENHANCEMENT ENDORSEMENT**

This endorsement modifies and is subject to the insurance provided under the following form:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

The following extension only applies in the event that no other specific coverage for the indicated loss exposure is provided under this Policy. If other specific coverage applies, the terms, conditions and limits of that coverage are the exclusive coverage applicable under this Policy, unless otherwise noted in this endorsement. This is a summary of the various additional coverages and coverage modifications provided by this endorsement. For complete details on specific coverages, consult the actual policy wording.

<b>Coverage Description</b>	<b>Limit of Insurance</b>	<b>Page</b>
Bodily Injury - Mental Injury, Mental Anguish, Humiliation or Shock	Included	2
Damage to Premises Rented to You	\$1,000,000	2
Unintentional Failure to Disclose Hazards	Included	3
Knowledge of Occurrence, Claim or Suit	Included	3
Property Damage Liability - Elevators	Included	3
Property Damage Liability - Borrowed Equipment	Included	3
Liberalization Clause	Included	4
Amendment of Pollution Exclusion (Pool Chemicals, Hostile Fire, Building Heating and Cooling Equipment, Fumes from Auto, Collision and Overturn of Auto)	Included	4
Limited Property Damage to Property of Others	\$5,000	4
Additional Insured - Manager or Lessor of Premises	Included	5
Additional Insureds - By Contract	Included	6
Primary and Non-Contributory Additional Insured Extension	Included	7
Additional Insureds - Duties in the Event of Occurrence, Offense, Claim or Suit	Included	8

Blanket Waiver of Transfer of Rights of Recovery Against Others to Us (Subrogation)	Included	8
Who Is An Insured - Fellow Employee Extension - Management Employees	Included	8

**A. BODILY INJURY - MENTAL INJURY, MENTAL ANGUISH, HUMILIATION OR SHOCK**

Under **SECTION V - DEFINITIONS**, Definition **3.** is replaced by the following:

3. "Bodily Injury" means physical injury, sickness, or disease, including death of a person. "Bodily Injury" also means mental injury, mental anguish, humiliation, or shock if directly resulting from physical injury, sickness, or disease to that person.

**B. DAMAGE TO PREMISES RENTED TO YOU**

If Damage to Premises Rented to You is not otherwise excluded from this Coverage Part, the following apply:

1. Under Paragraph **2. Exclusions of SECTION I - COVERAGE A - Bodily Injury and Property Damage Liability:**

- (a) The last paragraph of Paragraph **2. Exclusions** is deleted in its entirety and replaced by the following:

Exclusions **c.** through **n.** do not apply to damage by fire, lightning, explosion, smoke, leakage from an automatic fire protection system or water to premises while rented to you or temporarily occupied by you with permission of the owner. A separate Limit of Insurance applies to this coverage as described in **SECTION III - LIMITS OF INSURANCE.**

However, this insurance does not apply to damage to premises while rented to you, or temporarily occupied by you with the permission of the owner, caused by:

- i. Rupture, bursting, or operation of pressure relief devices;
- ii. Rupture or bursting due to expansion or swelling of the contents of any building or structure, caused by or resulting from water;
- iii. Explosion of steam boilers, steam pipes, steam engines, or steam turbines; or
- iv. Flood

2. Paragraph **6.** Under **SECTION III - LIMITS OF INSURANCE** is deleted in its entirety and replaced with the following:

6. Subject to Paragraph **5.** above, the most we will pay under **COVERAGE A** for damages because of "property damage" to any one premises, while rented to you, or in the case of damage caused by fire, lightning, explosion, smoke, leakage from automatic fire protection system or water while rented to you or temporarily occupied by you with the permission of the owner, for all such damage caused by fire, lightning, explosion, smoke, leakage from automatic fire protection systems or water proximately caused by the same event, whether such damage results from fire, lightning, explosion, smoke, leakage from automatic fire protection systems or water or any combination of the six, is the higher of **\$1,000,000** or the amount shown in the Declarations for the Damage To Premises Rented To You Limit.

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3. As regards coverage provided by this provision **I. DAMAGE TO PREMISES RENTED TO YOU** - Paragraph **9.a.** of **Definitions** is replaced with the following:

**9.a.** A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire, lightning, explosion, smoke, leakage from automatic fire protection systems or water to premises while rented to you or temporarily occupied by you with the permission of the owner is not an "insured contract";

### **C. UNINTENTIONAL FAILURE TO DISCLOSE HAZARDS**

Under **SECTION IV - Commercial General Liability Conditions**, the following is added to Condition **6. Representations**:

Failure of the Insured to disclose all hazards existing as of the inception date of this Policy shall not prejudice the insurance with respect to the coverage afforded by this Policy, provided such failure or omission is not intentional on the part of the Insured.

### **D. KNOWLEDGE OF OCCURRENCE, CLAIM OR SUIT**

Under **Section IV - Commercial General Liability Conditions**, the following is added to Condition **2. Duties In The Event of Occurrence, Offense, Claim Or Suit**:

Knowledge of any occurrence, claim, or suit by any agent, servant or employee of the Named Insured does not in itself constitute knowledge by the Insured unless notice of such injury, claim or suit shall have been received by:

- a. You, if you are an individual;
- b. A partner, if you are a partnership; or
- c. An executive officer or insurance manager, if you are a corporation.

### **E. PROPERTY DAMAGE LIABILITY - ELEVATORS**

1. Under Paragraph **2. Exclusions** of **Section I - Coverage A - Bodily Injury and Property Damage Liability**, Subparagraphs **(3), (4)** and **(6)** of exclusion **j. Damage To Property** do not apply if such "property damage" results from the use of elevators.
2. The following is added to **Section IV - Commercial General Liability Conditions**, Condition **4. Other Insurance**, Paragraph **b. Excess Insurance**:

The insurance afforded by this provision of this endorsement is excess over any insurance, whether primary, excess, contingent or on any other basis.

### **F. PROPERTY DAMAGE LIABILITY - BORROWED EQUIPMENT**

1. Under Paragraph **2. Exclusions** of **Section I - Coverage A - Bodily Injury and Property Damage Liability**, Subparagraph **(4)** of exclusion **j. Damage To Property** does not apply to "property damage" to borrowed equipment while not being used to perform operations.
2. The following is added to **Section IV - Commercial General Liability Conditions**, Condition **4. Other Insurance**, Paragraph **b. Excess Insurance**:

The insurance afforded by this provision of this endorsement is excess over any insurance, whether primary, excess, contingent or on any other basis.

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## G. LIBERALIZATION CLAUSE

If we revise this General Liability Broadening Endorsement to provide more coverage without additional premium charge, your policy will automatically provide the coverage as of the date the revision is effective in your state.

## H. AMENDMENT OF POLLUTION EXCLUSION (POOL CHEMICALS, HOSTILE FIRE, BUILDING HEATING AND COOLING EQUIPMENT, FUMES FROM AUTO, COLLISION OR OVERTURN OF AUTO)

1. The following is added to Paragraph **(1)(a)** of Exclusion f. of **Section I - Coverage A - Bodily Injury And Property Damage Liability**:

This subparagraph **(a.)** does not apply to "bodily injury" or "property damage" arising out of the actual discharge, dispersal, seepage, migration, release, escape, presence of, or exposure to, any "pollutants" listed in the Schedule below and used in connection with the Insured's operations:

- a. Chlorine or other pool or spa chemicals, including release of such from a swimming pool;
  - b. Smoke, fumes, vapor, or soot from equipment used to heat, cool or dehumidify a building, or equipment that is used to heat water for personal use, by the building's occupants or their guests; or
  - c. Heat, smoke or fumes from a "hostile fire" at any Insured's premises;
  - d. Fumes and vapors emanating from an "auto"; or
  - e. "Pollutant" resulting from collision or overturn of an "auto" or "mobile equipment".
2. For the purposes of this coverage, the following is added to the definition of "property damage" of **Section V - Definitions** and applies only as respects this coverage:  
  
"Property damage" does not include physical injury to or loss of use of land or water, whether below ground level or not.
  3. This exception does not apply to the discharge, dispersal, seepage, migration, release, escape, presence of, or exposure to, a "pollutant" listed in the Schedule of this endorsement which takes place while such "pollutant" is being:
    - a. transported, handled, stored, treated, disposed of, or processed as waste; or
    - b. transported or stored for others.

## I. LIMITED PROPERTY DAMAGE TO PROPERTY OF OTHERS

The following is added to Paragraph **(4)** of Exclusion j. **Damage To Property** of **Section I - Coverage A - Bodily Injury And Property Damage Liability**:

4. However, this exclusion does not apply to personal property of others while in the temporary care, custody or control of an insured. For the purpose of this coverage extension, loss shall mean damage or destruction but does not include mysterious disappearance or loss of use. In the event of a theft, a police report must be filed. This exception does not apply if:
  - a. Coverage is otherwise provided by the Property Coverage Part (if any) of this Policy; or

- b. The loss is covered by any other insurance you have or by any insurance of such person who causes such loss.

We will pay up to \$5,000 for loss under this coverage extension.

These payments will not reduce the Limits of Insurance.

#### **J. ADDITIONAL INSURED - MANAGER OR LESSOR OF PREMISES**

1. **Section II - Who Is An Insured** is amended to include as an additional insured any person or organization from whom you lease or rent property and which requires you to add such person or organization as an Additional Insured on this Policy under:

- (a) a written contract; or
- (b) an oral agreement or contract where a Certificate of Insurance showing that person or organization as an Additional Insured has been issued;

but the written or oral contract or agreement must be an "insured contract", and,

- (i) currently in effect or become effective during the term of this Policy; and
- (ii) executed prior to the "bodily injury", "property damage", "personal and advertising injury".

2. With respect to the insurance afforded to the additional insured identified in Paragraph 1. above, the following additional provisions apply:

- (a) This insurance applies only with respect to the liability arising out of the ownership, maintenance or use of that part of the premises leased to you.
- (b) The Limits of Insurance applicable to the additional insured are the lesser of those specified in the written contract or agreement or in the Declarations for this Policy and subject to all the terms, conditions and exclusions for this Policy. The Limits of Insurance applicable to the additional insured are inclusive of and not in addition to the Limits of Insurance shown in the Declarations.
- (c) In no event shall the coverages or Limits of Insurance in this Coverage Form be increased by such contract.
- (d) Coverage provided herein is excess over any other valid and collectible insurance available to the additional insured whether the other insurance is primary, excess, contingent or on any other basis unless a written contractual arrangement specifically requires this insurance to be primary.
- (e) This insurance applies only to the extent permitted by law.

3. This insurance does not apply to:

- (a) Any "occurrence" or offense which takes place after you cease to be a tenant in that premises.
- (b) Structural alterations, new construction or demolition operations performed by or on behalf of the additional insured.

## K. ADDITIONAL INSUREDS - BY CONTRACT

1. **Section II - Who Is An Insured** is amended to include as an insured any person or organization whom you have agreed to add as an additional insured in a written contract, or written agreement. Such person or organization is an additional insured but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" arising out of:
  - a. Your acts or omissions, or the acts or omissions of those acting on your behalf, in the performance of your ongoing operations for the additional insured that are subject of the written contract or written agreement provided that the "bodily injury" or "property damage" occurs, or the offense resulting in "personal and advertising injury" is committed, subsequent to the signing of such written contract or written agreement; or
  - b. The maintenance, operation or use by you of equipment rented or leased to you by such person or organization; or
  - c. The additional insured's financial control of you.

However:

1. The insurance afforded to such additional insured only applies to the extent permitted by law; and
2. If coverage provided to the additional insured is required by contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide such additional insured.

With respect to paragraph **1.a.** above, a person's or organization's status as an additional insured under this endorsement ends when:

- (1) All work, including materials, parts or equipment furnished in connection with such work, on the project (other than service, maintenance or repairs) to be performed for or on behalf of the additional insured(s) at the location of the covered operations has been completed; or
- (2) That portion of "you work" out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as a part of the same project.

With respect to paragraph **1.b.** above, this insurance does not apply to any "occurrence" which takes place after the equipment rental or lease agreement has expired or you have returned such equipment to the lessor.

The insurance provided by this endorsement applies only if the written contract or written agreement is signed prior to the "bodily injury" or "property damage" occurs, or prior to when any offense resulting in "personal and advertising injury" is committed.

2. With respect to the insurance provided by this endorsement, the following are added to paragraph **2. Exclusions** under **Section I - Coverage A - Bodily Injury And Property Damage Liability**:



This insurance does not apply to:

- a. "Bodily injury" or "property damage" that occurs prior to your commencing operations at the location where such "bodily injury" or "property damage" occurs.
- b. "Bodily injury", "property damage" or "personal and advertising injury" arising out of the rendering of, or failure to render, any professional architectural, engineering or surveying services, including:
  - (1) The preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; or
  - (2) Supervisory, inspection, architectural or engineering activities.

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage", or the offense which caused the "personal or advertising injury", involved the rendering of, or failure to render, any professional architectural, engineering or surveying services.

- c. "Bodily injury" or "property damage" occurring after:
    - (1) All work, including materials, parts or equipment furnished in connection with such work, on the project (other than service, maintenance or repairs) to be performed for or on behalf of the additional insured(s) at the location of the covered operations has been completed; or
    - (2) That portion of "you work" out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as a part of the same project.
  - d. Any person or organization specifically designated as an additional insured for ongoing operations by a separate additional insured endorsement issued by us and made part of this Policy.
3. With respect to the insurance afforded to these additional insureds, the following is added to **Section III - Limits Of Insurance:**

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

- a. Required by the contract or agreement; or
  - b. Available under the applicable Limits of Insurance shown in the Declarations;
- whichever is less.

This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.

#### **L. PRIMARY AND NON-CONTRIBUTORY ADDITIONAL INSURED EXTENSION**

This provision applies to any person or organization who qualifies as an additional insured under any form or endorsement under this Policy.

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Condition **4. Other Insurance** of **Section IV - Commercial General Liability Conditions** is amended as follows:

As respects any additional insured, this insurance is excess unless:

- a. the additional insured is a named insured under such other insurance; or
- b. you have agreed in writing in a contract or agreement that this insurance would be primary and would not seek contribution from any other insurance available to the additional insured.

**M. ADDITIONAL INSURED - DUTIES IN THE EVENT OF OCCURRENCE, OFFENSE, CLAIM OR SUIT**

This provision applies to any person or organization who qualifies as an additional insured under any form or endorsement under this Policy.

1. The following is added to Condition **2. Duties In The Event Of Occurrence, Offense, Claim or Suit**:

An additional insured under this endorsement will as soon as practicable:

- a. Give written notice of an "occurrence" or an offense that may result in a claim or "suit" under this insurance to us;
- b. Tender the defense and indemnity of any claim or "suit" to all insurers who also have insurance available to the additional insured; and
- c. Agree to make available any other insurance which the additional insured has for a loss we cover under this Coverage Part. We have no duty to defend or indemnify an additional insured under this endorsement until we receive written notice of a "suit" by the additional insured.

**N. BLANKET WAIVER OF TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US (SUBROGATION)**

Under **Section IV - Commercial General Liability Conditions**, the following is added to Condition **8. Transfer Of Rights Of Recovery Against Others to Us**:

If required by a written contract or written agreement, we waive any right of recovery we may have against a person or organization because of payment we make for injury or damage arising out of your ongoing operations or "your work" done under a contract for that person or organization and included in the "products-completed operations hazard" provided that the injury or damage occurs subsequent to the execution of the written contract or written agreement.

**O. WHO IS AN INSURED - FELLOW EMPLOYEE EXTENSION - MANAGEMENT EMPLOYEES**

1. The following is added to paragraph **2.a.(1)** of **SECTION II - WHO IS AN INSURED**:

Paragraph **(a)** and **(b)** above do not apply to "bodily injury" or "personal and advertising injury" caused by an "employee" who is acting in a supervisory capacity for you. Supervisory capacity as used herein means the "employee's" job responsibilities assigned by you, including the direct supervision of other "employee" of yours. However, none of these "employees" are insureds for "bodily injury" or "personal and advertising injury":

- a. arising out of "bodily injury" excluded by Section I - Coverage A, Exclusion 2.a.;

- b. arising out of "personal and advertising injury" excluded by Section I - Coverage B, Exclusion 2.a; and
- c. caused in whole or in part by their intoxication by liquor or controlled substances.

When an "employee" is an insured under this section, this coverage is excess over any other valid and collectable insurance available to them.

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

**EARTH MOVEMENT EXCLUSION**

This endorsement modifies insurance provided under the following:

**COMMERCIAL GENERAL LIABILITY COVERAGE PART**

This insurance does not apply to any "bodily injury," "property damage," or "personal and advertising injury" (personal injury or advertising injury) directly or indirectly arising out of, caused by, resulting from, contributed to, or aggravated by subsidence, expanding, contracting, rising, settling, sinking, slipping, falling away, caving in, shifting, eroding, mudflow, tilting, heaving, cratering, doming, or any other movement of land, soil or earth, including but not limited to earthquake, landslide, mudslide, or mine subsidence, whether such movement of land, soil, or earth occurs alone, in combination with, before, after, or concurrently with any other cause, contributing condition, or aggravating factor, either manmade or natural.

**This endorsement does not change any other provision of the policy.**

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

**EXCLUSION - PROFESSIONAL SERVICES**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

The following exclusion is added to paragraph 2., **Exclusions**, of **SECTION I. - COVERAGE A - Bodily Injury and Property Damage Liability**, and paragraph 2., **Exclusions** of **SECTION I - COVERAGE B - Personal and Advertising Injury Liability** of the **Commercial General Liability Coverage Form**:

This insurance does not apply to "bodily injury," "property damage" or "personal and advertising injury" due to the rendering or failure to render any professional service.

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage," or the offense which caused the "personal and advertising injury," involved the rendering of or failure to render any professional service.

**This endorsement does not change any other provision of the Policy.**

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

**ABUSE, MOLESTATION, HARASSMENT OR SEXUAL CONDUCT EXCLUSION**

This endorsement modifies insurance provided under the following:

**COMMERCIAL GENERAL LIABILITY COVERAGE PART**

This insurance does not apply to "bodily injury," "property damage," or "personal and advertising injury" arising out of:

- (a)** the actual, threatened or alleged abuse, molestation, harassment or sexual conduct by anyone of any person; or
  - (b)** the negligent:
    - (i)** employment;
    - (ii)** investigation;
    - (iii)** supervision;
- (iv)** reporting to the proper authorities, or failure to so report;
  - (v)** retention; or
  - (vi)** referral
- of a person for whom any Insured is or ever was legally responsible and whose conduct would be excluded by **a.** above.

This endorsement does not change any other provision of the policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

## SILICA OR RELATED DUST EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM  
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE FORM - COVERAGE  
FOR OPERATIONS OF DESIGNATED CONTRACTOR

A. The following exclusion is added to paragraph 2., **Exclusions**, of **SECTION I. Coverage A. Bodily Injury and Property Damage Liability**, of the **Commercial General Liability Coverage Form**, and to paragraph 2., **Exclusions**, of **SECTION I. COVERAGES**, of the **Owners and Contractors Protective Liability Coverage Form - Coverage for Operations of Designated Contractor**:

### 2. Exclusions

This insurance does not apply to:

#### Silica or Related Dust

- a. Any "bodily injury" which would not have occurred, in whole or in part, but for the actual, alleged, threatened, or suspected inhalation or ingestion of, exposure to, or contact with, "silica" or dust that includes or contains "silica."
- b. Any "property damage" which would not have occurred, in whole or in part, but for the actual, alleged, threatened, or suspected contact with, exposure to, existence of, or presence of, "silica" or dust that includes or contains "silica."
- c. Any loss, cost or expense arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to or assessing the

effects of, "silica" or dust that includes or contains "silica," by any insured or by any other person or entity.

This exclusion applies regardless of:

- (i) the circumstances of or leading to such actual, alleged, threatened, or suspected inhalation, ingestion, exposure, contact, existence, or presence; and
- (ii) whether the "silica" or dust that includes or contains "silica," is mixed or combined with, or also includes or contains, any other substance.

B. The following exclusion is added to paragraph 2., **Exclusions** of **SECTION I. Coverage B. Personal and Advertising Injury Liability** of the **Commercial General Liability Coverage Form**:

### 2. Exclusions

This insurance does not apply to:

#### Silica or Related Dust

- a. Any "personal and advertising injury" which would not have taken place, in whole or in part, but for the actual, alleged, threatened, or suspected inhalation or ingestion of, contact with, exposure to, existence of, or presence of, "silica" or dust that includes or contains "silica."

b. Any loss, cost, or expense arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to or assessing the effects of, "silica" or dust that includes or contains "silica," by any insured or by any other person or entity.

This exclusion applies regardless of:

(i) the circumstances of or leading to such actual, alleged, threatened, or suspected inhalation, ingestion, exposure, contact, existence, or presence; and

(ii) whether the "silica" or dust that includes or contains "silica," is mixed or combined with, or also includes or contains, any other substance.

C. The following definition is added to the **Definitions** Section:

**"Silica"** means silicon dioxide (SiO<sub>2</sub>) in any form, from any source.



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

**EXCLUSION - ACCESS OR DISCLOSURE OF  
CONFIDENTIAL OR PERSONAL INFORMATION AND  
DATA-RELATED LIABILITY - LIMITED BODILY INJURY  
EXCEPTION NOT INCLUDED**

This endorsement modifies insurance provided under the following:

**COMMERCIAL GENERAL LIABILITY COVERAGE PART**

**A. Exclusion 2.p. of SECTION I - COVERAGE A - Bodily Injury and Property Damage Liability** is replaced by the following:

**2. Exclusions**

This insurance does not apply to:

**p. Access or Disclosure of Confidential or Personal Information and Data-related Liability**

Damages arising out of:

- (1)** any access to or disclosure of any person's or organization's confidential or personal information, including patents, trade secrets, processing methods, customer lists, financial information, credit card information, health information or any other type of nonpublic information; or
- (2)** the loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate electronic data.

This exclusion applies even if damages are claimed for notification costs, credit monitoring expenses, forensic expenses, public relations expenses or any other loss, cost or expense incurred by you or others arising out of that which is described in paragraph **(1)** or **(2)** above.

As used in this exclusion, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

**B. The following is added to paragraph 2. Exclusions of SECTION I - COVERAGE B - Personal and Advertising Injury Liability:**

**2. Exclusions**

This insurance does not apply to:

**Access or Disclosure of Confidential or Personal Information**

"Personal and advertising injury" arising out of any access to or disclosure of any person's or organization's confidential or personal information, including patents, trade secrets, processing methods, customer lists, financial information, credit card information, health information or any other type of nonpublic information.

This exclusion applies even if damages are claimed for notification costs, credit monitoring expenses, forensic expenses, public relations expenses or any other loss, cost or expense incurred by you or others arising out of any access to or disclosure of any person's or organization's confidential or personal information.

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

### **EMPLOYMENT-RELATED PRACTICES EXCLUSION**

This endorsement modifies insurance provided under the following:

#### COMMERCIAL GENERAL LIABILITY COVERAGE PART

**A. The following exclusion is added to paragraph 2., Exclusions of Section I - Coverage A - Bodily Injury and Property Damage Liability:**

This insurance does not apply to:

"Bodily injury" to:

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

This exclusion applies:

- (1)** whether the injury-causing event described in paragraphs **(a)**, **(b)** or **(c)** above occurs before employment, during employment or after employment of that person;
- (2)** whether the Insured may be liable as an employer or in any other capacity; and
- (3)** to any obligation to share damages with or repay someone else who must pay damages because of the injury.

**B. The following exclusion is added to paragraph 2., Exclusions of Section I - Coverage B - Personal and Advertising Injury Liability:**

This insurance does not apply to:

"Personal and advertising injury" to:

- (1)** a person arising out of any:
  - (a)** refusal to employ that person;
  - (b)** termination of that person's employment; or
  - (c)** employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination or malicious prosecution directed at that person; or
- (2)** the spouse, child, parent, brother or sister of that person as a consequence of "personal and advertising injury" to that person at whom any of the employment-related practices described in paragraphs **(a)**, **(b)** or **(c)** above is directed.

This exclusion applies:

- (1)** whether the injury-causing event described in paragraphs **(a)**, **(b)** or **(c)** above occurs before employment, during employment or after employment of that person;
- (2)** whether the Insured may be liable as an employer or in any other capacity; and
- (3)** to any obligation to share damages with or repay someone else who must pay damages because of the injury.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**TOTAL POLLUTION EXCLUSION WITH A BUILDING  
HEATING, COOLING AND DEHUMIDIFYING EQUIPMENT  
EXCEPTION AND A HOSTILE FIRE EXCEPTION**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

Exclusion f. under paragraph 2. **Exclusions** of **SECTION I - Coverage A - Bodily Injury and Property Damage Liability** is replaced by the following:

This insurance does not apply to:

**f. Pollution**

- (1) "Bodily injury" or "property damage" which would not have occurred in whole or part but for the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time.

This exclusion does not apply to:

- (a) "bodily injury" if sustained within a building which is or was at any time owned or occupied by, or rented or loaned to, any insured and caused by smoke, fumes, vapor or soot produced by or originating from equipment that is used to heat, cool or dehumidify the building, or equipment that is used to heat water for personal use, by the building's occupants or their guest; or
- (b) "bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire" unless that "hostile fire" occurred or originated:

- (i) at any premises, site or location which is or was at any time used by or for any insured or others for the handling, storage, disposal, processing or treatment of waste; or

- (ii) at any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations to test for, monitor, clean up, remove, contain, treat, detoxify, neutralize or in any way respond to, or assess the effects of, "pollutants."

- (2) Any loss, cost or expense arising out of any:

- (a) request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants"; or

- (b) claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants."

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

**EXCLUSION - LIABILITY ARISING OUT OF LEAD**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART  
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART  
PRODUCTS/COMPLETED OPERATIONS COVERAGE PART

This insurance does not apply to:

1. "bodily injury," "property damage," or "personal and advertising injury" arising out of, resulting from, or in any way caused by or related to the actual, alleged or threatened ingestion, inhalation, absorption, or exposure to lead in any form from any source; or
2. any loss, cost, expense, liability or other type of obligation arising out of or resulting from, or in any way related to, any:
  - a. claim, suit, request, demand, directive, or order by or on behalf of any person, entity, or governmental authority that any Insured or others test for, monitor, clean up, remove, contain, treat, detoxify, neu-

tralize, or in any way respond to, or assess the effects of lead in any form from any source, or to any

- b. claim or suit by or on behalf of any person, entity, or governmental authority for damages or any other relief or remedy because of testing for, monitoring, cleaning up, removing, containing, treating or detoxifying or neutralizing, or in any way responding to, or assessing the effects of lead in any form.

We shall not be obligated to investigate on behalf of an Insured or to defend or indemnify an Insured or any person or entity claiming any right under the policy for the matters excluded in this endorsement.

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

**EXCLUSION - PUNITIVE AND EXEMPLARY DAMAGES**

This endorsement modifies insurance provided under the following:

COMMERICAL GENERAL LIABILITY COVERAGE PART

This insurance does not apply to any claim for or award of:

- (a) punitive damages,
- (b) exemplary damages,
- (c) treble damages, or
- (d) damages intended to punish or deter misconduct, rather than to compensate for harm.

This endorsement does not change any other provision of the policy.

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

**EMPLOYERS LIABILITY EXCLUSION ENDORSEMENT**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

**Exclusion e., Employer's Liability**, under paragraph 2., **Exclusions**, of **SECTION I - COVERAGE A - Bodily Injury and Property Damage Liability**, is deleted and replaced by the following:

**c. Employer's Liability**

**"Bodily injury"** to:

**(1)** an "employee" of any insured arising out of and in the course of:

**(a)** employment by any insured; or

**(b)** performing duties related to the conduct of the Insured's business; or

**(2)** the spouse, child, parent, brother or sister of that "employee" as a consequence of paragraph **(1)** above.

This exclusion applies:

**(1)** whether the Insured may be liable as an employer or in any other capacity;

**(2)** to any obligation to share damages with or repay someone else who must pay damages because of the injury; and

**(3)** to liability assumed by any insured under an "insured contract."

**This endorsement does not change any other provision of the Policy.**

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

**EXCLUSION - ORGANIC PATHOGENS**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM  
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE FORM

The following is added to **COMMERCIAL GENERAL LIABILITY COVERAGE FORM, SECTION I - COVERAGES, Coverage A. Bodily Injury and Property Damage Liability, 2. Exclusions and Coverage B. Personal and Advertising Injury, 2. Exclusions** or **PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE FORM, SECTION I - COVERAGES PRODUCTS/COMPLETED OPERATIONS, 2. Exclusions:**

**Organic Pathogens**

- a. "Bodily injury," "property damage," or "personal and advertising injury" arising out of any actual, alleged or threatened infectious, pathogenic, toxic or other harmful properties of any "organic pathogen."
- b. Any loss, cost or expense arising out of any:
  - (i) request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove,

contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of any "organic pathogen," or

- (ii) claim or "suit" by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of any "organic pathogen."

The following definition is added to the **Definitions** Section:

**"Organic pathogen"** means any:

- A. bacteria; mildew, mold or other fungi; other microorganisms; or mycotoxins, spores or other by-products of any of the foregoing;
- B. viruses or other pathogens (whether or not a microorganism); or
- C. colony or group of any of the foregoing.

**This endorsement does not change any other provision of the Policy.**

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

**EXCLUSION OF CLAIMS AND SUITS ALLEGING INFRINGEMENT  
OF INTELLECTUAL PROPERTY OR UNFAIR COMPETITION**

This endorsement modifies insurance provided under the following:

**COMMERCIAL GENERAL LIABILITY COVERAGE FORM**

- A. COMMERCIAL GENERAL LIABILITY COVERAGE FORM, Coverage B - Personal and Advertising Injury Liability, 2. Exclusions, i. Infringement of Copyright, Patent, Trademark or Trade Secret,** is deleted and replaced by the following:

**i. Claim or Suit Alleging Infringement of Intellectual Property**

- (1)** Any claim or "suit" that alleges "personal and advertising injury" arising out of any actual, alleged, or threatened misappropriation, infringement, or violation of any intellectual property or intellectual property right or law of any description, including but not limited to any of the following:
- (a)** copyright;
  - (b)** patent;
  - (c)** trademark;
  - (d)** trade name;
  - (e)** trade secret;
  - (f)** trade dress;
  - (g)** service mark;
  - (h)** slogan;
  - (i)** service name;
  - (j)** description of origin, source, authorship, authenticity, or quality;
  - (k)** other right to or law recognizing an interest in any expression, idea, likeness, name, style of doing business, symbol, or title; or
  - (l)** Any other intellectual property right or law.

This exclusion applies to our duty to defend and our duty to pay damages whether such misappropriation, infringement, or violation is committed in your "advertisement" or otherwise.



- B. The following exclusion is added to **COMMERCIAL GENERAL LIABILITY COVERAGE FORM, SECTION I - COVERAGES, Coverage B - Personal and Advertising Injury Liability, 2. Exclusions:**

**Claim or Suit Alleging Violation of Laws Concerning Unfair Competition or Similar Laws**

1. Any claim or "suit" that alleges "personal and advertising injury" arising out of any actual, alleged, or threatened violation of any statutes, common law, or other laws or regulations concerning unfair competition, antitrust, restraint of trade, piracy, unfair trade practices, or any similar laws or regulations.
2. Any "personal and advertising injury" alleged in a claim or "suit" that also alleges any actual, alleged, or threatened violation of any statutes, common law, or other laws or regulations concerning unfair competition, antitrust, restraint of trade, piracy, unfair trade practices, or any similar laws or regulations.

This exclusion applies to our duty to defend and our duty to pay damages whether such misappropriation, infringement, or violation is committed in your "advertisement" or otherwise.

- C. The following exclusion is added to **COMMERCIAL GENERAL LIABILITY COVERAGE FORM, SECTION I - COVERAGES, Coverage A - Bodily Injury and Property Damage Liability, 2. Exclusions:**

**Claim or Suit Alleging Infringement of Intellectual Property or Violation of Laws Concerning Unfair Competition or Similar Laws**

Any "bodily injury" or "property damage" alleged in any claim or "suit" that also alleges any:

1. misappropriation, infringement or violation of any intellectual property or intellectual property right or law described in paragraph (1) of **COMMERCIAL GENERAL LIABILITY COVERAGE FORM, SECTION I - COVERAGES, Coverage B - Personal and Advertising Injury, 2. Exclusions, I. Claim or Suit Alleging Infringement of Intellectual Property;** or
2. violation of any statute, common law, or other laws or regulations described in **COMMERCIAL GENERAL LIABILITY COVERAGE FORM, SECTION I - COVERAGES, Coverage B - Personal and Advertising Injury, 2. Exclusions, Claim or Suit Alleging Violation of Laws Concerning Unfair Competition or Similar Laws.**

- D. The following exclusions are added to **COMMERCIAL GENERAL LIABILITY COVERAGE FORM, SECTION I - COVERAGES, Coverage C - Medical Payments, 2. Exclusions:**

**Claim or Suit Alleging Infringement of Intellectual Property or Violation of Laws Concerning Unfair Competition or Similar Laws**

Any medical expenses alleged in any claim or "suit" that also alleges any:

- a. misappropriation, infringement or violation of any intellectual property or intellectual property right or law described in paragraph (1) of **COMMERCIAL GENERAL LIABILITY COVERAGE FORM, SECTION I - COVERAGES, Coverage B - Personal and Advertising Injury, 2. Exclusions, I. Claim or Suit Alleging Infringement of Intellectual Property,** or
- b. violation of any statute, common law, or other laws or regulations described in **COMMERCIAL GENERAL LIABILITY COVERAGE FORM, SECTION I - COVERAGES, Coverage B - Personal and Advertising Injury, 2. Exclusions, Claim or Suit Alleging Violation of Laws Concerning Unfair Competition or Similar Laws.**

All other policy terms and conditions remain unchanged.

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

## **EXCLUSION - UNMANNED AIRCRAFT**

This endorsement modifies insurance provided under the following:

### **COMMERCIAL GENERAL LIABILITY COVERAGE PART**

**A. Exclusion 2.g. Aircraft, Auto Or Watercraft** under **Section I - Coverage A - Bodily Injury And Property Damage Liability** is replaced by the following:

#### **2. Exclusions**

This insurance does not apply to:

#### **g. Aircraft, Auto Or Watercraft**

##### **(1) Unmanned Aircraft**

"Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft that is an "unmanned aircraft". Use includes operation and "loading or unloading".

This Paragraph **g.(1)** applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance, use or entrustment to others of any aircraft that is an "unmanned aircraft".

##### **(2) Aircraft (Other Than Unmanned Aircraft), Auto Or Watercraft**

"Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft (other than "unmanned aircraft"), "auto"

or watercraft owned or operated by or rented or loaned to any insured. Use includes operation and "loading or unloading".

This Paragraph **g.(2)** applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance, use or entrustment to others of any aircraft (other than "unmanned aircraft"), "auto" or watercraft that is owned or operated by or rented or loaned to any insured.

This Paragraph **g.(2)** does not apply to:

- (a)** A watercraft while ashore on premises you own or rent;
- (b)** A watercraft you do not own that is:
  - (i)** Less than 26 feet long; and
  - (ii)** Not being used to carry persons or property for a charge;
- (c)** Parking an "auto" on, or on the ways next to, premises you own or rent, provided

the "auto" is not owned by or rented or loaned to you or the insured;

- (d) Liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft; or
- (e) "Bodily injury" or "property damage" arising out of:
  - (i) The operation of machinery or equipment that is attached to, or part of, a land vehicle that would qualify under the definition of "mobile equipment" if it were not subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged; or
  - (ii) The operation of any of the machinery or equipment listed in Paragraph **f.(2)** or **f.(3)** of the definition of "mobile equipment".

**B. The following exclusion is added to Paragraph 2. Exclusions of Coverage B - Personal And Advertising Injury Liability:**

**2. Exclusions**

This insurance does not apply to:

**Unmanned Aircraft**

"Personal and advertising injury" arising out of the ownership, maintenance, use or entrustment to others of any aircraft that is an "unmanned aircraft". Use includes operation and "loading or unloading".

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the offense which caused the "personal and advertising injury" involved the ownership, maintenance, use or entrustment to others of any aircraft that is an "unmanned aircraft".

This exclusion does not apply to:

- a. The use of another's advertising idea in your "advertisement"; or
- b. Infringing upon another's copyright, trade dress or slogan in your "advertisement".

**C. The following definition is added to the Definitions section:**

"Unmanned aircraft" means an aircraft that is not:

1. Designed;
2. Manufactured; or
3. Modified after manufacture;

to be controlled directly by a person from within or on the aircraft.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

## NUCLEAR, BIOLOGICAL, OR CHEMICAL EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM  
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE FORM -  
COVERAGE FOR OPERATIONS OF DESIGNATED CONTRACTORS

A. The following exclusion is hereby added to paragraph 2. **Exclusions** of **SECTION I - COVERAGE A. Bodily Injury and Property Damage Liability**, of the **Commercial General Liability Coverage Form**, and to paragraph 2., **Exclusions**, of **SECTION I. COVERAGES**, of the **Owners and Contractors Protective Liability Coverage Form - Coverage for Operations of Designated Contractor**:

### 2. Exclusions

#### Nuclear, Biological, or Chemical

Notwithstanding any other provision of this policy, this insurance does not apply to any "bodily injury" or "property damage" caused, directly or indirectly, in whole or in part, by any of the following, regardless of any other cause(s) or event(s) that may contribute concurrently or in any other sequence to the "bodily injury" or "property damage":

(1) Any actual, attempted, suspected, or threatened use of any "NBC material" as part of any plan, effort, or design, actually or apparently intended to cause any:

(a) loss or damage to any tangible or intangible property, or

(b) "bodily injury" or emotional distress.

(2) Any actual, attempted, suspected, or threatened presence, spread, dissemination, release, escape, or distribution of any "NBC material" as a direct or indirect result of any actual, attempted, suspected, or threatened plan, effort, or design, actually or apparently intended to cause any:

(a) loss or damage to any tangible or intangible property, or

(b) "bodily injury" or emotional distress.

"NBC Material" means any nuclear, biological, or chemical material or substance that causes damage to property or is harmful to human health. "NBC material" includes, but is not limited to:

(1) any radioactive substance or material, and the radiation it releases,

(2) any pathogen, bacterium, microbe, virus, or other organism,

(3) any substance or material produced by or from any pathogen, bacterium, microbe, virus, or other organism, and

(4) any poison, toxin, or other harmful chemical, substance, or material.

The foregoing list (1) through (4) is only illustrative, and should not be construed as a complete, exclusive, or exhaustive list of all "NBC materials."

B. The following exclusion is hereby added to paragraph 2., **Exclusions** of **SECTION I. COVERAGE B., Personal and Advertising Injury Liability** of the **Commercial General Liability Coverage Form**:

## 2. Exclusions

### **Nuclear, Biological, or Chemical**

Notwithstanding any other provision of this policy, this insurance does not apply to any "personal or advertising injury" caused, directly or indirectly, in whole or in part, by any of the following, regardless of any other cause(s) or event(s) that may contribute concurrently or in any other sequence to the "personal and advertising injury":

(1) Any actual, attempted, suspected, or threatened use of any "NBC material" as part of any plan, effort, or design, actually or apparently intended to cause any:

(a) loss or damage to any tangible or intangible property, or

(b) "bodily injury" or emotional distress.

(2) Any actual, attempted, suspected, or threatened presence, spread, dissemination, release, escape, or distribution

of any "NBC material" as a direct or indirect result of any actual, attempted, suspected, or threatened plan, effort, or design, actually or apparently intended to cause any:

(a) loss or damage to any tangible or intangible property, or

(b) "bodily injury" or emotional distress.

**"NBC Material"** means any nuclear, biological, or chemical material or substance that causes damage to property or is harmful to human health. "NBC material" includes, but is not limited to:

(1) any radioactive substance or material, and the radiation it releases,

(2) any pathogen, bacterium, microbe, virus, or other organism,

(3) any substance or material produced by or from any pathogen, bacterium, microbe, virus, or other organism, and

(4) any poison, toxin, or other harmful chemical, substance, or material.

The foregoing list (1) through (4) is only illustrative, and should not be construed as a complete, exclusive, or exhaustive list of all "NBC materials."

**This endorsement does not change any other provision of the policy.**

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

**NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT  
(Broad Form)**

This endorsement modifies insurance provided under the following:

COMMERCIAL AUTOMOBILE COVERAGE PART  
COMMERCIAL GENERAL LIABILITY COVERAGE PART  
FARM COVERAGE PART  
LIQUOR LIABILITY COVERAGE PART  
MEDICAL PROFESSIONAL LIABILITY COVERAGE PART  
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART  
POLLUTION LIABILITY COVERAGE PART  
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART  
RAILROAD PROTECTIVE LIABILITY COVERAGE PART  
UNDERGROUND STORAGE TANK POLICY

1. The insurance does not apply:

**A.** Under any Liability Coverage, to "bodily injury" or "property damage":

**(1)** with respect to which an "insured" under the Policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, Nuclear Insurance Association of Canada or any of their successors, or would be an insured under any such policy but for its termination upon exhaustion of its Limit of Liability; or

**(2)** resulting from the "hazardous properties" of "nuclear material" and with respect to which **(a)** any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or **(b)** the "Insured" is, or had this Policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.

**B.** Under any Medical Payments Coverage, to expenses incurred with respect to "bodily injury" resulting from the "hazardous properties" of "nuclear material" and arising out of the operation of a "nuclear facility" by any person or organization.

**C.** Under any Liability Coverage, to "bodily injury" or "property damage" resulting from "hazardous properties" of "nuclear material," if:

**(1)** the "nuclear material" **(a)** is at any "nuclear facility" owned by, or operated by or on behalf of, an "insured" or **(b)** has been discharged or dispersed therefrom;

**(2)** the "nuclear material" is contained in "spent fuel" or "waste" at any time possessed, handled, used, processed, stored, transported or disposed of, by or on behalf of an "insured"; or

**(3)** the "bodily injury" or "property damage" arises out of the furnishing by an "insured" of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any "nuclear facility," but if such facility is located within the United States of America, its

territories or possessions or Canada, this exclusion (3) applies only to "property damage" to such "nuclear facility" and any property thereat.

2. As used in this endorsement:

"Hazardous properties" includes radioactive, toxic or explosive properties.

**"Nuclear material"** means "source material," "special nuclear material" or "by-product material."

"Source material," "special nuclear material," and "by-product material" have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof.

**"Spent fuel"** means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a "nuclear reactor."

**"Waste"** means any waste material (a) containing "by-product material" other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its "source material" content, and (b) resulting from the operation by any person or organization of any "nuclear facility" included under the first two paragraphs of the definition of "nuclear facility."

**"Nuclear facility"** means:

- (a) any "nuclear reactor";
- (b) any equipment or device designed or used for (1) separating the isotopes of uranium or plutonium, (2) processing or utilizing "spent fuel," or (3) handling, processing or packaging "waste";
- (c) any equipment or device used for the processing, fabricating or alloying of "special nuclear material" if at any time the total amount of such material in the custody of the "Insured" at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;
- (d) any structure, basin, excavation, premises or place prepared or used for the storage or disposal of "waste";

and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations.

**"Nuclear reactor"** means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material.

**"Property damage"** includes all forms of radioactive contamination of property.

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

**EXCLUSION - ASBESTOS**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART  
PRODUCTS AND COMPLETED OPERATIONS COVERAGE PART  
OWNER AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART  
RAILROAD PROTECTIVE LIABILITY COVERAGE PART  
LIQUOR LIABILITY COVERAGE PART  
POLLUTION LIABILITY COVERAGE PART  
FARM COVERAGE PART

This insurance does not apply to "bodily injury," "property damage," or "personal and advertising injury" arising out of or related in any way to asbestos, asbestos-containing materials, or asbestos-containing products.

We shall not have the duty to defend any such claim or "suit."



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

**U.S. DEPARTMENT OF LABOR -  
ERISA PLAN COVERAGE AMENDMENTS**

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME COVERAGE FORM  
COMMERCIAL CRIME POLICY  
EMPLOYEE THEFT AND FORGERY POLICY

With regard to coverage provided for "employee benefit plans", the provisions of the Coverage Form or Policy to which this endorsement is attached apply, unless modified by this endorsement.

**A. Under Section D. Exclusions:**

**1. In Section D.1.:**

- a. The Acts Committed By You, Your Partners Or Your Members** Exclusion is replaced by the following:

**Acts Committed By You, Your Partners Or Your Members**

Loss resulting from "theft" or any other dishonest or fraudulent act committed by:

- (1) You; or
- (2) Any of your partners or "members";

whether acting alone or in collusion with other persons, except while handling "money", "securities" or "other property" of an "employee benefit plan".

- b. The Confidential Or Personal Information** Exclusion is replaced by the following:

**Confidential Or Personal Information**

Loss resulting from:

- (1) The disclosure or use of another person's or organization's confidential or personal information, except as provided in Paragraph (2).

- (2) The disclosure of your or an "employee benefit plan" participant's confidential or personal information. However, this Paragraph (2) does not apply to loss otherwise covered under Insuring Agreement A.1. that results directly from the use of your or an "employee benefit plan" participant's confidential or personal information.

For the purposes of this exclusion, confidential or personal information includes, but is not limited to, patents, trade secrets, processing methods, customer lists, financial information, credit card information, health information, retirement or health savings account information or any other type of nonpublic information.

**2. In Section D.2.:**

- a. The Trading** Exclusion is deleted.
- b. The Warehouse Receipts** Exclusion is deleted.

- B. Paragraph (2) of the Employee Benefit Plans** Condition is replaced by the following:

- (2) With respect to loss sustained or "discovered" by any such Plan, Insuring Agreement **A.1.** is replaced by the following:

We will pay for loss of or damage to "money", "securities" and "other property" resulting directly from fraudulent or dishonest acts committed by an "employee" whether identified or not, sole proprietor, partner or "member" acting alone or in collusion with other persons while such "employee", sole proprietor, partner or "member" is handling "money", "securities" or "other property" of an "employee benefit plan".

- C. Paragraph **a.** of the definition of "occurrence" is replaced by the following:

- a. Under Insuring Agreement **A.1.:**

- (1) An individual act;
- (2) The combined total of all separate acts whether or not related; or
- (3) A series of acts whether or not related;

committed by an "employee", sole proprietor, partner or "member" acting alone or in collusion with other persons, during the Policy Period shown in the Declarations, before such Policy Period or both.



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

**INCLUDE VOLUNTEER WORKERS AS EMPLOYEES**

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME COVERAGE FORM  
COMMERCIAL CRIME POLICY  
EMPLOYEE THEFT AND FORGERY POLICY  
GOVERNMENT CRIME COVERAGE FORM  
GOVERNMENT CRIME POLICY  
GOVERNMENT EMPLOYEE THEFT AND FORGERY POLICY

The definition of "employee" is amended to include any noncompensated natural person:

1. other than one who is a fund solicitor, while performing services for you that are usual to the duties of an "employee"; or
2. while acting as a fund solicitor during fund raising campaigns.

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## COMMERCIAL INLAND MARINE CONDITIONS

The following conditions apply in addition to the Common Policy Conditions and applicable Additional Conditions in **Commercial Inland Marine Coverage Forms**:

### Loss Conditions

#### A. Abandonment

There can be no abandonment of any property to us.

#### B. 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:

1. pay its chosen appraiser; and
2. 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.

#### C. Duties in the Event of Loss

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. You will not, except at your own cost, voluntarily make a payment, assume any obligation, or incur any expense without our consent.
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. 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.
8. Send us a signed, sworn proof of loss containing the information we request to settle the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.

9. Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or suit.
10. Cooperate with us in the investigation or settlement of the claim.

#### **D. 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.

#### **E. Loss Payment**

1. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.
2. We will not pay you more than your financial interest in the Covered Property.
3. 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 claim against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.
4. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
5. 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 the terms of this Coverage Part and:
  - a. we have reached agreement with you on the amount of the loss; or
  - b. an appraisal award has been made.
6. We will not be liable for any part of a loss that has been paid or made good by others.

#### **F. 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.

#### **G. Pair, Sets or Parts**

##### **1. Pair or Set**

In case of loss or damage to any part of a pair or set we may:

- a. repair or replace any part to restore the pair or set to its value before the loss or damage; or
- b. pay the difference between the value of the pair or set before and after the loss or damage.

##### **2. Parts**

In case of loss or damage to any part of Covered Property consisting of several parts when complete, we will only pay for the value of the lost or damaged part.

#### **H. 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.

#### **I. Reinstatement of Limit After Loss**

The Limit of Insurance will not be reduced by the payment of any claim, except for total loss or damage of a scheduled item, in which event we will refund the unearned premium on that item.

## **J. 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.
2. After a loss to your Covered Property only if, at time of loss, that party is one of the following:
  - a. someone insured by this insurance; or
  - b. a business firm:
    - (1) owned or controlled by you; or
    - (2) that owns or controls you.

This will not restrict your insurance.

## **General Conditions**

### **A. Concealment, Misrepresentation or Fraud**

This Coverage Part is void in any case of fraud, intentional concealment or misrepresentation of a material fact, by you or any other insured, at any time, 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. 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 the terms of this Coverage Part; and
2. the action is brought within 2 years after you first have knowledge of the direct loss or damage.

### **D. No Benefit to Bailee**

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

### **E. Policy Period, Coverage Territory**

We cover loss or damage commencing:

1. during the policy period shown in the Declarations; and
2. within the coverage territory.

### **F. Valuation**

The value of property will be the least of the following amounts:

1. the actual cash value of that property;
2. the cost of reasonably restoring that property to its condition immediately before loss or damage; or
3. the cost of replacing that property with substantially identical property.

In the event of loss or damage, the value of property will be determined as of the time of loss or damage.

## ACCOUNTS RECEIVABLE 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 **E - Definitions**.

### A. Coverage

#### 1. 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 the loss or damage; and
- d. other reasonable expenses that you incur to reestablish your records of accounts receivable;

that result from Covered Causes of Loss to your records of accounts receivable.

#### 2. Property Not Covered

Coverage does not apply to:

- a. records of accounts receivable in storage away from the "premises" shown in the Declarations; or
- b. contraband, or property in the course of illegal transportation or trade.

### 3. Covered Causes of Loss

Covered Causes of Loss means Direct Physical Loss or Damage to your records of accounts receivable except those causes of loss listed in the exclusions.

### 4. Additional Coverage - Collapse

The coverage provided under this Additional Coverage - Collapse applies only to an abrupt collapse as described and limited in paragraphs **a.** through **c.**

- a. 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.
- b. 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 contains Covered Property insured under this Coverage Form, if such collapse is caused by one or more of the following:
  - (1) building decay that is hidden from view, unless the presence of such decay is known to an insured prior to collapse;
  - (2) insect or vermin damage that is hidden from view, unless the presence of such damage is known to an insured prior to collapse;
  - (3) 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;
  - (4) 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:

- (a) a cause of loss listed in paragraph (1) or (2);
- (b) one or more of the following causes of loss: fire; lightning; windstorm; hail; explosion; smoke; aircraft; vehicles; riot; civil commotion; vandalism; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; breakage of building glass; falling objects; weight of snow, ice or sleet; water damage; earthquake; all only as insured against in this Coverage Form;
- (c) weight of people or personal property; or
- (d) weight of rain that collects on a roof.

c. This Additional Coverage - Collapse will not increase the Limits of Insurance provided in this Coverage Form.

## 5. Coverage Extension

### Removal

If you give us written notice within 10 days of removal of your records of accounts receivable because of imminent danger of loss or damage, we will pay for loss or damage while they are:

- a. at a safe place away from your "premises"; or
- b. being taken to and returned from that place.

This Coverage Extension is included within the Limit of Insurance applicable to the "premises" from which the records of accounts receivable are removed.

## 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. 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 Form.

### b. 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 direct loss or damage caused by that fire if the fire would be covered under this Coverage Form.

### c. 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.

Exclusions B.1.a. through B.1.c. 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. Delay, loss of use, loss of market or any other consequential loss.
- b. Dishonest or criminal act (including theft) committed by:
  - (1) you, any of your partners, employees (including temporary employees and leased workers), officers, directors, trustees, or authorized representatives;
  - (2) a manager or a member if you are a limited liability company; or
  - (3) anyone else with an interest in the property, or their employees (including temporary employees and leased workers) or authorized representatives;

whether acting alone or in collusion with each other or with any other party.

This exclusion applies whether or not an act occurs during your normal hours of operation.

This exclusion 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.

- c. Alteration, falsification, concealment or destruction of records of accounts receivable done to conceal the wrongful giving, taking or withholding of money, securities or other property.

This exclusion applies only to the extent of the wrongful giving, taking or withholding.

- d. Bookkeeping, accounting or billing errors or omissions.

e. Electrical or magnetic injury, disturbance or erasure of electronic recordings that is caused by or results from:

- (1) programming errors or faulty machine instructions;
- (2) faulty installation or maintenance of data processing equipment or component parts;
- (3) an occurrence that took place more than 100 feet from your "premises"; or
- (4) interruption of electrical power supply, power surge, blackout or brownout if the cause of such occurrence took place more than 100 feet from your "premises."

But we will pay for direct loss or damage caused by lightning.

- f. Voluntary parting with any property by you or anyone entrusted with the property if induced to do so by any fraudulent scheme, trick, device or false pretense.
- g. Unauthorized instructions to transfer property to any person or to any place.
- h. Neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time of loss.
- i. Theft by any person (except carriers for hire) to whom you entrust the property for any purpose, whether acting alone or in collusion with any other party.

This exclusion applies whether or not an act occurs during your normal hours of operation.

- 3. We will not pay for loss or damage that requires any audit of records or any inventory computation to prove its factual existence.

4. We will not pay for loss or damage caused by or resulting from any of the following. But if loss or damage by a Covered Cause of Loss results, 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 wherever located.

d. 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, shrinking or expansion as such condition relates to paragraph (1) or (2).

This Exclusion, d., does not apply to the extent that coverage is provided under the Additional Coverage - Collapse or to collapse caused by one or

more of the following: fire; lightning; windstorm; hail; explosion; smoke; aircraft; vehicles; riot; civil commotion; vandalism; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; breakage of building glass; falling objects; weight of snow, ice or sleet; water damage; earthquake; weight of people or personal property; weight of rain that collects on a roof.

### 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.

### D. Additional Conditions

#### 1. Determination of Receivables

General Condition F. **Valuation** in the Commercial Inland Marine Conditions is replaced by the following:

a. If you cannot accurately establish the amount of accounts receivable outstanding as of the time of loss or damage, the following method will be used:

(1) determine the total of the average monthly amounts of accounts receivable for the 12 months immediately preceding the month in which the loss or damage occurs; and

(2) adjust that total for any normal fluctuations in the amount of accounts receivable for the month in which the loss or damage occurred or for any demonstrated variance from the average for that month.

b. The following will be deducted from the total amount of accounts receivable, however that amount is established:

(1) the amount of the accounts for which there is no loss or damage;

- (2) the amount of the accounts that you are able to reestablish or collect;
- (3) an amount to allow for probable bad debts that you are normally unable to collect; and
- (4) all unearned interest and service charges.

## 2. Recoveries

The following is added to Loss Condition **H. Recovered Property** in the Commercial Inland Marine Conditions:

You will pay us the amount of all recoveries you receive for loss or damage paid by us. But any recoveries in excess of the amount we have paid belong to you.

- 3. The following conditions apply in addition to the Commercial Inland Marine Conditions and the Common Policy Conditions:

### a. Coverage Territory

We cover records of accounts receivable:

- (1) within your "premises"; and
- (2) away from your "premises" while in transit or within premises of others if those premises are located or the transit is within:
  - (a) the United States of America (including its territories and possessions);
  - (b) Puerto Rico; and
  - (c) Canada.

### b. Coinsurance

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

We will not pay the full amount of any loss if the value of all accounts receivable, except those in transit, at the time of loss times the Coinsurance percentage shown for it in the Declarations is greater than the Limit of Insurance for Coverage Applicable At All Locations.

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

- (1) multiply the value of all accounts receivable, except those in transit, at the time of loss by the Coinsurance percentage;
- (2) divide the Limit of Insurance for Coverage Applicable At All Locations by the figure determined in Step (1); and
- (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.

This condition will not apply to records of accounts receivable in transit, interest charges, excess collection expenses or expenses to reestablish your records of accounts receivable.

### c. Protection of Records

Whenever you are not open for business, and except while you are actually using the records, you must keep all records of accounts receivable in receptacles that are described in the Declarations.

## E. Definitions

**"Premises"** means that interior portion of the building at the address shown in the Declarations that you occupy for your business.

## BUSINESS ELECTRONIC SYSTEMS AND TELECOMMUNICATIONS FORMS

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

We will pay for "loss" to Covered Property from any of the Covered Causes of Loss.

#### 1. Covered Property, as used in this Coverage Form, means:

**a. Electronic Equipment** - meaning your Electronic Data Processing, Information Technology Hardware, and Telecommunications Equipment, including their component parts;

#### b. Data, Programs and Media

(1) Data is information which has been converted to a form usable in Data Processing Equipment. Data includes Computer Programs and Instructions;

(2) Media is the material on which Data is recorded; for example, magnetic disks and tapes.

**c. Property of Others** - similar property of others in your care, custody or control, and for which you are legally responsible.

#### 2. Property Not Covered

Covered Property does not include:

**a.** Property you loan, rent or lease to others while it is away from your premises;

**b.** Data or Media which cannot be replaced with other of the same kind or quality, unless it is specifically described and scheduled with a separate Limit of Insurance in the Declarations.

**c.** Satellites, microwave towers and dishes, earth stations, telephone switching stations or similar property.

**d.** Accounts, bills, currency, securities, evidence of debt, valuable papers, abstracts, records, deeds, manuscripts or other documents, unless converted to Data, and then only in that form.

**e.** Your stock in trade.

**f.** Contraband, or property in the course of illegal transportation or trade.

#### 3. Covered Causes of Loss

Covered Causes of Loss means Risks Of Direct Physical "Loss" to Covered Property except those causes of "loss" listed in the Exclusions.

#### 4. Additional Coverages

##### a. Extra Expense

(1) We will pay the actual and necessary Extra Expense you sustain from a Covered Cause of Loss, due to direct physical loss of or damage to:

(a) Covered Property at your premises or in transit, within the Coverage Territory;

(b) the building in which the Covered Property is located, provided the building is damaged to an extent which prevents access to the Covered Property;

(c) the air conditioning, voltage regulator, line conditioner or uninterruptable power supply systems that specifically service your data processing operation;

(d) the electrical or telecommunication system that specifically services your data processing operation, provided the damage to the system occurs inside, or within 100 feet of, the building housing your data processing operation.

(e) a building adjacent to a scheduled location, when access to the scheduled location is prohibited by civil authority. Coverage is limited to no more than two (2) weeks.

(2) **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:

(a) To avoid or minimize the suspension of business and to continue "operations":

(i) at the described premises; or

(ii) at replacement premises or at temporary locations, including:

Relocation expenses; and

Costs to equip and operate the replacement or temporary locations.

(b) To minimize the suspension of business if you cannot continue "operations"; or

(c) (i) to repair or replace any property; or

(ii) to research, replace or restore the lost information on damaged valuable papers and records;

but only to the extent it reduces the amount of loss that otherwise would have been payable under this Additional Coverage.

(3) The most we will pay for "loss" in any one occurrence under this Additional Coverage is the applicable Extra Expense Limit of Insurance shown in the Declarations.

##### (b) Newly Acquired Electronic Equipment

We will pay for "loss" to Newly Acquired Electronic Equipment at each location scheduled in the Declarations, provided the value of the equipment is reported to us within 60 days from the time you acquired it. If it is not reported within that time, or if the policy period ends within that time, coverage will cease. We will compute the additional premium due from the date you acquire the equipment.

The most we will pay for "loss" in any one occurrence under this Additional Coverage is 25% of the highest Limit of Insurance for any location shown in the Declarations, for coverage **A.1.a. Electronic Equipment**, up to a maximum of \$250,000.

**c. Newly Acquired Locations**

We will pay for "loss" to Covered Property at any new location which you acquire, provided the new location is reported to us within 60 days from the time you acquired it. If it is not reported within that time, or if the policy period ends within that time, coverage will cease. We will compute any change in your premium from the date you occupy the new location.

The most we will pay for "loss" in any one occurrence under this Additional Coverage is the In Transit/Any Other Location Limit shown in the Declarations.

**d. Temporary Locations**

We will pay for "loss" to Covered Property while at temporary locations but only for the first 60 days that the property is located there, and not beyond the end of the policy period.

The most we will pay in any one occurrence under this Additional Coverage is the In Transit/Any Other Location Limit shown in the Declarations.

**e. Debris Removal**

We will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss.

The most we will pay for "loss" at each location under this Additional Coverage is 25% of the sum of the applicable location limits for Electronic Equipment and Data, Programs, Media Coverages up to a maximum of \$100,000.

This Additional Coverage doesn't apply to the cost to:

- (1) extract "pollutants" from land or water; or
- (2) remove, restore or replace polluted land or water.

**f. Pollutant Clean Up and Removal**

We will pay your necessary expense to extract "pollutants" from land or water at the premises described in the Declarations, if the release, discharge or dispersal of the "pollutants" results from a Covered Cause of Loss to Covered Property that occurs during the policy period. Your expenses will be paid only if they are reported to us within 180 days of the earlier of:

- (1) the date of the direct physical loss or damage; or
- (2) the end of the policy period.

The most we will pay for each location under this Additional Coverage is 10% of the sum of the applicable location limits for Electronic Equipment and Data, Programs, Media Coverages, up to a maximum of \$10,000, for the sum of all such expenses for each separate 12 month policy period.

No deductible applies to this Additional Coverage.

**g. Cost of Preparing a Statement of Loss**

We will pay the cost of preparing a statement of loss or any other exhibits required in connection with any claim under this Coverage Form.

The most we will pay for the cost of preparing a statement of loss or other exhibits under this Additional Coverage is \$1,000.

This Additional Coverage does not include public adjuster's fees.

#### **h. Duplicate Data**

We will pay for your "loss" of duplicate data stored at locations not scheduled on the Declarations. The most we will pay for "loss" under this Additional Coverage in any one occurrence is 25% of the highest Data, Programs, Media location limit up to a maximum of \$100,000.

#### **i. Protective Equipment**

We will pay your necessary expenses to:

- (1) Repair or replace (in excess of any amount covered by other insurance);
- (2) Recharge:

Your fire protection equipment that is used exclusively to protect the Covered Property.

We will pay if the damage or discharge is the result of a response to a fire, a false alarm, or another Covered Cause of Loss. But, we won't pay for discharge which occurs during installation, repair or recharge. Nor will we pay for gradual leakage from the system.

The most we will pay under this Additional Coverage in any one occurrence is \$25,000.

These Additional Coverages have separate Limits of Insurance.

### **B. EXCLUSIONS**

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

#### **a. Governmental Action**

Seizure or destruction of property by order of governmental authority.

But we will pay for 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 Form.

#### **b. Nuclear Hazard**

- (1) Any weapon employing atomic fission or fusion; or
- (2) Nuclear reaction or radiation, or radioactive contamination from any other cause. But we will pay for direct "loss" caused by resulting fire if the fire would be covered under this Coverage Form.

#### **c. 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.

#### **d. Earth Movement**

- (1) Any earth movement such as earthquake, landslide, or earth sinking, rising or shifting. But if loss or damage by fire, theft, or explosion results, we will pay for that resulting "loss."
- (2) Volcanic eruption, explosion or effusion. But if "loss" by fire or volcanic action results, we will pay for that resulting "loss."



Volcanic action means direct "loss" resulting from the eruption of a volcano when the "loss" is caused by:

- (a) airborne volcanic blast or airborne shock waves;
- (b) ash, dust or particulate matter; or
- (c) lava flow.

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" to the described property.

**e. Water**

- (1) Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not;
- (2) Mudslide or mudflow;
- (3) Water that backs up from a sewer or drain; or
- (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.

But if "loss" by fire, explosion, theft or sprinkler leakage results, we will pay for that resulting "loss."

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

- a. Dishonest acts by you, your partners, officers or trustees, or your or their agents, or others to whom Covered Property is entrusted;

This exclusion will not apply to acts of destruction by an employee of yours; nor will it apply to bailees for hire (for example, truckers or warehousemen). But we will not pay for theft by your employees.

- b. Delay, loss of market or loss of income;
- c. The enforcement of any law which regulates the construction, repair or demolition of buildings or other structures;
- d. Any change in, or interruption of:

(1) power supply; or

(2) telecommunications service

if the change originates more than 100 feet away from the premises containing the Covered Property (equipment). But, if a loss or damage by fire, explosion or theft results, we will pay for that resulting "loss."

- e. Programming errors or incorrect machine instructions. This does not include loss or damage by computer virus or other malicious software.

In addition to the above, we will not pay for any Extra Expense you incur due to:

- f. Interference by strikers or other persons with repairs to damaged property, or with resumption of normal business "operations";
- g. Mechanical or machinery breakdown of any property not named in the Extra Expense Additional Coverage;

- h. The suspension, lapse or cancellation of any lease, license or contract beyond the "period of restoration";
  - i. Any other consequential "loss."
3. We will not pay for a "loss" caused by or resulting from any of the following. But if "loss" by a Covered Cause of Loss results, we will pay for that resulting "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."
- b. Faulty, inadequate or defective workmanship, repair, material used in repair, upgrading or remodeling of Covered Property.
- c. Wear and tear, gradual deterioration or obsolescence.

**C. LIMITS OF INSURANCE**

Except for the Additional Coverages **b,e,f,g,h** and **i**, the most we will pay for "loss" in any one occurrence is the applicable Limit of Insurance shown in the Declarations. The Limits of Insurance for Additional Coverages **b,e,f,g,h** and **i**, are stated in those Additional Coverages.

**D. DEDUCTIBLE**

We will pay only the amount of the adjusted "loss" in excess of the applicable Deductible shown in the Declarations, up to the applicable Limit of Insurance.

- 1. The **Breakdown** Deductible applies to losses resulting from:
  - a. Mechanical breakdown, (for example, head crash) of the Covered Property;
  - b. Short circuit, blow-out or other electric or magnetic disturbance, other than lightning, within electrical equipment, apparatus or devices;

- c. Any repairing, servicing or processing operation;
  - d. Damage to Data or Media when Electronic Equipment breaks down or malfunctions while Data or Media is being run through the system.
2. The All Other "Loss" Deductible applies to all other losses under this Coverage Form.

**E. ADDITIONAL CONDITIONS**

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

**1. Coverage Territory**

We cover Covered Property in transit to, or from, and at:

- a. Locations shown in the Declarations;
- b. Newly acquired locations and temporary locations as provided in the Additional Coverages for Newly Acquired Locations and Temporary Locations;

all while in:

- c. The United States of America;
- d. Canada;

but we do not cover property in transit by watercraft to or from Alaska or Hawaii.

**2. Valuation**

The Valuation General Condition is replaced by the following:

**a. Electronic Equipment**

We will adjust a "loss" to Electronic Equipment on the basis of "replacement cost." The most we will pay is the lesser of:

- (1) the amount necessary to repair the equipment; or
- (2) the amount necessary to replace the equipment with:

- (a) equipment of the same kind and quality; or
- (b) if Equipment cannot be replaced by Equipment of the same kind and quality, new Equipment capable of performing the same functions.

(3) The applicable Limit of Insurance.

**b. Data**

Data (including Programs) will be valued at the actual cost of replacing the Data. If it is not replaced or reproduced, we will pay the cost of the blank Media.

**c. Media**

The value of the Media will be the cost to replace the Media with material of the same kind or quality.

**3. Our Options**

If we notify you in writing within thirty (30) days after we receive your signed, sworn statement of loss, we may take **all** or part of the damaged Covered Property at a value that we will agree upon with you. If we choose, we may also repair the damaged Covered Property, or replace it with similar property.

**F. DEFINITIONS**

1. **"Loss"** means accidental loss or damage.

2. **"Operations"** means your business activities occurring at the described premises.

3. **"Period of Restoration"** means the period of time that:

- a. begins with the date of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the described premises; and

- b. ends on the date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality.

**"Period of Restoration"** does not include any increased period required due to the enforcement of any law that regulates the construction, use or repair, or requires the tearing down, of any property.

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 material to be recycled, reconditioned or reclaimed.

5. **"Replacement Cost"** means the cost to repair or replace the covered property damaged or lost without deduction for depreciation. But, if you choose not to repair or replace the item, we will pay only the actual cash value of the item, or its repair, with proper deduction for depreciation.

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

## **COMMERCIAL FINE ARTS 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**

We will pay for direct physical "loss" to Covered Property from any of the Covered Causes of Loss.

**1. Covered Property**, as used in this Coverage Form, means:

- a.** your fine arts; and
- b.** fine arts of others that are in your care, custody or control;

described in the Declarations.

**2. Property Not Covered**

Covered Property does not include:

- a.** property while on exhibition at fair grounds or on the premises of any national or international exposition; or
- b.** contraband, or property in the course of illegal transportation or trade; or
- c.** land, water, grading or fill.

**3. Covered Causes Of Loss**

Covered Causes of Loss means risks of direct physical "loss" to Covered Property except those causes of "loss" listed in the Exclusions.

### **4. Additional Coverages**

The Additional Condition **Coinsurance** does not apply to Additional Coverages. The limits for Additional Coverages are separate from the limits shown in the Declarations.

**a. Newly Acquired Property**

- 1.** We will cover other objects of art that you acquire during the policy period, but not beyond the earlier of:

- (a)** 60 days; or
- (b)** the end of the policy period; or
- (c)** cancellation of this Coverage Form.

- 2.** The most we will pay in a "loss" for newly acquired property is the lesser of:

- (a)** 25% of the scheduled property total Limit of Insurance shown in the Declarations; or
- (b)** \$50,000.

- 3.** You will report such property within 60 days from the date acquired and pay any additional pre-

mium that is due. If you do not report that property to us within the 60 day period, coverage does not apply to such unreported property.

#### **b. Debris Removal**

We will pay your actual and necessary expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss. The most we will pay for debris removal expense is 25% of the amount we pay for direct physical "loss" to Covered Property up to a maximum of \$10,000.

This Additional Coverage does not apply to the cost to:

- (1) extract "pollutants" from land or water; or
- (2) remove, restore or replace polluted land or water.

### **B. Exclusions**

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

#### **a. Governmental Action**

Seizure or destruction of property by order of governmental authority.

But we will pay for "loss" 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 Form.

#### **b. Nuclear Hazard**

- (1) Any weapon employing atomic fission or fusion; or
- (2) Nuclear reaction or radiation, or radioactive contamination from any other cause. But if nuclear reaction or radiation or radioac-

tive contamination results in a fire we will pay for direct loss or damage caused by fire.

#### **c. 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.

#### **d. Earth Movement**

- (1) Any earth movement such as an earthquake, landslide or mine subsidence, earth sinking, rising or shifting, expanding or contracting. But if loss or damage by fire, theft, or explosion results, we will pay for that resulting "loss."
- (2) Volcanic Eruption, explosion or effusion. But if "loss" by fire or volcanic action results, we will pay for that resulting "loss."

Volcanic action means direct "loss" resulting from the eruption of a volcano when the "loss" is caused by:

- (a) airborne volcanic blast or airborne shock waves;
- (b) ash, dust or particulate matter; or
- (c) lava flow.

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" to the described property.

**e. Water**

- (1) Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not;
- (2) Mudslide or mudflow;
- (3) Water that backs up or overflows from a sump, sewer or drain; or
- (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.

But if water, as described above, results in a fire, explosion, theft or sprinkler leakage, we will pay for that resulting "loss" caused by fire, explosion, theft or sprinkler leakage, if such cause of "loss" would be covered by this policy.

- 2. We will not pay for a "loss" caused by or resulting from any of the following:
  - a. Delay, loss of use, loss of market or any other consequential loss.
  - b. Dishonest acts by:
    - (1) you, your employees (including leased employees), partners, members, trustees, officers or authorized representatives; or
    - (2) anyone else with an interest in the property, or their employees or authorized representatives; or

- (3) anyone else (other than a carrier for hire or public warehouseman) to whom you entrust the property.

This exclusion applies whether or not such persons are acting alone or in collusion with other persons or such acts occur during the hours of employment. This exclusion does not apply to acts of destruction by your employees (including leased employees), but theft by such employees is not covered.

- c. Any repairing, restoration or retouching of the Covered Property;
- d. Unexplained "loss," mysterious disappearance or shortage found upon taking inventory;
- e. Rain, sleet, snow, hail, ice or dust to property in the open (not in a fully enclosed building). This exclusion does not apply to property in the custody of carriers for hire;
- f. Inadequate packing of Covered Property for transportation.

- 3. We will not pay for a "loss" caused by or resulting from any of the following. But if "loss" by a Covered Cause of Loss results, we will pay for that resulting "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."
  - b. Gradual deterioration, hidden or latent defects, any quality in the property that causes it to damage or destroy itself, wear and tear, depreciation, corrosion, rust, dampness or dryness, cold or heat, "fungus," rot or bacteria, insects, vermin or rodents.

**C. Limits of Insurance**

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

## D. Deductible

We will pay the amount of the adjusted "loss" in excess of the Deductible, up to the applicable Limit of Insurance.

## E. Additional Conditions

The following Conditions apply in addition to the Commercial Inland Marine Conditions and Common Policy Conditions.

### 1. Valuation

General Condition **F. Valuation** in the **Commercial Inland Marine Conditions** is replaced by the following:

- a. The agreed value of each item of property that is individually listed and described in the Declarations is the applicable Limit of Insurance shown in the Declarations for that item. In the event of total loss we will pay the applicable Limit of Insurance (less deductible) for that item.
- b. The value of all other Covered Property, including newly acquired property, will be the least of the following amounts:
  - (1) the acquisition cost of that property;
  - (2) the market value of that property;
  - (3) the amount for which you are liable, if it is the property of another;
  - (4) the cost of reasonably restoring that property to its condition immediately before "loss" plus any remaining diminution in value caused by the loss or damage; or
  - (5) the cost of replacing that property with substantially identical property.

In the event of "loss," the value of property will be determined as of the time of "loss."

## 2. Coverage Territory

We cover property located within:

- (a) the states of the United States of America;
- (b) the District of Columbia;
- (c) Canada.

## 3. Coinsurance

All items that are covered but not individually listed and described in the Declarations must be insured for their total value as of the time of "loss" or you will incur a penalty.

The penalty is that we will pay only the proportion of any "loss" to these items that the Limit of Insurance shown in the Declarations for them bears to their total value as of the time of "loss."

## 4. Packing and Unpacking

Covered Property will be packed and unpacked by competent packers. We will not pay for "loss" to Covered Property due to improper or inadequate packing.

## 5. Protective Safeguards

The policy was issued relying upon your representation that certain protective safeguards exist.

It is a requirement that the protective safeguards that were represented to exist at the time coverage attached must be maintained during the term of this policy.

Failure to do so will result in suspension of certain coverage during the period that such safeguards are not available or not functioning.

Specifically, an automatic sprinkler system that is turned off or impaired will suspend coverage for "loss" due to fire and smoke; a burglar/theft alarm system that is not functioning adequately or deactivated will suspend coverage for loss due to theft or vandalism. If security guards/attendants/watchmen were represented to be present and are not at the time of "loss," coverage for theft and vandalism will be

suspended. Coverage is reinstated automatically when the protective safeguard is restored.

## 6. Pair or Sets

Loss Condition **G. Pair, Sets or Parts** in the **Commercial Inland Marine Conditions** is replaced by the following:

- (1) In case of total "loss" of any items that are part of a pair or set that is individually listed and described in the Declarations, we will pay the full Limit of Insurance shown in the Declarations for that pair or set. You will surrender to us the remaining items of the pair or set.
- (2) In case of "loss" to any part of a pair or set that is not individually listed and described in the Declarations, we may:
  - (a) repair or replace any part to restore the pair or set to its value before the "loss"; or

- (b) pay the difference between the value of the pair or set before and after the "loss."

## 7. Salvage

Upon payment of a total "loss" to an item of Covered Property, we are entitled to any salvage recovery.

## F. Definitions

**"Loss"** means accidental loss or damage.

**"Fungus"** means any type or form of fungus, including mold, mildew, yeast, or mushroom and any toxin, mycotoxin, spore, scent, waste product, or by-product produced or released by any fungus or metabolism, growth, death or decay of any fungus.

**"Pollutant"** 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.



## EQUIPMENT BREAKDOWN 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 **G. - Definitions**. Examples are shown for illustrative purposes only and do not represent predicted or expected outcomes.

### A. Coverage

This Equipment Breakdown Coverage provides insurance for a Covered Cause of Loss as defined in **A.1.** below. In the event of a Covered Cause of Loss, we will pay for loss as described in **A.2.** below.

#### 1. Covered Cause of Loss - "Accident" and "Electronic Circuitry Impairment"

The Covered Cause of Loss for this Equipment Breakdown Coverage is an "accident" or "electronic circuitry impairment." Without an "accident" or "electronic circuitry impairment", there is no Equipment Breakdown Coverage.

#### 2. Coverages Provided

This section lists the coverages that may apply in the event of a Covered Cause of Loss. Each coverage is subject to a specific limit as shown in the Declarations. See paragraph **C.2.** for details.

These coverages apply only to the direct result of a Covered Cause of Loss. For each coverage, we will pay only for that portion of the loss, damage or expense that is solely attributable to the Covered Cause of Loss.

##### a. Property Damage

We will pay for physical damage to "covered property" that is at a location indicated in the Declarations at the time of the Covered Cause of Loss. We will consider "electronic circuitry impairment" to be physical damage to "covered equipment".

### b. Off Premises Equipment Breakdown

- (1) We will pay for physical damage to transportable "covered equipment" that, at the time of the Covered Cause of Loss, is not at a location indicated in the Declarations.
- (2) We will also pay for your loss and expense as defined under Business Income coverage and Extra Expense coverage that is the result of **b.(1)** above, if such coverage is otherwise applicable under this Policy. This coverage is included within and subject to your Off Premises Equipment Breakdown limit.
- (3) We will also pay for your loss and expense as defined under Data Restoration coverage that is the result of **b.(1)** above, if such coverage is otherwise applicable under this Policy. This coverage is included within and subject to your Off Premises Equipment Breakdown limit.

### c. Business Income

- (1) We will pay your actual loss of "business income" during the "period of restoration" that results directly from the necessary total or partial interruption of your business.
- (2) We will also pay any necessary expenses you incur during the "period of restoration" to reduce

the amount of loss under this coverage. We will pay for such expenses to the extent that they do not exceed the amount of loss that otherwise would have been payable under this coverage.

- (3) We will consider the actual experience of your business before the Covered Cause of Loss and the probable experience you would have had without the Covered Cause of Loss in determining the amount of our payment.

#### **d. Extra Expense**

We will pay the reasonable and necessary "extra expense" to operate your business during the "period of restoration."

#### **e. Service Interruption**

We will pay for your loss and expense as defined under Business Income coverage and Extra Expense coverage that is the result of an "interruption of service."

#### **f. Contingent Business Income**

We will pay for your loss and expense as defined under Business Income and Extra Expense coverages that results from an:

- (1) "Interruption of supply"; or
- (2) "Accident" at an "anchor location" that has been open for business for at least six months prior to the "accident" and is located within one mile of your scheduled location.

#### **g. Perishable Goods**

- (1) We will pay for physical damage to "perishable goods" due to "spoilage."
- (2) We will also pay for physical damage to "perishable goods" due to "spoilage" that is the result of an "interruption of service."

- (3) We will also pay for physical damage to "perishable goods" due to contamination from the release of refrigerant, including but not limited to ammonia.

- (4) We will also pay any necessary expenses you incur during the "period of restoration" to reduce the amount of loss under this coverage. We will pay for such expenses to the extent that they do not exceed the amount of loss that otherwise would have been payable under this Perishable Goods coverage.

#### **h. Data Restoration**

- (1) We will pay for your reasonable and necessary cost to research, replace or restore lost "data."
- (2) We will pay for your reasonable and necessary cost to research, replace or restore "data" that is lost as the result of an "interruption of service."
- (3) Coverage under **h.(2)** above applies to "data" stored in "covered equipment."
- (4) Coverage under **h.(2)** above also applies to "data" stored in the equipment of a "cloud computing services" provider with whom you have a contract.
- (5) We will also pay for your loss and expense as defined under Business Income coverage and Extra Expense coverage that is the result of **h.(1)** and **h.(2)** above, if such coverage is otherwise applicable under this Policy. This coverage is included within and subject to your Data Restoration limit.

## **i. Demolition**

- (1)** This coverage applies if a Covered Cause of Loss damages a building that is "covered property" and the loss is increased by an ordinance or law that:
  - (a)** requires the demolition of a building that is otherwise reparable;
  - (b)** is in force at the time of the Covered Cause of Loss; and
  - (c)** is not addressed under Hazardous Substances coverage or Mold coverage.
- (2)** We will pay for the following additional costs to comply with such ordinance or law:
  - (a)** your actual and necessary cost to demolish and clear the site of the undamaged parts of the building; and
  - (b)** your actual and necessary cost to reconstruct the undamaged parts of the building.
- (3)** As used in this coverage, additional costs mean those beyond what would have been payable under this Equipment Breakdown Coverage had no such ordinance or law been in force at the time of the Covered Cause of Loss.
- (4)** We will also pay for your loss and expense as defined under Business Income coverage and Extra Expense coverage that is the result of **i.(1)** above, if such coverage is otherwise applicable under this Policy. This coverage is included within and subject to your Demolition limit.

## **j. Ordinance or Law**

- (1)** This coverage applies if a Covered Cause of Loss damages a building that is "covered property" and the loss is increased by an ordinance or law that:
  - (a)** regulates the construction or repair of buildings, including "building utilities";
  - (b)** is in force at the time of the Covered Cause of Loss; and
  - (c)** is not addressed under Demolition coverage, Hazardous Substances coverage or Mold coverage.
- (2)** We will pay for the following additional costs to comply with such ordinance or law:
  - (a)** your actual and necessary cost to repair the damaged portions of the building;
  - (b)** your actual and necessary cost to reconstruct the damaged portions of the building; and
  - (c)** your actual and necessary cost to bring undamaged portions of the building into compliance with the ordinance or law.
- (3)** As used in this coverage, additional costs mean those beyond what would have been payable under this Equipment Breakdown Coverage had no such ordinance or law been in force at the time of the Covered Cause of Loss.
- (4)** We will also pay for your loss and expense as defined under Business Income coverage and Extra Expense coverage that is the result of **j.(1)** above, if such coverage is otherwise applicable under this Policy. This coverage is included within and subject to your Ordinance or Law limit.

#### **k. Expediting Expenses**

With respect to your damaged "covered property," we will pay the reasonable extra cost to:

- (1) make temporary repairs; and
- (2) expedite permanent repairs or permanent replacement.

#### **l. Hazardous Substances**

- (1) We will pay for the additional cost to repair or replace "covered property" because of contamination by a "hazardous substance." This includes the additional expenses to clean up or dispose of such property. This does not include contamination of "perishable goods" by refrigerant, including but not limited to ammonia, which is addressed in **Perishable Goods, A.2.g.(3)**.
- (2) As used in this coverage, additional costs mean those beyond what would have been payable under this Equipment Breakdown Coverage had no "hazardous substance" been involved.
- (3) We will also pay for your loss and expense as defined under Business Income coverage and Extra Expense coverage that is the result of **l.(1)** above, if such coverage is otherwise applicable under this Policy. This coverage is included within and subject to your Hazardous Substances limit.

#### **m. Newly Acquired Locations**

- (1) You will notify us promptly of any newly acquired location that you have purchased or leased during the Policy period.
- (2) All coverages applicable to any scheduled location under this Equipment Breakdown Coverage are extended to a newly acquired location that you have purchased or leased during the Policy period.

(3) This coverage begins at the time you acquire the property. As respects newly constructed properties, we will only consider them to be acquired by you when you have fully accepted the completed project.

(4) This coverage ends when any of the following first occurs:

- (a) this Policy expires;
- (b) the number of days specified in the Declarations for this coverage expires after you acquire the location;
- (c) the location is incorporated into the regular coverage of this Policy; or
- (d) the location is incorporated into the regular coverage of another Equipment Breakdown policy you have.

(5) If limits or deductibles vary by location, the highest limits and deductibles will apply to newly acquired locations. However, the most we will pay for loss, damage or expense arising from any "one equipment breakdown" is the amount shown as the Newly Acquired Locations limit in the Declarations.

(6) We will charge you additional premium for newly acquired locations from the date you acquire the property.

#### **n. Course of Construction**

This coverage is automatically included and does not need to be indicated in the Declarations.

- (1) You will notify us promptly of any expansion or rehabilitation of any location described in the Declarations.

- (2) All coverages applicable to any location described in the Declarations are extended to an expansion or rehabilitation of that location.
- (3) This coverage begins at the time you begin the expansion or rehabilitation project.
- (4) We will charge you additional premium for newly acquired equipment from the date the equipment is installed.

**o. Civil Authority**

We will pay for your loss and expense as defined under Business Income and Extra Expense coverages that results from a civil authority prohibiting access to a location described in the Declarations due solely to a Covered Cause of Loss that causes damage to property within one mile of such location, provided that such action is taken in response to dangerous physical conditions resulting from the Covered Cause of Loss, or to enable a civil authority to have unimpeded access to the damaged property.

**p. Green**

- (1) With respect to "covered property," we will pay for additional costs you incur:
  - (a) to repair damaged property using equipment, materials and service firms required or recommended by a "recognized environmental standards program," if repair is the least expensive option as described in Section **E. Loss Conditions, 10. Valuation**, paragraph **a.**;
  - (b) to replace damaged property using equipment, materials and service firms required or recommended by a "recognized environmental standards program," if replacement is the least expensive

option as described in Section **E. Loss Conditions, 10. Valuation**, paragraph **a.**;

- (c) to dispose of damaged property or equipment, if practicable, through a recycling process; and
- (d) to flush out reconstructed space with up to 100% outside air using new filtration media.

As used in this coverage, additional costs mean those beyond what would have been payable under this Equipment Breakdown Coverage in the absence of this Green coverage.

- (2) With respect to any building that is "covered property" which, at the time of the Covered Cause of Loss, was certified by a "recognized environmental standards program," we will pay for costs you incur:
  - (a) to prevent a lapse of such certification;
  - (b) to reinstate the certification or replace it with an equivalent certification;
  - (c) for an engineer authorized by a "recognized environmental standards program" to oversee the repair or replacement of the damaged "covered property"; and
  - (d) for a Professional Engineer to commission or re-commission your damaged mechanical, electrical, or electronic building systems.
- (3) We will also pay for your loss and expense as defined under Business Income coverage and Extra Expense coverage that is the result of **p.(1)** and **p.(2)** above, if such coverage is otherwise ap-

plicable under this Policy. This coverage is included within and subject to your Green limit.

(4) This Green coverage is subject to the following provisions:

(a) This coverage applies in addition to any coverage that may apply under Section E. **Loss Conditions, 10. Valuation**, paragraph d. **Environmental, Safety and Efficiency Improvements**, or any other applicable coverage.

(b) This coverage only applies to "covered property" that must be repaired or replaced as a direct result of a Covered Cause of Loss.

(c) This coverage does not apply to any property or equipment that is valued on an Actual Cash Value basis under this Policy.

#### q. Mold

(1) We will pay for the additional cost to repair or replace "covered property" because of contamination by mold, fungus, mildew or yeast, including any spores or toxins created or produced by or emanating from such mold, fungus, mildew or yeast, resulting from a Covered Cause of Loss. This includes the additional costs to clean up or dispose of such property. This does not include "spoilage" of personal property that is "perishable goods" to the extent that such "spoilage" is covered under Perishable Goods coverage.

(2) As used in this Mold coverage, additional costs mean those beyond what would have been payable under this Equipment Breakdown Coverage had no mold, fungus, mildew, yeast, spores or toxins been involved.

(3) We will also pay for your loss and expense as defined under Business Income coverage and Extra Expense coverage that is the result of **g.(1)** above, if such coverage is otherwise applicable under this Policy. This coverage is included within and subject to your Mold limit.

(4) We will also pay the cost of testing performed after repair or replacement of the damaged "covered property" is completed only to the extent that there is reason to believe there is the presence of mold, fungus, mildew, yeast, spores or toxins.

#### r. Public Relations

(1) This coverage only applies if you have sustained an actual loss of "business income" covered under this policy.

(2) We will pay for your reasonable costs for professional services to create and disseminate communications, when the need for such communications arises directly from the interruption of your business. This communication must be directed to one or more of the following:

(a) The media;

(b) The public; or

(c) Your customers, clients or members.

(3) Such costs must be incurred during the "period of restoration" or up to 30 days after the "period of restoration" has ended.

#### B. Exclusions

We will not pay for any excluded loss, damage or expense, even though any other cause or event contributes concurrently or in any sequence to the loss, damage or expense.

1. We will not pay for loss, damage or expense caused directly or indirectly by any of the following, whether or not caused by or resulting from a Covered Cause of Loss.

**a. Fire and Explosion**

- (1) Fire, including smoke from a fire.
- (2) Combustion explosion. This includes, but is not limited to, a combustion explosion of any steam boiler or other fired vessel.
- (3) Any other explosion, except as specifically provided in the definition of "accident."

**b. Ordinance or Law**

The enforcement of, or change in, any ordinance, law, regulation, rule or ruling regulating or restricting repair, replacement, alteration, use, operation, construction or installation, except as specifically provided in **A.2. Demolition, Ordinance or Law, Hazardous Substances and Mold coverages.**

**c. Earth Movement**

Earth movement, whether natural or human-made, including but not limited to earthquake, shock, tremor, subsidence, landslide, rock fall, earth sinking, sinkhole collapse or tsunami.

**d. Nuclear Hazard**

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

**e. 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, political violence or action taken by governmental authority in hindering or defending against any of these.

**f. Water**

- (1) flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not;
- (2) mudslide or mudflow; or
- (3) water that backs up or overflows from a sewer, drain or sump.

However, if electrical "covered equipment" requires drying out because of the above, we will pay for the amount you actually expend to dry out such equipment, subject to the applicable Property Damage limit and Direct Coverage deductible. We will not pay more than the Actual Cash Value of the affected electrical "covered equipment."

We will not pay to replace such equipment or for any other loss, damage or expense.

**g. Failure to Protect Property**

Your failure to use all reasonable means to protect "covered property" from damage following a Covered Cause of Loss.

**h. Fines**

Fine, penalty or punitive damage.

**i. Mold**

Mold, fungus, mildew or yeast, including any spores or toxins created or produced by or emanating from such mold, fungus, mildew or yeast. This includes, but is not limited to, costs arising from clean-up, remediation, containment, removal or abatement of such mold, fungus, mildew, yeast, spores or toxins, except as specifically covered under Mold coverage. However, this exclusion does not ap-

ply to "spoilage" of personal property that is "perishable goods" to the extent that such "spoilage" is covered under Perishable Goods Coverage.

**j. Vandalism**

Vandalism, meaning a willful and malicious act that causes damage or destruction.

2. We will not pay for a Covered Cause of Loss caused by or resulting from any of the following causes of loss:

a. Lightning.

b. Windstorm or Hail. However, this exclusion does not apply when:

(1) "covered equipment" located within a building or structure suffers a Covered Cause of Loss that results from windblown rain, snow, sand or dust; and

(2) the building or structure did not first sustain wind or hail damage to its roof or walls through which the rain, snow, sand or dust entered.

c. Collision or any physical contact caused by a "vehicle." This includes damage by objects falling from aircraft. However, this exclusion does not apply to any unlicensed "vehicles" which you own or which are operated in the course of your business.

d. Riot or Civil Commotion.

e. Leakage or discharge of any substance from an automatic sprinkler system, including collapse of a tank that is part of the system.

f. Volcanic Action.

g. An electrical insulation breakdown test.

h. A hydrostatic, pneumatic or gas pressure test.

i. Water or other means intended to extinguish a fire, even when such an attempt is unsuccessful.

j. Elevator collision.

3. We will not pay for a Covered Cause of Loss caused by or resulting from any of the following perils, if such peril is a covered cause of loss under another coverage part or policy of insurance you have, whether collectible or not, and without regard to whether or not the other coverage part or policy of insurance provides the same coverage or scope of coverage as this Policy.

a. Falling Objects.

b. Weight of Snow, Ice or Sleet.

c. Water Damage, meaning discharge or leakage of water or steam as the direct result of the breaking apart or cracking of any part of a system or appliance containing water or steam.

d. Collapse.

e. Breakage of Glass.

f. Freezing caused by cold weather.

g. Discharge of molten material from equipment, including the heat from such discharged material.

4. Exclusions 2. and 3. do not apply if all of the following are true:

a. the excluded peril occurs away from any location described in the Declarations and causes an electrical surge or other electrical disturbance;

b. such surge or disturbance is transmitted through utility service transmission lines to a described location;

c. at the described location, the surge or disturbance results in a Covered Cause of Loss to "covered equipment" that is owned or operated under the control of you or your landlord; and

d. the loss, damage or expense caused by such surge or disturbance is not a covered cause of loss under another coverage part or policy of insurance you have, whether collectible or not, and without regard to whether or not



the other coverage part or policy of insurance provides the same coverage or scope of coverage as this Policy.

5. With respect to Business Income, Extra Expense and Service Interruption Coverages, we will also not pay for:

- a. loss associated with business that would not or could not have been carried on if the Covered Cause of Loss had not occurred;
- b. loss caused by your failure to use due diligence and dispatch and all reasonable means to resume business;
- c. that part of any loss that extends beyond or occurs after the "period of restoration." This includes, but is not limited to:
  - (1) "business income" that would have been earned after the "period of restoration," even if such loss is the direct result of the suspension, lapse or cancellation of a contract during the "period of restoration"; and
  - (2) "extra expense" to operate your business after the "period of restoration," even if such loss is contracted for and paid during the "period of restoration."
- d. any increase in loss resulting from an agreement between you and your customer or supplier. This includes, but is not limited to, contingent bonuses or penalties, late fees, demand charges, demurrage charges and liquidated damages.

6. With respect to Off Premises Equipment Breakdown, Service Interruption, Civil Authority, Contingent Business Income, paragraph (2) of Data Restoration and paragraph (2) of Perishable Goods, we will also not pay for a Covered Cause of Loss caused by or resulting from any of the perils listed in Exclusion 3. above, whether or not such peril is a covered cause of loss under another coverage part or policy of insurance you have.

7. With respect to Data Restoration coverage, we will also not pay to reproduce:

- a. software programs or operating systems that are not commercially available; or
- b. "data" that is obsolete, unnecessary or useless to you.

8. With respect to Demolition and Ordinance or Law Coverages, we will also not pay for:

- a. increased demolition or reconstruction costs until they are actually incurred; or
- b. loss due to any ordinance or law that:
  - (1) you were required to comply with before the loss, even if the building was undamaged; and
  - (2) you failed to comply with;whether or not you were aware of such non-compliance.

### C. Limits of Insurance

Any payment made under this Equipment Breakdown Coverage will not be increased if more than one insured is shown in the Declarations or if you are comprised of more than one legal entity.

#### 1. Equipment Breakdown Limit

The most we will pay for loss, damage or expense arising from any "one equipment breakdown" is the amount shown as the Equipment Breakdown Limit in the Declarations.

#### 2. Coverage Limits

- a. The limit of your insurance under each of the coverages listed in A.2. from loss, damage or expense arising from any "one equipment breakdown" is the amount indicated for that coverage in the Declarations. These limits are a part of, and not in addition to, the Equipment Breakdown Limit. If an amount of time is shown, coverage will continue for no more than that amount of time

immediately following the Covered Cause of Loss. If a coverage is shown as "Included," that coverage is provided up to the remaining amount of the Equipment Breakdown Limit. If no limit is shown in the Declarations for a coverage, or if a coverage is shown as Excluded in the Declarations, that coverage will be considered to have a limit of \$0.

- b. Loss arising from any "one equipment breakdown" may continue to be present or recur in a later policy period. This includes, but is not limited to, loss arising from mold, fungus, mildew or yeast as covered under Mold coverage. In such a case, the most we will pay for all loss, damage or expense arising out of any "one equipment breakdown" is the coverage limit applicable at the time of the Covered Cause of Loss.
- c. If two or more coverage limits apply to the same loss or portion of a loss, we will pay only the smallest of the applicable limits for that loss or portion of the loss. This means that if:

- (1) you have a loss under one of the coverages listed in **A.2.**; and
- (2) all or part of the loss is not covered because the applicable coverage is Excluded or has a limit that is less than the amount of your loss,

we will not pay the remaining amount of such loss under any other coverage.

#### **Example 1**

Property Damage Limit: \$7,000,000

Business Income Limit: \$1,000,000

Newly Acquired Locations Limit: \$500,000

There is a Covered Cause of Loss at a newly acquired location that results in a Property Damage loss of \$200,000 and a Business Income loss of \$800,000.

We will pay \$500,000, because the entire loss is subject to the Newly Acquired Locations Limit of \$500,000.

#### **Example 2**

Property Damage Limit: \$7,000,000

Business Income Limit: \$500,000

Hazardous Substances Limit: \$25,000

There is a Covered Cause of Loss that results in a loss of \$100,000. If no "hazardous substance" had been involved, the property damage loss would have been \$10,000 and the business income loss would have been \$20,000. The presence of the "hazardous substance" increased the loss by \$70,000 (increasing the clean up and repair costs by \$30,000 and increasing the business income loss by \$40,000).

We will pay \$55,000 (\$10,000 property damage plus \$20,000 business income plus \$25,000 hazardous substances).

### **D. Deductibles**

#### **1. Deductibles for Each Coverage**

- a. Unless the Declarations indicate that your deductible is combined for all coverages, multiple deductibles may apply to any "one equipment breakdown."
- b. We will not pay for loss, damage or expense under any coverage until the amount of the covered loss or damage exceeds the deductible amount indicated for that coverage in the Declarations. We will then pay the amount of loss, damage or expense in excess of the applicable deductible amount, subject to the applicable limit indicated in the Declarations.
- c. If deductibles vary by type of "covered equipment" and more than one type of "covered equipment" is involved in any "one equipment breakdown," only the highest deductible for each coverage will apply.

- d. The following applies when a deductible is expressed as a function of the horsepower rating of a refrigerating or air conditioning system. If more than one compressor is used with a single system, the horsepower rating of the largest motor or compressor will determine the horsepower rating of the system.

## 2. Direct and Indirect Coverages

- a. Direct Coverages Deductibles and Indirect Coverages Deductibles may be indicated in the Declarations.
- b. Unless more specifically indicated in the Declarations:
  - (1) Indirect Coverages Deductibles apply to Business Income and Extra Expense loss, regardless of where such coverage is provided in this Equipment Breakdown Coverage; and
  - (2) Direct Coverages Deductibles apply to all remaining loss, damage or expense covered by this Equipment Breakdown Coverage.

### Example

A Covered Cause of Loss results in covered losses as follows:

\$100,000 Total Loss (all applicable coverages)

\$35,000 Business Income Loss (including \$2,000 of business income loss payable under Data Restoration Coverage)

\$5,000 Extra Expense Loss

In this case, the Indirect coverages loss totals \$40,000 before application of the Indirect Coverage Deductible. The Direct coverages loss totals the remaining \$60,000 before application of the Direct Coverage Deductible.

## 3. Application of Deductibles

### a. Dollar Deductibles

We will not pay for loss, damage or expense resulting from any "one equipment breakdown" until the amount of loss, damage or expense exceeds the applicable deductible or deductibles shown in the Declarations. We will then pay the amount of loss, damage or expense in excess of the applicable deductible or deductibles, subject to the applicable limits shown in the Declarations.

### b. Time Deductibles

If a time deductible is shown in the Declarations, we will not be liable for any loss occurring during the specified number of hours or days immediately following the Covered Cause of Loss. If a time deductible is expressed in days, each day shall mean twenty-four consecutive hours.

### c. Multiple of Average Daily Value (ADV) Deductibles

If a deductible is expressed as a number times ADV, that amount will be calculated as follows:

The ADV (Average Daily Value) will be the "business income" that would have been earned during the period of interruption had no Covered Cause of Loss occurred, divided by the number of working days in that period. The ADV applies to the "business income" value of the entire location, whether or not the loss affects the entire location. If more than one location is included in the valuation of the loss, the ADV will be the combined value of all affected locations. For purposes of this calculation, the period of interruption may not extend beyond the "period of restoration."

The number indicated in the Declarations will be multiplied by the ADV as determined above. The result will be used as the applicable deductible.

### Example

Business is interrupted, partially or completely, for 10 working days. If there had been no Covered Cause of Loss the total "business income" at the affected location for those 10 working days would have been \$5,000. The Indirect Coverages Deductible is 3 times ADV.

$$\$5,000/10 = \$500 \text{ ADV}$$

$$3 \times \$500 = \$1,500 \text{ Indirect Coverages Deductible}$$

#### d. Percentage of Loss Deductibles

If a deductible is expressed as a percentage of loss, we will not be liable for the indicated percentage of the gross amount of loss, damage or expense (prior to any applicable deductible or coinsurance) insured under the applicable coverage. If the dollar amount of such percentage is less than the indicated Minimum Deductible, the Minimum Deductible will be the applicable deductible.

### E. Loss Conditions

The following conditions apply:

#### 1. Abandonment

There can be no abandonment of any property to us.

#### 2. Brands and Labels

a. If branded or labeled merchandise that is "covered property" is damaged by a Covered Cause of Loss but retains a salvage value, you may:

- (1) stamp the word **Salvage** on the merchandise or its containers if the stamp will not physically damage the merchandise; or
- (2) remove the brands or labels, if doing so will not physically damage the merchandise. You must re-label the merchandise or its containers to comply with the law.

b. We will pay for any reduction in value of the salvage merchandise resulting from either of the two actions listed in 2.a. above, subject to all applicable limits.

c. We will also pay the reasonable and necessary expenses you incur to perform either of the two actions described in 2.a. above. We will pay for such expenses to the extent that they do not exceed the amount recoverable from salvage.

d. If a Brands and Labels Limit is shown on the Declarations, we will not pay more than the indicated amount for coverage under this Condition.

### 3. Coinsurance - Business Income Coverage

a. If a coinsurance percentage is shown in the Declarations, Business Income coverage is subject to coinsurance. This means that we will not pay the full amount of any "business income" loss if the "business income actual annual value" is greater than the "business income estimated annual value" at the affected location at the time of the Covered Cause of Loss. Instead, we will determine the most we will pay using the following steps:

- (1) divide the "business income estimated annual value" by the "business income actual annual value" at the time of the Covered Cause of Loss;
- (2) multiply the total amount of the covered loss of "business income" by the amount determined in paragraph (1) above;
- (3) subtract the applicable deductible from the amount determined in paragraph (2) above;

The resulting amount, or the Business Income Limit, whichever is less, is the most we will pay. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

- b. Coinsurance applies separately to each insured location.
- c. If you report a single "business income estimated annual value" for more than one location, without providing information on how that amount should be distributed among the locations, we will distribute the amount evenly among all applicable locations.

**Example 1 (Underinsurance)**

When:

The "business income actual annual value" at the location of loss at the time of the Covered Cause of Loss is \$200,000.

The "business income estimated annual value" shown in the Declarations for the location of loss is \$100,000.

The actual loss of "business income" resulting from the Covered Cause of Loss is \$40,000.

The Business Income limit is \$100,000.

The Business Income deductible is \$5,000.

Step 1:  $\$100,000 / \$200,000 = .5$

Step 2:  $\$40,000 \times .5 = \$20,000$

Step 3:  $\$20,000 - \$5,000 = \$15,000$

The total "business income" loss recovery, after deductible, would be \$15,000. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

We will also charge you an additional premium in recognition of the "business income actual annual value."

**Example 2 (Adequate Insurance)**

When:

The "business income actual annual value" at the location of loss at the time of the Covered Cause of Loss is \$200,000.

The "business income estimated annual value" shown in the Declarations for the location of loss is \$200,000.

The actual loss of "business income" resulting from the Covered Cause of Loss is \$40,000.

The Business Income limit is \$100,000.

The Business Income deductible is \$5,000.

Step 1:  $\$200,000 / \$200,000 = 1$

Step 2:  $\$40,000 \times 1 = \$40,000$

Step 3:  $\$40,000 - \$5,000 = \$35,000$

The total "business income" loss recovery, after deductible, would be \$35,000.

**4. Coinsurance - Coverages Other than Business Income**

Coverages other than Business Income may be subject to coinsurance if so indicated in the Declarations. 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 the property subject to the coverage at the time of the Covered Cause of Loss times the Coinsurance percentage shown for it in the Declarations is greater than the applicable limit.

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

- (1) multiply the value of the property subject to the coverage at the time of the Covered Cause of Loss by the Coinsurance Percentage;
- (2) divide the applicable limit by the amount determined in step (1);
- (3) multiply the total amount of loss, before the application of any deductible, by the amount determined in step (2); and
- (4) subtract the deductible from the amount determined in step (3).

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

- b. Coinsurance applies separately to each insured location.

### Example 1 (Underinsurance)

When:

The actual value of "perishable goods" at the location of loss at the time of the Covered Cause of Loss is \$200,000.

The Perishable Goods limit is \$100,000 @ 80% coinsurance.

The loss under Perishable Goods coverage resulting from the Covered Cause of Loss is \$60,000.

The Perishable Goods deductible is \$5,000.

$$\text{Step 1: } \$200,000 \times 80\% = \$160,000$$

$$\text{Step 2: } \$100,000 / \$160,000 = .625$$

$$\text{Step 3: } \$60,000 \times .625 = \$37,500$$

$$\text{Step 4: } \$37,500 - \$5,000 = \$32,500$$

The total Perishable Goods loss recovery, after deductible, would be \$32,500. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

### Example 2 (Adequate Insurance)

When:

The actual value of "perishable goods" at the location of loss at the time of the Covered Cause of Loss is \$100,000.

The Perishable Goods limit is \$100,000 @ 80% coinsurance.

The loss under Perishable Goods Coverage resulting from the Covered Cause of Loss is \$60,000.

The Perishable Goods Deductible is \$5,000.

$$\text{Step 1: } \$100,000 \times 80\% = \$80,000$$

$$\text{Step 2: } \$100,000 / \$80,000 = 1.25$$

Coinsurance does not apply.

$$\text{Step 3: } \$60,000 - \$5,000 = \$55,000$$

The total Perishable Goods loss recovery, after deductible, would be \$55,000.

## 5. Defense

We have the right, but are not obligated, to defend you against suits arising from claims of owners of property in your care, custody or control. When we do this, it will be at our expense.

## 6. Duties in the Event of Loss or Damage

You must see that the following are done in the event of loss or damage:

- a. Give us a prompt notice of the loss or damage, including a description of the property involved.
- b. You must reduce your loss, damage or expense, if possible, by:
  - (1) protecting property from further damage. We will not pay for your failure to protect property, as stated in exclusion **B.1.g.**;
  - (2) resuming business, partially or completely at the location of loss or at another location;
  - (3) making up lost business within a reasonable amount of time. This includes working extra time or overtime at the location of loss or at another location. The reasonable amount of time does not necessarily end when the operations are resumed;
  - (4) using merchandise or other property available to you;
  - (5) using the property or services of others; and
  - (6) salvaging the damaged property.

- c. Allow us a reasonable time and opportunity to examine the property and premises before repair or replacement is undertaken or physical evidence of the Covered Cause of Loss is removed. But you must take whatever measures are necessary for protection from further damage.
- d. Make no statement that will assume any obligation or admit any liability, for any loss, damage or expense for which we may be liable, without our consent.
- e. Promptly send us any legal papers or notices received concerning the loss, damage or expense.
- f. As often as may be reasonably required, permit us to inspect your property, premises 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.
- g. If requested, permit us to examine you and any of your agents, employees and representatives under oath. We may examine any insured under oath while not in the presence of any other insured. Such examination:
  - (1) may be at any time reasonably required;
  - (2) may be about any matter relating to this insurance, your loss, damage or expense, or your claim, including, but not limited to, your books and records; and
  - (3) may be recorded by us by any methods we choose.
- h. Send us a signed, sworn proof of loss containing the information we request. You must do this within 60 days after our request.
- i. Cooperate with us in the investigation and settlement of the claim.

## 7. Errors and Omissions

- a. We will pay your loss covered by this Equipment Breakdown Coverage if such loss is otherwise not payable solely because of any of the following:
  - (1) any error or unintentional omission in the description or location of property as insured under this Policy;
  - (2) any failure through error to include any premises owned or occupied by you at the inception of this Policy; or
  - (3) any error or unintentional omission by you that results in cancellation of any premises insured under this Policy.
- b. No coverage is provided as a result of any error or unintentional omission by you in the reporting of values or the coverage you requested.
- c. It is a condition of this coverage that such errors or unintentional omissions shall be reported and corrected when discovered. The Policy premium will be adjusted accordingly to reflect the date the premises should have been added had no error or omission occurred.
- d. If an Errors and Omissions Limit is shown on the Declarations, we will not pay more than the indicated amount for coverage under this Condition.

## 8. Proving Your Loss

It is your responsibility, at your own expense, to provide documentation to us:

- a. demonstrating that the loss, damage or expense is the result of a Covered Cause of Loss covered under this Equipment Breakdown Coverage; and
- b. calculating the dollar amount of the loss, damage and expense that you claim is covered.

Your responsibility in **8.a.** above is without regard to whether or not the possible Covered Cause of Loss occurred at your premises or involved your equipment.

### **9. Salvage and Recoveries**

When, in connection with any loss under this Equipment Breakdown Coverage, any salvage or recovery is received after the payment for such loss, the amount of the loss shall be refigured on the basis on which it would have been settled had the amount of salvage or recovery been known at the time the loss was originally determined. Any amounts thus found to be due either party from the other shall be paid promptly.

### **10. Valuation**

We will determine the value of "covered property" as follows:

**a.** Except as specified otherwise, our payment for damaged "covered property" will be the smallest of:

- (1)** the cost to repair the damaged property;
- (2)** the cost to replace the damaged property on the same site; or
- (3)** the amount you actually spend that is necessary to repair or replace the damaged property.

**b.** The amount of our payment will be based on the most cost-effective means to replace the function, capacity and remaining useful life of the damaged property. This may include the use of generic, used or reconditioned parts, equipment or property.

**c.** Except as described in **d.** below, you must pay the extra cost of replacing damaged property with property of a better kind or quality or of a different size or capacity.

### **d. Environmental, Safety and Efficiency Improvements**

If "covered equipment" requires replacement due to a Covered Cause of Loss we will pay your additional cost to replace with equipment that we agree is better for the environment, safer for people or more energy or water efficient than the equipment being replaced, subject to the following conditions:

- (1)** we will not pay more than 150% of what the cost would have been to replace with like kind and quality;
- (2)** we will not pay to increase the size or capacity of the equipment;
- (3)** this provision only applies to Property Damage Coverage;
- (4)** this provision does not increase any of the applicable limits;
- (5)** this provision does not apply to any property valued on an Actual Cash Value basis; and
- (6)** this provision does not apply to the replacement of component parts.

**e.** The following property will be valued on an Actual Cash Value basis:

- (1)** any property that does not currently serve a useful or necessary function for you;
- (2)** any "covered property" that you do not repair or replace within 24 months after the date of the Covered Cause of Loss; and
- (3)** any "covered property" for which Actual Cash Value coverage is specified in the Declarations.

Actual Cash Value includes deductions for depreciation.

**f.** If any one of the following conditions is met, property held for sale by you will be valued at the sales price as if



no loss or damage had occurred, less any discounts and expenses that otherwise would have applied:

- (1) the property was manufactured by you;
- (2) the sales price of the property is less than the replacement cost of the property; or
- (3) you are unable to replace the property before its anticipated sale.

g. Except as specifically provided for under Data Restoration coverage, "data" and "media" will be valued on the following basis:

- (1) For mass-produced and commercially available software, at the replacement cost.
- (2) For all other "data" and "media," at the cost of blank "media" for reproducing the records. We will not pay for "data" representing financial records based on the face value of such records.

h. Air conditioning or refrigeration equipment that utilizes a refrigerant containing CFC (chlorofluorocarbon) substances will be valued at the cost to do the least expensive of the following:

- (1) repair or replace the damaged property and replace any lost CFC refrigerant;
- (2) repair the damaged property, retrofit the system to accept a non-CFC refrigerant and charge the system with a non-CFC refrigerant; or
- (3) replace the system with one using a non-CFC refrigerant.

In determining the least expensive option, we will include any associated Business Income or Extra Expense loss. If option (2) or (3) is more expensive than (1), but you wish to retro-

fit or replace anyway, we will consider this better for the environment and therefore eligible for valuation under paragraph d., **Environmental, Safety and Efficiency Improvements**. In such case, **10.d.(1)** above is amended to read: "We will not pay more than 150% of what the cost would have been to repair or replace with like kind and quality."

## F. Additional Conditions

The following conditions apply in addition to the Loss Conditions:

### 1. Additional Insured

If a person or organization is designated in this Equipment Breakdown Coverage as an additional insured, we will consider them to be an insured under this Equipment Breakdown Coverage only to the extent of their interest in the "covered property."

### 2. Bankruptcy

The bankruptcy or insolvency of you or your estate will not relieve you or us of any obligation under this Equipment Breakdown Coverage.

### 3. Cancellation

a. The first Named Insured shown in the Declarations may cancel this Policy by mailing or delivering to us advance written notice of cancellation.

b. We may cancel this Policy by mailing or delivering to the first Named Insured written notice of cancellation at least:

(1) 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or

(2) 30 days before the effective date of cancellation if we cancel for any other reason.

c. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.

- d. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
- e. If this Policy is canceled, 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.
- f. If notice is mailed, proof of mailing will be sufficient proof of notice.

#### 4. 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.

#### 5. Concealment, Misrepresentation or Fraud

We will not pay for any loss and coverage will be void if you or any additional insured at any time:

- a. intentionally cause or allow loss, damage or expense in order to collect on insurance; or
- b. intentionally conceal or misrepresent a material fact concerning:
  - (1) this Equipment Breakdown Coverage;
  - (2) the "covered property";
  - (3) your interest in the "covered property"; or
  - (4) a claim under this Equipment Breakdown Coverage.

#### 6. 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.

#### 7. Inspections and Surveys

a. We have the right to:

- (1) make inspections and surveys at any time;
- (2) give you reports on the conditions we find; and
- (3) recommend changes.

b. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions 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:

- (1) are safe or healthful; or
- (2) comply with laws, regulations, codes or standards.

c. Paragraphs a. and b. 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.

#### 8. Jurisdictional Inspections

It is your responsibility to comply with any state or municipal boiler and pressure vessel regulations. If any "covered equipment" that is "covered property" requires inspection to comply with such regulations, at your option we agree to perform such inspection.

#### 9. Legal Action Against Us

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

- a. there has been full compliance with all the terms of this Equipment Breakdown Coverage; and
- b. the action is brought within two years after the date of the Covered Cause of Loss; or
- c. we agree in writing that you have an obligation to pay for damage to "covered property" of others or until the amount of that obligation has been determined by final judgment or arbitration award. No one has the right under this Policy to bring us into an action to determine your liability.

## 10. Liberalization

If we adopt any standard form revision for general use that would broaden the coverage under this Equipment Breakdown Coverage without additional premium, the broadened coverage will apply to this Equipment Breakdown Coverage commencing on the date that such revision becomes effective in the jurisdiction where the Covered Cause of Loss occurs.

## 11. Loss Payable

- a. We will pay you and the loss payee shown in the Declarations for loss covered by this Equipment Breakdown Coverage, as interests may appear. The insurance covers the interest of the loss payee unless the loss results from conversion, secretion or embezzlement on your part or on the part of the loss payee.
- b. We may cancel the Policy as allowed by the **Cancellation** Condition. Cancellation ends this agreement as to the loss payee's interest. If we cancel, we will mail you and the loss payee the same advance notice.
- c. If we make any payment to the loss payee, we will obtain their rights against any other party.

## 12. Maintaining Your Property and Equipment

It is your responsibility to appropriately maintain your property and equipment. We will not pay your costs to maintain, operate, protect or enhance your property or equipment, even if such costs are to comply with our recommendations or prevent loss, damage or expense that would be covered under this Policy.

## 13. Mortgage Holders and Lender's Loss Payable

- a. The term mortgage holder includes trustee.
- b. We will pay for direct damage to "covered property" due to a Covered Cause of Loss to "covered equipment" to you and each mortgage holder and lender loss payee shown in the Declarations in their order of precedence, as interests in the "covered property" may appear.
- c. The mortgage holder and lender loss payee have the right to receive loss payment even if they have started foreclosure or similar action on the "covered property."
- d. If we deny your claim because of your acts or because you have failed to comply with the terms of this Equipment Breakdown Coverage, the mortgage holder and lender loss payee will still have the right to receive loss payment, provided the mortgage holder and lender loss payee do all of the following:
  - (1) pay any premium due under this Equipment Breakdown Coverage at our request if you have failed to do so;
  - (2) submit a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so;

- (3) have notified us of any change in ownership or material change in risk known to the mortgage holder; and
- (4) have complied with all other terms and conditions of this Policy.

All of the terms of this Equipment Breakdown Coverage will then apply directly to the mortgage holder and lender loss payee.

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

- (1) the rights of the mortgage holder and lender loss payee will be transferred to us to the extent of the amount we pay; and
- (2) the rights of the mortgage holder and lender loss payee to recover the full amount of their claim will not be impaired.

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

- f. If we cancel this Policy, we will give written notice to the mortgage holder and lender 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.
- g. If we elect not to renew this Policy, we will give written notice to the mortgage holder and lender loss payee at least 10 days before the expiration date of this Policy.

- h. If we suspend coverage, it will also be suspended as respects the mortgage holder and lender loss payee. We will give written notice of the suspension to the mortgage holder and lender loss payee.

#### 14. Other Insurance

If there is other insurance that applies to the same loss, damage or expense, this Equipment Breakdown Coverage shall apply only as excess insurance after all other applicable insurance has been exhausted.

#### 15. Policy Period, Coverage Territory

Under this Equipment Breakdown Coverage:

- a. The Covered Cause of Loss must occur during the policy period, but expiration of the Policy does not limit our liability.
- b. The Covered Cause of Loss must occur within the following Coverage Territory:
  - (1) the United States of America (including its territories and possessions);
  - (2) Puerto Rico; and
  - (3) Canada.
- c. With respect to Off Premises Equipment Breakdown coverage only, the Covered Cause of Loss may occur in any country except one in which the United States has imposed sanctions, embargoes or similar restrictions on the provision of insurance.

#### 16. Premiums

The first Named Insured shown in the Declarations:

- a. is responsible for the payment of all premiums; and
- b. will be the payee for any return premiums we pay.

## 17. Privilege to Adjust with Owner

In the event of loss, damage or expense involving property of others in your care, custody or control, we have the right to settle the loss, damage or expense with respect to such property with the owner of the property. Settlement with owners of that property will satisfy any claim of yours.

## 18. Suspension

Whenever "covered equipment" is found to be in, or exposed to, a dangerous condition, any of our representatives may immediately suspend the insurance against loss from a Covered Cause of Loss to that "covered equipment." This can be done by delivering or mailing a written notice of suspension to:

- a. your last known address; or
- b. the address where the "covered equipment" is located.

Once suspended in this way, your insurance can be reinstated only by an endorsement for that "covered equipment."

If we suspend your insurance, you will get a pro rata refund of premium for that "covered equipment" for the period of suspension. But the suspension will be effective even if we have not yet made or offered a refund.

## 19. 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.

## 20. Transfer of Rights of Recovery Against Others to Us

If any person or organization to or for whom we make payment under this Equipment Breakdown Coverage 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:

- a. Prior to Covered Cause of Loss.
- b. After Covered Cause of Loss only if, at time of the Covered Cause of Loss, that party is one of the following:
  - (1) someone insured by this Policy; or
  - (2) a business firm:
    - (a) owned or controlled by you; or
    - (b) that owns or controls you.

## G. Definitions

### 1. "Accident"

- a. "Accident" means a fortuitous event that causes direct physical damage to "covered equipment." The event must be one of the following:
  - (1) mechanical breakdown, including rupture or bursting caused by centrifugal force;
  - (2) artificially generated electrical current, including electrical arcing, that damages electrical devices, appliances or wires;
  - (3) explosion, other than combustion explosion, of steam boilers, steam piping, steam engines or steam turbines;
  - (4) an event inside steam boilers, steam pipes, steam engines or steam turbines that damages such equipment;

- (5) an event inside hot water boilers or other water heating equipment that damages such equipment; or
  - (6) bursting, cracking or splitting.
- b. None of the following is an "accident," however caused and without regard to whether such condition or event is normal and expected or unusual and unexpected. However, if an event as defined under 1.a. above results from any of the following, it will be considered an "accident."
- (1) depletion, deterioration, rust, corrosion, erosion, settling or wear and tear;
  - (2) any gradually developing condition;
  - (3) any defect, programming error, programming limitation, computer virus, malicious code, loss of "data," loss of access, loss of use, loss of functionality or other condition within or involving "data" or "media" of any kind;
  - (4) contamination by a "hazardous substance"; or
  - (5) misalignment, miscalibration, tripping off-line, or any condition which can be corrected by resetting, tightening, adjusting or cleaning, or by the performance of maintenance.
2. **"Anchor Location"** means a location, operated by others, upon which you depend to attract customers to your scheduled location.
3. **"Boilers and Vessels"** means:
- a. boilers;
  - b. steam piping;
  - c. piping that is part of a closed loop used to conduct heat from a boiler;
  - d. condensate tanks; and
  - e. unfired vessels which, during normal usage, operate under vacuum or pressure, other than the weight of contents.
- This term does not appear elsewhere in this Coverage Form, but may appear in the Declarations.
4. **"Building Utilities"** means "covered equipment" permanently mounted on or in a building and used to provide any of the following services within the building: heating, ventilating, air conditioning, electrical power, hot water, elevator or escalator services, central vacuum, natural gas service or communications. "Building utilities" does not include personal property or equipment used in manufacturing or processing.
5. **"Buried Vessels or Piping"** means any piping or vessel buried or encased in the earth, concrete or other material, whether above or below grade, or in an enclosure which does not allow access for inspection and repair.
6. **"Business Income"** means the sum of:
- a. the Net Income (net profit or loss before income taxes) that would have been earned or incurred; and
  - b. continuing normal and necessary operating expenses incurred, including employee payroll.
7. **"Business Income Actual Annual Value"** means the "business income" for the current fiscal year that would have been earned had no Covered Cause of Loss occurred.
- In calculating the "Business Income Actual Annual Value," we will take into account the actual experience of your business before the Covered Cause of Loss and the probable experience you would have had without the Covered Cause of Loss.
8. **"Business Income Estimated Annual Value"** means the anticipated "business income" reported to us and shown in the Declarations. If no value is shown in the Declarations, the "Business Income Esti-

mated Annual Value" will be the most recent report of anticipated "business income" values on file with us.

**9. "Cloud Computing Services"** means professional, on-demand, self-service data storage or data processing services provided through the Internet or over telecommunications lines. This includes services known as IaaS (infrastructure as a service), PaaS (platform as a service), SaaS (software as a service) and NaaS (network as a service). This includes business models known as public clouds, community clouds and hybrid clouds. "Cloud computing services" include private clouds if such services are owned and operated by a third party.

**10. "Covered Equipment"**

**a. "Covered Equipment,"** means the following:

**(1)** Unless specified otherwise in the Declarations:

**(a)** equipment that generates, transmits or utilizes energy, including electronic communications and data processing equipment; or

**(b)** equipment which, during normal usage, operates under vacuum or pressure, other than the weight of its contents.

"Covered equipment" may utilize conventional design and technology or new or newly commercialized design and technology.

**(2)** Except as specifically provided for under Off Premises Equipment Breakdown, Service Interruption, Contingent Business Income, paragraph **(2)** of Data Restoration, paragraph **(2)** of Perishable Goods and Civil Authority, such equipment must be at a location described in the Declarations and must be owned or leased by you or operated under your control.

**b.** None of the following is "covered equipment":

**(1)** structure, including but not limited to the structural portions of buildings and towers, and scaffolding;

**(2)** foundation;

**(3)** cabinet, compartment, conduit or ductwork;

**(4)** insulating or refractory material;

**(5)** "buried vessels or piping";

**(6)** waste, drainage or sewer piping;

**(7)** piping, valves or fittings forming a part of a sprinkler or fire suppression system;

**(8)** water piping that is not part of a closed loop used to conduct heat or cooling from a boiler or a refrigeration or air conditioning system;

**(9)** "vehicle" or any equipment mounted on a "vehicle";

**(10)** satellite, spacecraft or any equipment mounted on a satellite or spacecraft;

**(11)** dragline, excavation or construction equipment;

**(12)** equipment manufactured by you for sale; or

**(13)** "data."

**11. "Covered Property"**

**a.** "Covered Property" means property that you own or property that is in your care, custody or control and for which you are legally liable. Such property must be at a location described in the Declarations except as provided under Off Premises Equipment Breakdown coverage.

b. None of the following is "covered property":

- (1) accounts, bills, currency, deeds or other evidences of debt, money, notes or securities;
- (2) fine arts, jewelry, furs or precious stones;
- (3) precious metal, unless forming a part of "covered equipment";
- (4) animals;
- (5) contraband, or property in the course of illegal transportation or trade;
- (6) land (including land on which the property is located), water, trees, growing crops or lawns; or
- (7) shrubs or plants, unless held indoors for retail sale.

12. "Data" means information or instructions stored in digital code capable of being processed by machinery.

**13. "Electrical Generating Equipment"**

a. "Electrical Generating Equipment" means equipment which converts any other form of energy into electricity. This includes, but is not limited to, the following:

- (1) boilers used primarily to provide steam for one or more turbine-generator units;
- (2) turbine-generators (including steam, gas, water or wind turbines);
- (3) engine-generators;
- (4) fuel cells or other alternative electrical generating equipment;
- (5) electrical transformers, switchgear and power lines used to convey the generated electricity; and

(6) associated equipment necessary for the operation of any of the equipment listed in (1) through (5) above.

b. "Electrical Generating Equipment" does not mean:

- (1) elevator or hoist motors that generate electricity when releasing cable; or
- (2) equipment intended to generate electricity solely on an emergency, back-up basis.

This term does not appear elsewhere in this Coverage Form, but may appear in the Declarations.

14. "Electronic circuitry" means microelectronic components, including but not limited to circuit boards, integrated circuits, computer chips and disk drives.

**15. "Electronic Circuitry Impairment"**

a. "Electronic circuitry impairment" means a fortuitous event involving "electronic circuitry" within "covered equipment" that causes the "covered equipment" to suddenly lose its ability to function as it had been functioning immediately before such event. This definition is subject to the conditions specified in b., c., and d. below.

b. We shall determine that the reasonable and appropriate remedy to restore such "covered equipment's" ability to function is the replacement of one or more "electronic circuitry" components of the "covered equipment."

c. The "covered equipment" must be owned or leased by you, or operated under your control.

d. None of the following is an "electronic circuitry impairment":

- (1) Any condition that can be reasonably remedied by:



- (a) Normal maintenance, including but not limited to replacing expendable parts, recharging batteries or cleaning;
  - (b) Rebooting, reloading or updating software or firmware; or
  - (c) Providing necessary power or supply.
- (2) Any condition caused by or related to:
- (a) Incompatibility of the "covered equipment" with any software or equipment installed, introduced or networked within the prior 30 days; or
  - (b) Insufficient size, capability or capacity of the "covered equipment."
- (3) Exposure to adverse environmental conditions, including but not limited to change in temperature or humidity, unless such conditions result in an observable loss of functionality. Loss of warranty shall not be considered an observable loss of functionality.
- 16. "Extra Expense"** means the additional cost you incur to operate your business over and above the cost that you normally would have incurred to operate your business during the same period had no Covered Cause of Loss occurred.
- 17. "Hazardous Substance"** means any substance that is hazardous to health or has been declared to be hazardous to health by a governmental agency.
- 18. "Interruption of Service"**
- a. "Interruption of Service" means a failure or disruption of the normal supply of any of the Covered Services listed in **b.** below, when such failure or disruption is caused by an "accident" to "covered equipment," subject to the conditions listed in **c.** through **f.** below. The failure or disruption must arise from an "accident."
  - b. Covered Services are electrical power, waste disposal, air conditioning, refrigeration, heating, natural gas, compressed air, water, steam, internet access, telecommunications services, wide area networks, "cloud computing services" and data transmission.
  - c. The "covered equipment" must either be:
    - (1) owned by a company with whom you have a contract to supply you with one of the Covered Services; or
    - (2) used to supply you with one of the Covered Services and located within one mile of a location described in the Declarations.
  - d. If a Service Interruption Distance Limitation is indicated in the Declarations, the "covered equipment" suffering the "accident" must be located within the indicated distance of any location described in the Declarations.
  - e. Unless otherwise shown in the Declarations, no failure or disruption of service will be considered to qualify as an "interruption of service" until the failure or disruption exceeds 24 hours immediately following the "accident."
  - f. "Interruption of Service" does not include any failure or disruption, whether or not arising from or involving an "accident," in which a supplier could have continued to provide service to the location but chose for any reason to reduce or discontinue service.
- 19. "Interruption of Supply"**
- a. "Interruption of Supply" means a failure or disruption of the normal supply of any of the Covered Contingencies listed below, when such failure or disruption is caused by an "accident" to "covered equipment" that is located at

a Contingent Business Income supplier or receiver location indicated in the Declarations. If no Contingent Business Income supplier or receiver location is indicated in the Declarations, the "covered equipment" must be owned by a supplier from whom you have received the Covered Contingency for at least six months prior to the "accident" or a receiver to whom you have supplied the Covered Contingency for at least six months prior to the "accident."

b. Covered Contingencies are raw materials, intermediate products, finished products, packaging materials and product processing services.

20. **"Media"** means material on which "data" is recorded, such as magnetic tapes, hard disks, optical disks or floppy disks.

21. **"One Equipment Breakdown"** means all "accidents" or "electronic circuitry impairments" occurring at the same time from the same event. If an "accident" or "electronic circuitry impairment" causes other "accidents" or "electronic circuitry impairments," all will be considered "one equipment breakdown."

22. **"Ordinary Payroll"** means the Payroll Expenses associated with all employees other than executives, department managers and employees under contract.

As used above, Payroll Expenses means all payroll, employee benefits directly related to payroll, FICA payments you pay, union dues you pay and workers compensation premiums.

"Ordinary payroll" does not include pensions or directors fees.

This term does not appear elsewhere in this Coverage Form, but may appear in the Declarations.

23. **"Period of Restoration"**

a. Except as indicated in b. below, "period of restoration" means the period of time that begins at the time of the Covered Cause of Loss and continues until the earlier of:

(1) the date the "covered equipment" is repaired or replaced; or

(2) the date on which such equipment could have been repaired or replaced with the exercise of due diligence and dispatch,

plus the number of days, if any, shown in the Declarations for Extended Period of Restoration.

b. Only as respects Civil Authority coverage, "period of restoration" means the period of time that begins as of the time access is prohibited by action of civil authority and continues until the earlier of:

(1) Twenty-one (21) thereafter; or

(2) the date access is restored.

24. **"Perishable Goods"** means any "covered property" subject to deterioration or impairment as a result of a change of conditions, including but not limited to temperature, humidity or pressure.

25. **"Production Machinery"** means any machine or apparatus that processes or produces a product intended for eventual sale. This includes all component parts of such machine or apparatus and any other equipment used exclusively with such machine or apparatus.

However, "production machinery" does not mean any boiler, or fired or unfired pressure vessel.

This term does not appear elsewhere in this Coverage Form, but may appear in the Declarations.

26. **"Recognized Environmental Standards Program"** means one of the following:

a. the United States Environmental Protection Agency ENERGY STAR® program;

b. the U.S. Green Building Council LEED® program;

c. the Green Building Initiative GREEN GLOBES® program; or

d. any nationally or internationally recognized environmental standards program that is designed to achieve energy savings and related objectives of the type included in the programs listed above.

27. **"Spoilage"** means any detrimental change in state. This includes but is not limited to thawing of frozen goods, warming of refrigerated goods, freezing of fresh goods, solidification of liquid or molten material and chemical reactions to material in process.

28. **"Vehicle"** means any machine or apparatus that is used for transportation or moves under its own power. "Vehicle" includes, but is not limited to, car, truck, bus, trailer, train, aircraft, watercraft, forklift, bulldozer, tractor or harvester.

However, any property that is stationary, permanently installed at a covered location and that receives electrical power from an external power source will not be considered a "vehicle."

## **Policyholder Notice**

### **Jurisdictional Inspections for Boilers and Pressure Vessels**

This notice is to provide information regarding Equipment Breakdown Coverage.

If your policy includes breakdown coverage for boilers or certain other pressure vessels, jurisdictional inspections may be required by law. You, the Insured, can request this jurisdictional inspection and/or get help with technical questions regarding all of the equipment directly from Hartford Steam Boiler Company by contacting:

#### **Hartford Steam Boiler's Inspection Hotline**

**Telephone:** 1-800-333-INSP  
**Fax:** 1-484-582-1811  
**E-mail:** NSCINSP\_HOTLINE@hsb.com

**Inspections will be scheduled promptly!**

## **NOTICE TO POLICYHOLDERS**

No coverage is provided by this summary nor can it be construed to replace or modify any provision of your policy. You should read your policy and review your Declarations Page for complete information on the coverages you are provided. If there is any conflict between the policy and this Notice to Policyholders, the provisions of the policy shall prevail.

This policy contains an exclusion for claims arising from, in whole or in part, the actual, alleged, threatened, or suspected inhalation or ingestion of, exposure to, or contact with "silica" or dust that includes or contains "silica"; and any loss, cost or expense arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to or assessing the effects of, "silica" or dust that includes or contains "silica," by any insured or by any other person or entity, as described in the endorsement. For further information, please review the provisions of your policy.

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

**COLORADO CHANGES - CONCEALMENT,  
MISREPRESENTATION OR FRAUD**

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART  
COMMERCIAL AUTOMOBILE COVERAGE PART  
COMMERCIAL INLAND MARINE COVERAGE PART  
COMMERCIAL PROPERTY COVERAGE PART  
EQUIPMENT BREAKDOWN COVERAGE PART  
FARM COVERAGE PART - FARM PROPERTY - OTHER FARM PROVISIONS FORM - ADDITIONAL  
COVERAGES, CONDITIONS, DEFINITIONS  
FARM COVERAGE PART - LIVESTOCK COVERAGE FORM  
FARM COVERAGE PART - MOBILE AGRICULTURAL MACHINERY AND  
EQUIPMENT COVERAGE FORM

The **Concealment, Misrepresentation or Fraud** Condition is replaced by the following:

**Concealment, Misrepresentation or Fraud**

We will not pay for any loss or damage in any case of:

1. concealment or misrepresentation of a material fact; or
2. fraud;

committed by you or any other insured ("insured") at any time and relating to coverage under this Policy.

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

**COLORADO CHANGES - CIVIL UNION**

This endorsement modifies insurance provided under the following:

COMMERCIAL AUTOMOBILE COVERAGE PART  
 COMMERCIAL GENERAL LIABILITY COVERAGE PART  
 COMMERCIAL LIABILITY UMBRELLA COVERAGE PART  
 ELECTRONIC DATA LIABILITY COVERAGE PART  
 FARM COVERAGE PART  
 FARM UMBRELLA LIABILITY POLICY  
 LIQUOR LIABILITY COVERAGE PART  
 MEDICAL PROFESSIONAL LIABILITY COVERAGE PART  
 OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART  
 POLLUTION LIABILITY COVERAGE PART  
 PRODUCT WITHDRAWAL COVERAGE PART  
 PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART  
 UNDERGROUND STORAGE TANK POLICY

**A.** The term "spouse" is replaced by the following:

Spouse or party to a civil union recognized under Colorado law.

**B.** Under the Commercial Automobile Coverage Part, the term "family member" is replaced by the following and supersedes any other provisions to the contrary:

"Family member" means a person related to:

1. The individual Named Insured by blood, adoption, marriage or civil union recognized under Colorado law, who is a resident of such Named Insured's household, including a ward or foster child;

2. The individual named in the Schedule by blood, adoption, marriage or civil union recognized under Colorado law, who is a resident of the individual's household, including a ward or foster child, if the Drive Other Car Coverage - Broadened Coverage For Named Individuals endorsement is attached.

**C.** With respect to coverage for the ownership, maintenance or use of "covered autos" provided under the Commercial Liability Umbrella Coverage Part, the term "family member" is replaced by the following:

"Family member" means a person related to you by blood, adoption, marriage or civil union recognized under Colorado law, who is a resident of your household, including a ward or foster child.

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

**COLORADO CHANGES**

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME COVERAGE FORM  
GOVERNMENT CRIME COVERAGE FORM  
KIDNAP/RANSOM AND EXTORTION COVERAGE FORM

The following is added to section **E. Conditions**:

**Loss Payment**

1. We will give you notice of our intentions within 60 days after we receive the sworn proof of loss;  
and
2. We will pay for covered loss or damage within 60 days after we receive the sworn proof of loss,  
if you have complied with all the terms of this Coverage Form; and:
  - a. we have reached agreement with you on the amount of loss; or
  - b. an appraisal award has been made.





Administrative Offices  
301 E 4th Street  
Cincinnati, Ohio 45202-4201  
Tel: 1-513-369-5000

## NOTICE TO POLICYHOLDERS

### POTENTIAL RESTRICTIONS OF TERRORISM COVERAGE

This Notice has been prepared in conjunction with the **POTENTIAL** implementation of changes related to coverage of terrorism under your Policy.

The Terrorism Risk Insurance Act established a program (Terrorism Risk Insurance Program) within the Department of the Treasury, under which the Federal Government shares, with the insurance industry, the risk of loss from future terrorist attacks. That Program is subject to a termination date of December 31, 2014 unless extended by the Federal Government. If the federal Program terminates, or is extended with certain changes prior to or during the term of your Policy, then the treatment of terrorism under your Policy will change.

This Notice is being provided to you for the purpose of summarizing the potential impact on your coverage. The summary is a brief synopsis of significant exclusionary provisions and limitations.

This Notice does **not** form a part of your insurance contract.

The Notice is designed to alert you to coverage restrictions and to other provisions in certain terrorism endorsement(s) in this Policy. If there is any conflict between this Notice and the Policy (including its endorsements), the provisions of the Policy (including its endorsements) apply.

**Carefully read your Policy, including the endorsements attached to your Policy.**

#### **Potential Change During the Term of Your Policy**

**Endorsement IL 09 95 is attached to your Policy. Its provisions will become applicable to your Policy only if one or more of the following events occur. Those events include the following:**

- if the federal Terrorism Risk Insurance Program (TRIP) terminates with respect to the type of insurance provided under this Policy. (TRIP is scheduled to terminate at the end of December 31, 2014 unless extended by the Federal Government.); or
- if TRIP is extended with changes that redefine terrorism, and we are not required to make such revised coverage available to you; or
- if TRIP is extended with changes that make insurance coverage for terrorism subject to provisions or requirements that differ from those that apply to other events or occurrences under this Policy, and we are not required to make such revised coverage available to you; or
- if TRIP is extended with changes that increase insurers' statutory percentage deductible under TRIP for terrorism losses, or decrease the Federal Government's statutory percentage share in potential terrorism losses, and we are not required to make terrorism coverage available to you. Our deductible is 20% of the total of our previous year's direct earned premiums. The government's share is 85% of the terrorism losses paid by us above the deductible.

**Endorsement IL 09 95 treats terrorism as follows:**

Coverage for loss or damage arising out of a terrorism incident is excluded only if:

- the total of all insured damage to all types of property (including business interruption losses sustained by owners or occupants of damaged property), from the incident, exceeds \$25 million. The \$25 million property damage threshold is based on losses sustained by all persons and entities who are affected by an incident of terrorism, and who are insured for the damage, or who would be insured but for a terrorism exclusion; or

**(To determine whether the threshold for property damage (\$25 million) is exceeded, multiple incidents of terrorism which occur within a seventy-two hour period and appear to be linked together or have a related purpose or common leadership behind them shall be considered to be one incident of terrorism.)**

- the terrorism event involves nuclear materials or results in nuclear reaction or radiation or radioactive contamination; or
- the terrorism event involves the release of radioactive material, and it appears that one purpose of the terrorism was to release such material; or
- the terrorism event is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
- the terrorism event involves the release of pathogenic or poisonous biological or chemical materials, and it appears that one purpose of the terrorism was to release such materials.

The Exception Covering Certain Fire Losses applies only in certain states. If the Exception applies in any states under your Policy, that is indicated in the Schedule of the terrorism endorsement. If the Exception applies, the Schedule indicates the affected types of insurance in affected states. When the Exception applies, the exclusion of terrorism does not apply to direct loss or damage by fire to Covered Property, with respect to affected types of insurance in affected states.

**See the definition of terrorism for purposes of the terrorism exclusion.**

## NOTICE TO POLICYHOLDERS

### POTENTIAL RESTRICTIONS OF TERRORISM COVERAGE

This Notice has been prepared in conjunction with the **potential** implementation of changes related to coverage of terrorism under your Policy.

The Terrorism Risk Insurance Act established a program (Terrorism Risk Insurance Program) within the Department of the Treasury under which the Federal Government shares, with the insurance industry, the risk of loss from future terrorist attacks. That Program is subject to a termination date of December 31, 2020 unless extended by the Federal Government. If the federal Program terminates or is extended with certain changes, prior to or during the term of your Policy, then the treatment of terrorism under your policy will change. This Notice is being provided to you for the purpose of summarizing potential impact on your coverage. The summary is a brief synopsis of significant exclusionary provisions and limitations.

This Notice does **not** form a part of your insurance contract. The Notice is designed to alert you to coverage restrictions and to other provisions in certain terrorism endorsement(s) in this Policy. If there is any conflict between this Notice and the Policy (including its endorsements), the provisions of the Policy (including its endorsements) apply.

Carefully read your Policy, including the endorsements attached to your Policy.

#### **Potential Change During the Term of Your Policy:**

**Endorsement CG 21 87 is attached to your Policy. Its provisions will become applicable to your Policy only if certain events (one or more of them) occur. Those events include the following:**

- if the federal Terrorism Risk Insurance Program (TRIP) terminates with respect to the type of insurance provided under this Policy. (TRIP is scheduled to terminate at the end of December 31, 2020 unless extended by the Federal Government.); or
- if TRIP is extended with changes that redefine terrorism, and we are not required to make such revised coverage available to you; or
- if TRIP is extended with changes that make insurance coverage for terrorism subject to provisions or requirements that differ from those that apply to other events or occurrences under this Policy, and we are not required to make such revised coverage available to you; or
- if TRIP is extended with changes that increase insurers' statutory percentage deductible under TRIP for terrorism losses, or decrease the Federal Government's statutory percentage share in potential terrorism losses, and we are not required to make terrorism coverage available to you.

#### **Endorsement CG 21 87 treats terrorism as follows:**

- Coverage for injury or damage arising out of a terrorism incident is excluded only if:
  - the total of all insured damage to all types of property (including business interruption losses sustained by owners or occupants of damaged property), from the incident, exceeds \$25 million. The \$25 million property damage threshold is based on losses sustained by all persons and entities who are affected by an incident of terrorism, and who are insured for the damage, or who would be insured but for a terrorism exclusion; or
  - fifty or more persons sustain death or serious physical injury; or

**(To determine whether the threshold for property damage (\$25 million) and persons injured (fifty) is exceeded, multiple incidents of terrorism which occur within a seventy-two hour period and appear to be linked together or have a related purpose or common leadership behind them shall be considered to be one incident of terrorism.)**

- the terrorism event involves nuclear materials or results in nuclear reaction or radiation or radioactive contamination; or
- the terrorism event involves the release of radioactive material, and it appears that one purpose of the terrorism was to release such material; or
- the terrorism event is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
- the terrorism event involves the release of pathogenic or poisonous biological or chemical materials, and it appears that one purpose of the terrorism was to release such materials.

**See the definition of terrorism for purposes of the terrorism exclusion.**

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

**CONDITIONAL EXCLUSION OF TERRORISM (RELATING TO  
DISPOSITION OF FEDERAL TERRORISM RISK INSURANCE ACT)**

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART  
COMMERCIAL INLAND MARINE COVERAGE PART  
COMMERCIAL PROPERTY COVERAGE PART  
EQUIPMENT BREAKDOWN PROTECTION COVERAGE FORM  
FARM COVERAGE PART  
SELECT BUSINESS POLICY  
STANDARD PROPERTY POLICY

**Schedule**

The <b>Exception Covering Certain Fire Losses</b> (paragraph D.) applies to property located in the following state(s), if covered under the indicated Coverage Form, Coverage Part or Policy:	
State(s)	Coverage Form, Coverage Part or Policy
CA, CT, GA, HI, IA, IL, MA, ME, MO, NC, NJ, NY, OR, PA, RI, VA, WA, WI, WV	Commercial Property
CA, ME, MO, OR, WI	Commercial Inland Marine
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

**A. Applicability of the Provisions of This Endorsement**

1. The provisions of this endorsement become applicable commencing on the date when any one or more of the following first occurs. But if your Policy (meaning the policy period in which this endorsement applies) begins after such date, then the provisions of this endorsement become applicable on the date your Policy begins.

a. the federal Terrorism Risk Insurance Program ("Program"), established by the Terrorism Risk Insurance Act, has terminated with respect to the type of insurance provided under this Coverage Form, Coverage Part or Policy; or

b. a renewal, extension or replacement of the Program has become effective without a requirement to make terrorism coverage available to you and with revisions that:

(1) increase our statutory percentage deductible under the Program for terrorism losses. (That deductible determines the amount of all certified terrorism losses we must pay in a calendar year, before the federal government shares in subsequent payment of certified terrorism losses.); or

(2) decrease the federal government's statutory percentage share in potential terrorism losses above such deductible; or

(3) **redefine terrorism or make insurance coverage for terrorism subject to provisions or requirements that differ from those that apply to other types of events or occurrences under this Policy.**

**2. If the provisions of this endorsement become applicable, such provisions:**

**a. supersede any terrorism endorsement already endorsed to this Policy that addresses "certified acts of terrorism" and/or "other acts of terrorism," but only with respect to loss or damage from an incident(s) of terrorism (however defined) that occurs on or after the date when the provisions of this endorsement become applicable; and**

**b. remain applicable unless we notify you of changes in these provisions, in response to federal law.**

**3. If the provisions of this endorsement do NOT become applicable, any terrorism endorsement already endorsed to this Policy, that addresses "certified acts of terrorism" and/or "other acts of terrorism," will continue in effect unless we notify you of changes to that endorsement in response to federal law.**

**B. The following definition is added and applies under this endorsement wherever the term terrorism is enclosed in quotation marks.**

**"Terrorism"** means activities against persons, organizations or property of any nature:

**1. that involve the following or preparation for the following:**

**a. use or threat of force or violence; or**

**b. commission or threat of a dangerous act; or**

**c. commission or threat of an act that interferes with or disrupts an electronic, communication, information, or mechanical system; and**

**2. when one or both of the following applies:**

**a. the effect is to intimidate or coerce a government or the civilian population or any segment thereof, or to disrupt any segment of the economy; or**

**b. it appears that the intent is to intimidate or coerce a government, or to further political, ideological, religious, social or economic objectives or to express (or express opposition to) a philosophy or ideology.**

**C. The following exclusion is added:**

#### **Exclusion of Terrorism**

We will not pay for loss or damage caused directly or indirectly by "terrorism," including action in hindering or defending against an actual or expected incident of "terrorism." Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss. **But this exclusion applies only when one or more of the following are attributed to an incident of "terrorism":**

**1. the "terrorism" is carried out by means of the dispersal or application of radioactive material, or through the use of a nuclear weapon or device that involves or produces a nuclear reaction, nuclear radiation or radioactive contamination; or**

**2. radioactive material is released, and it appears that one purpose of the "terrorism" was to release such material; or**

**3. the "terrorism" is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or**

**4. pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the "terrorism" was to release such materials; or**

**5. the total of insured damage to all types of property in the United States, its territories and possessions, Puerto Rico and Canada exceeds \$25,000,000. In determining whether the \$25,000,000 threshold is exceeded, we will include all insured damage sustained by property of all persons and entities affected by the "terror-**

ism" and business interruption losses sustained by owners or occupants of the damaged property. For the purpose of this provision, insured damage means damage that is covered by any insurance plus damage that would be covered by any insurance but for the application of any terrorism exclusions. Multiple incidents of "terrorism" which occur within a 72-hour period and appear to be carried out in concert or to have a related purpose or common leadership will be deemed to be one incident, for the purpose of determining whether the threshold is exceeded.

With respect to this item **C.5.**, the immediately preceding paragraph describes the threshold used to measure the magnitude of an incident of "terrorism" and the circumstances in which the threshold will apply, for the purpose of determining whether this Exclusion will apply to that incident. When the Exclusion applies to an incident of "terrorism," there is no coverage under this Coverage Form, Coverage Part or Policy.

#### **D. Exception Covering Certain Fire Losses**

The following exception to the **Exclusion of Terrorism** applies only if indicated and as indicated in the Schedule of this endorsement.

If "terrorism" results in fire, we will pay for the loss or damage caused by that fire, subject to all applicable policy provisions including the Limit of Insurance on the affected property. Such coverage for fire applies only to direct loss or damage by fire to Covered Property. Therefore, for example, the coverage does not apply to insurance provided under Business Income and/or Extra Expense coverage forms or endorsements that apply to those coverage forms, or to the Legal Liability Coverage Form or the Leasehold Interest Coverage Form.

#### **E. Application of Other Exclusions**

1. When the **Exclusion of Terrorism** applies in accordance with the terms of **C.1.** or **C.2.**, such exclusion applies without regard to the Nuclear Hazard Exclusion in this Coverage Form, Coverage Part or Policy.
2. 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 or damage which would otherwise be excluded under this Coverage Form, 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.**

**CONDITIONAL EXCLUSION OF TERRORISM (RELATING TO  
DISPOSITION OF FEDERAL TERRORISM RISK INSURANCE ACT)**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART  
LIQUOR LIABILITY COVERAGE PART  
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART  
POLLUTION LIABILITY COVERAGE PART  
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART  
RAILROAD PROTECTIVE LIABILITY COVERAGE PART  
UNDERGROUND STORAGE TANK POLICY

**A. Applicability Of The Provisions Of This Endorsement**

1. The provisions of this endorsement become applicable commencing on the date when any one or more of the following first occurs. But if your policy (meaning the policy period in which this endorsement applies) begins after such date, then the provisions of this endorsement become applicable on the date your policy begins.

a. The federal Terrorism Risk Insurance Program ("Program"), established by the Terrorism Risk Insurance Act, has terminated with respect to the type of insurance provided under this Coverage Part or Policy; or

b. A renewal, extension or replacement of the Program has become effective without a requirement to make terrorism coverage available to you and with revisions that:

(1) Increase our statutory percentage deductible under the Program for terrorism losses. (That deductible determines the amount of all certified terrorism losses we must pay in a calendar year, before the federal government shares in subsequent payment of certified terrorism losses.); or

(2) Decrease the federal government's statutory percentage share in potential terrorism losses above such deductible; or

(3) Redefine terrorism or make insurance coverage for terrorism subject to provisions or requirements that differ from those that apply to other types of events or occurrences under this policy.

2. If the provisions of this endorsement become applicable, such provisions:

a. Supersede any terrorism endorsement already endorsed to this policy that addresses "certified acts of terrorism" and/or "other acts of terrorism", but only with respect to an incident(s) of terrorism (however defined) which results in injury or damage that occurs on or after the date when the provisions of this endorsement become applicable (for claims made policies, such an endorsement is superseded only with respect to an incident of terrorism (however defined) that results in a claim for injury or damage first being made on or after the date when the provisions of this endorsement become applicable); and



b. **Remain applicable unless we notify you of changes in these provisions, in response to federal law.**

3. **If the provisions of this endorsement do NOT become applicable, any terrorism endorsement already endorsed to this policy, that addresses "certified acts of terrorism" and/or "other acts of terrorism", will continue in effect unless we notify you of changes to that endorsement in response to federal law.**

B. The following definitions are added and apply under this endorsement wherever the term terrorism, or the phrase any injury or damage, are enclosed in quotation marks:

1. "Terrorism" means activities against persons, organizations or property of any nature:

a. That involve the following or preparation for the following:

(1) Use or threat of force or violence; or

(2) Commission or threat of a dangerous act; or

(3) Commission or threat of an act that interferes with or disrupts an electronic, communication, information, or mechanical system; and

b. When one or both of the following applies:

(1) The effect is to intimidate or coerce a government or the civilian population or any segment thereof, or to disrupt any segment of the economy; or

(2) It appears that the intent is to intimidate or coerce a government, or to further political, ideological, religious, social or economic objectives or to express (or express opposition to) a philosophy or ideology.

2. "Any injury or damage" means any injury or damage covered under any Coverage Part or Policy to which this endorsement is applicable, and includes but is not limited

to "bodily injury", "property damage", "personal and advertising injury", "injury" or "environmental damage" as may be defined in any applicable Coverage Part or Policy.

C. The following exclusion is added:

#### **EXCLUSION OF TERRORISM**

We will not pay for "any injury or damage" caused directly or indirectly by "terrorism", including action in hindering or defending against an actual or expected incident of "terrorism". "Any injury or damage" is excluded regardless of any other cause or event that contributes concurrently or in any sequence to such injury or damage. **But this exclusion applies only when one or more of the following are attributed to an incident of "terrorism":**

1. The "terrorism" is carried out by means of the dispersal or application of radioactive material, or through the use of a nuclear weapon or device that involves or produces a nuclear reaction, nuclear radiation or radioactive contamination; or

2. Radioactive material is released, and it appears that one purpose of the "terrorism" was to release such material; or

3. The "terrorism" is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or

4. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the "terrorism" was to release such materials; or

5. The total of insured damage to all types of property exceeds \$25,000,000. In determining whether the \$25,000,000 threshold is exceeded, we will include all insured damage sustained by property of all persons and entities affected by the "terrorism" and business interruption losses sustained by owners or occupants of the damaged property. For the purpose of this provision, insured damage means damage that is covered by any insurance plus damage that would be covered by any insurance but for the application of any terrorism exclusions; or

6. Fifty or more persons sustain death or serious physical injury. For the purposes of this provision, serious physical injury means:

- a. Physical injury that involves a substantial risk of death; or
- b. Protracted and obvious physical disfigurement; or
- c. Protracted loss of or impairment of the function of a bodily member or organ.

Multiple incidents of "terrorism" which occur within a 72-hour period and appear to be carried out in concert or to have a related purpose or common leadership will be

deemed to be one incident, for the purpose of determining whether the thresholds in Paragraphs **C.5.** or **C.6.** are exceeded.

With respect to this Exclusion, Paragraphs **C.5.** and **C.6.** describe the threshold used to measure the magnitude of an incident of "terrorism" and the circumstances in which the threshold will apply, for the purpose of determining whether this Exclusion will apply to that incident. When the Exclusion applies to an incident of "terrorism", there is no coverage under this Coverage Part or Policy.

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for injury or damage that is otherwise excluded under this Coverage Part.

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

**EXTENDED REPORTING PERIOD FOR TERRORISM COVERAGE**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART (CLAIMS-MADE VERSION)  
LIQUOR LIABILITY COVERAGE PART (CLAIMS-MADE VERSION)  
POLLUTION LIABILITY COVERAGE PART  
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART (CLAIMS- MADE VERSION)  
UNDERGROUND STORAGE TANK POLICY

The following provision is added and supersedes any provision to the contrary when an exclusion of terrorism contained in a Conditional Exclusion of Terrorism endorsement attached to this policy goes into effect.

If:

- a. an incident of terrorism occurred before the conditional exclusion went into effect, but not before November 26, 2002;
- b. a claim arising out of that incident would have been covered under the provisions of this insurance had the claim been made prior to the conditional exclusion taking effect; and

- c. that claim is for any injury or damage arising out of the incident of terrorism and it is made within 5 years after the date the conditional exclusion went into effect;

that claim will be considered to have been first made prior to the time that the conditional exclusion went into effect.

This provision does not apply to claims covered by subsequent insurance you purchase, or that would have been covered but for the exhaustion of the amount of insurance applicable to such claims.

The phrase, any injury or damage, means "any injury or damage" as defined in a Conditional Exclusion of Terrorism endorsement.

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

## **HIRED AUTO AND NON-OWNED AUTO LIABILITY**

This endorsement modifies insurance provided under the following:

### **COMMERCIAL GENERAL LIABILITY COVERAGE FORM**

#### **SCHEDULE**

Insurance is provided only with respect to those coverages for which a premium charge is shown:

<b>Coverage</b>	<b>Additional Premium</b>
Hired Auto Liability	Included
Non-Owned Auto Liability	Included

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

For the insurance provided by this endorsement only, the following modifications are made to the **COMMERCIAL GENERAL LIABILITY COVERAGE FORM**:

**A. SECTION I - COVERAGES, COVERAGE A - Bodily Injury and Property Damage Liability** applies to "bodily injury" or "property damage" arising out of the:

1. Maintenance or use of a "hired auto" by you or your "employees" in the course of your business; and
2. Use of any "non-owned auto" by any person other than you in the course of your business.

**B.** For the insurance provided by this endorsement only, the exclusions under **SECTION I - COVERAGES, COVERAGE A. Bodily Injury and Property Damage Liability, 2. Exclusions**, other than **a. Expected or Intended Injury, b. Contractual Liability, d. Workers' Compensation and Similar Laws, f. Pollution, i. War** and the **Nuclear Energy Liability Exclusion (Broad Form)**, are deleted and replaced by the following:

1. "Bodily injury" to:
  - (a) An "employee" of the Insured arising out of and in the course of:
    - (1) employment by the Insured; or
    - (2) performing duties related to the conduct of the Insured's business; or
  - (b) the spouse, child, parent, brother or sister of that "employee" as a consequence of paragraph (a) above.

This exclusion applies:

- (1) whether the Insured may be liable as an employer or in any other capacity; and

- (2) to any obligation to share damages with or repay someone else who must pay damages because of injury.

This exclusion does not apply to:

- (1) liability assumed by the Insured under an "insured contract"; or
- (2) "bodily injury" arising out of and in the course of domestic employment by the Insured unless benefits for such injury are in whole or in part either payable or required to be provided under any workers' compensation law.

2. "Property damage" to:

- (1) Property owned or being transported by, or rented or loaned to the Insured; or
- (2) Property in the care, custody or control of the Insured.

3. "Bodily injury" to:

- (a) any fellow "employee" of the Insured arising out of and in the course of the fellow "employee's" employment, or while performing duties related to the conduct of the Insured's business; or
- (b) the spouse, child, parent, brother or sister of that fellow "employee" as a consequence of paragraph a. above.

This exclusion applies:

- (1) whether the Insured may be liable as an employer or in any other capacity; and
- (2) to any obligation to share damages with or repay someone else who must pay damages because of injury.

This exclusion does not apply to:

- (1) liability assumed by the Insured under an "insured contract"; or
- (2) "bodily injury" arising out of and in the course of domestic employment by the Insured unless benefits for such injury are in whole or in part either payable or required to be provided under any workers' compensation law.

C. For the insurance provided by this endorsement only, **SECTION II - WHO IS AN INSURED** is deleted and replaced by the following:

Each of the following is an insured under this insurance to the extent set forth below:

- 1. you;
- 2. any other person using a "hired auto" with your permission;
- 3. with respect to a "non-owned auto", any partner or "executive officer" of yours, but only while such "non-owned auto" is being used in your business; and
- 4. any other person or organization, but only with respect to their liability because of acts or omissions of an Insured under 1., 2., or 3. above.

None of the following is an Insured:

1. any person engaged in the business of his or her employer for "bodily injury" to any fellow "employee" of such person injured in the course of employment, or to the spouse, child, parent, brother or sister of that fellow "employee" as a consequence of such "bodily injury", or for any obligation to share damages with or repay someone else who must pay damages because of the injury;
2. any partner or "executive officer" for any "auto" owned by such partner or "executive officer" or a member of his or her household;
3. any person while employed in or otherwise engaged in duties in connection with an "auto business", other than an "auto business" you operate;
4. the owner or lessee (of whom you are sublessee) of a "hired auto" or the owner of a "non-owned auto" or any agent or "employee" of any such owner or lessee; or
5. any person or organization with respect to the conduct of any current or past partnership, joint venture or limited liability company that is not shown as a Named Insured in the Declarations.

D. **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS, 4. Other Insurance** is deleted in its entirety and replaced with the following:

**4. Other Insurance**

The insurance provided by this endorsement is excess over any other insurance, whether primary, excess, contingent, or on any other basis, that applies to "bodily injury" or "property damage" arising out of the maintenance or use of a "hired auto" or "non-owned auto".

E. **SECTION V - DEFINITIONS** is amended to add the following:

**"Auto business"** means the business or occupation of selling, repairing, servicing, storing or parking "autos".

**"Hired auto"** means only those "autos" you lease, hire, rent or borrow. This does not include any "auto" you lease, hire, rent or borrow from any of your "employees", any partner (if you are a partnership), any member (if you are a limited liability company), or any member of their respective households.

**"Non-owned auto"** means only those "autos" you do not own, lease, hire, rent or borrow that are used in connection with your business. This includes "autos" owned by your "employees". "Non-owned auto" does not include any "auto" owned by any partner (if you are a partnership), any member (if you are a limited liability company), or any member of their respective households.

**This endorsement does not change any other provision of the Policy.**

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

## **WINDSTORM OR HAIL PERCENTAGE DEDUCTIBLE**

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  
 TOBACCO SALES WAREHOUSES COVERAGE FORM

### **Schedule**

<b>Premises Number</b>	<b>Building Number</b>	<b>Windstorm or Hail Deductible Percentage - Enter 1%, 2% or 5%</b>
1.	1 to 27	5%

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

The Windstorm or Hail Deductible, as shown in the Schedule and set forth in this endorsement, applies to covered loss or damage caused directly or indirectly by Windstorm or Hail. This Deductible applies to each occurrence of Windstorm or Hail. Nothing in this endorsement implies or affords coverage for any loss or damage that is excluded under the terms of the Water Exclusion or any other exclusion in this Policy. If this Policy is endorsed to cover Flood under the Flood Coverage Endorsement (or if you have a flood insurance policy), a separate Flood Deductible applies to loss or damage attributable to Flood, in accordance with the terms of that endorsement or policy.

As used in this endorsement, the terms "specific insurance" and "blanket insurance" have the following meanings: Specific insurance covers each item of insurance (for example, each building or personal property in a building) under a separate Limit of Insurance. Blanket insurance covers two or more items of insurance (for example, a building and personal property in that building, or two buildings) under a single Limit of Insurance. Items of insurance and corresponding Limit(s) of Insurance are shown in the Declarations.

### **Windstorm or Hail Deductible Calculations**

#### **A. Calculation of The Deductible - All Policies**

1. A Deductible is calculated separately for, and applies separately to:
  - a. each building that sustains loss or damage;

b. the personal property at each building at which there is loss or damage to personal property; and

c. personal property in the open.

If there is damage to both a building and personal property in that building, separate deductibles apply to the building and to the personal property.

2. We will not pay for loss or damage until the amount of loss or damage exceeds the applicable Deductible. We will then pay the amount of loss or damage in excess of that Deductible, up to the applicable Limit of Insurance, after any reduction required by any of the following: Coinsurance Condition; Agreed Value Optional Coverage; or any provision in a Value Reporting Form relating to full reporting or failure to submit reports.
3. When property is covered under the Coverage Extension for Newly Acquired or Constructed Property: In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to a percentage of the value(s) of the property at time of loss. The applicable percentage for Newly Acquired or Constructed Property is the highest percentage shown in the Schedule for any described premises.

## **B. Calculation of The Deductible - Specific Insurance Other than Builders' Risk**

### **1. Property Not Subject to Value Reporting Forms**

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to 1%, 2% or 5% (as shown in the Schedule) of the Limit(s) of Insurance applicable to the property that has sustained loss or damage.

### **2. Property Subject to Value Reporting Forms**

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to 1%, 2% or 5% (as shown in the Schedule) of the value(s) of the property that has sustained loss or damage. The value(s) to be used is the latest value(s) shown in the most recent Report of Values on file with us.

However:

- a. If the most recent Report of Values shows less than the full value(s) of the property on the report dates, we will determine the deductible amount as a percentage of the full value(s) as of the report dates.
- b. If the first Report of Values is not filed with us prior to loss or damage, we will determine the deductible amount as a percentage of the applicable Limit(s) of Insurance.

## **C. Calculation of The Deductible - Blanket Insurance Other than Builders' Risk**

### **1. Property Not Subject to Value Reporting Forms**

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to 1%, 2% or 5% (as shown in the Schedule) of the value(s) of the property that has sustained loss or damage. The value(s) to be used is that shown in the most recent Statement of Values on file with us.

### **2. Property Subject to Value Reporting Forms**

In determining the amount, if any, that we will pay for property that has sustained loss or damage, we will deduct an amount equal to 1%, 2% or 5% (as shown in the Schedule) of the value(s) of that property as of the time of loss or damage.



## D. Calculation of The Deductible - Builders' Risk Insurance

### 1. Builders' Risk Other than Reporting Form

In determining the amount, if any, that we will pay for property that has sustained loss or damage, we will deduct an amount equal to 1%, 2% or 5% (as shown in the Schedule) of the actual cash value(s) of that property as of the time of loss or damage.

### 2. Builders' Risk Reporting Form

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to 1%, 2% or 5% (as shown in the Schedule) of the value(s) of the property that has sustained loss or damage. The value(s) to be used is the actual cash value(s) shown in the most recent Report of Values on file with us.

However:

- a. If the most recent Report of Values shows less than the actual cash value(s) of the property on the report date, we will determine the deductible amount as a percentage of the actual cash value(s) as of the report date.
- b. If the first Report of Values is not filed with us prior to loss or damage, we will determine the deductible amount as a percentage of the actual cash value(s) of the property as of the time of loss or damage.

### Examples - Application of Deductible

#### Example 1 - Specific Insurance (B.1.)

The amount of loss to the damaged building is \$60,000.

The value of the damaged building at time of loss is \$100,000. The Coinsurance percentage shown in the Declarations is 80%; the minimum Limit of Insurance needed to meet the Coinsurance requirement is \$80,000 (80% of \$100,000).

The actual Limit of Insurance on the damaged building is \$70,000.

The Deductible is 1%.

Step (1):  $\$70,000 \div \$80,000 = .875$

Step (2):  $\$60,000 \times .875 = \$52,500$

Step (3):  $\$70,000 \times 1\% = \$700$

Step (4):  $\$52,500 - \$700 = \$51,800$

The most we will pay is \$51,800. The remainder of the loss, \$8,200, is not covered due to the Coinsurance penalty for inadequate insurance (Steps (1) and (2)) and the application of the Deductible (Steps (3) and (4)).

#### Example 2 - Specific Insurance (B.1.)

The amounts of loss to the damaged property are \$60,000 (Building) and \$40,000 (Personal Property in building).

The value of the damaged building at time of loss is \$100,000. The value of the personal property in that building is \$80,000. The Coinsurance percentage shown in the Declarations is 80%; the minimum Limits of Insurance needed to meet the Coinsurance requirement are \$80,000 (80% of \$100,000) for the building and \$64,000 (80% of \$80,000) for the personal property.

The actual Limits of Insurance on the damaged property are \$80,000 on the building and \$64,000 on the personal property (therefore, no Coinsurance penalty).

The Deductible is 2%.

### **Building**

Step (1):  $\$80,000 \times 2\% = \$1,600$

Step (2):  $\$60,000 - \$1,600 = \$58,400$

### **Personal Property**

Step (1):  $\$64,000 \times 2\% = \$1,280$

Step (2):  $\$40,000 - \$1,280 = \$38,720$

The most we will pay is \$97,120. The portion of the total loss not covered due to application of the Deductible is \$2,880.

### **Example 3 - Blanket Insurance (C.1.)**

The sum of the values of Building #1 (\$500,000), Building #2 (\$500,000) and Building #3 (\$1,000,000), as shown in the most recent Statement of Values on file with us, is \$2,000,000.

The Coinsurance percentage shown in the Declarations is 90%; the minimum Blanket Limit of Insurance needed to meet the Coinsurance requirement is \$1,800,000 (90% of \$2,000,000).

The actual Blanket Limit of Insurance covering Buildings #1, #2, and #3, shown in the Declarations, is \$1,800,000 (therefore, no Coinsurance penalty).

Buildings #1 and #2 have sustained damage; the amounts of loss to these buildings are \$40,000 (Building #1) and \$20,000 (Building #2).

The Deductible is 2%.

### **Building 1**

Step (1):  $\$500,000 \times 2\% = \$10,000$

Step (2):  $\$40,000 - \$10,000 = \$30,000$

### **Building 2**

Step (1):  $\$500,000 \times 2\% = \$10,000$

Step (2):  $\$20,000 - \$10,000 = \$10,000$

The most we will pay is \$40,000. The portion of the total loss not covered due to application of the Deductible is \$20,000.

### **Example 4 - Blanket Insurance (C.1.)**

The sum of the values of Building #1 (\$500,000), Building #2 (\$500,000), Personal Property at Building #1 (\$250,000), and Personal Property at Building #2 (\$250,000), as shown in the most recent Statement of Values on file with us, is \$1,500,000.

The Coinsurance percentage shown in the Declarations is 90%; the minimum Blanket Limit of Insurance needed to meet the Coinsurance requirement is \$1,350,000 (90% of \$1,500,000).

The actual Blanket Limit of Insurance covering Buildings #1 and #2 and Personal Property at Buildings #1 and #2, shown in the Declarations, is \$1,350,000. Therefore, there is no Coinsurance penalty.

Building #1 and Personal Property at Building #1 have sustained damage; the amounts of loss are \$95,000 (Building) and \$5,000 (Personal Property).

The Deductible is 5%.

### **Building**

Step (1):  $\$500,000 \times 5\% = \$25,000$

Step (2):  $\$95,000 - \$25,000 = \$70,000$

### **Personal Property**

Step (1):  $\$250,000 \times 5\% = \$12,500$

The loss, \$5,000, does not exceed the Deductible.

The most we will pay is \$70,000. The remainder of the building loss, \$25,000, is not covered due to application of the Deductible. There is no loss payment for the personal property.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

### ICE DAMMING DEDUCTIBLE

This endorsement modifies insurance provided under the following:  
 CONDOMINIUM ASSOCIATION COVERAGE FORM  
 CAUSES OF LOSS - SPECIAL FORM

Premises Number	Building Number	Ice Damming Deductible
1.	1 to 27	\$ 5,000
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.		

The following is added to **D. Deductible** in the Condominium Association Coverage Form:  
 With respect to covered loss or damage caused by ice damming, the deductible shown in the above schedule will apply separately to each "unit" that actually sustains resulting water damage.

This deductible is in addition to the deductible applicable to covered property that is not considered a "unit".  
 For the purpose of this endorsement, "unit" means each portion of the real property, designed for separate ownership and occupancy.

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

**INCLUDE DESIGNATED AGENTS AS EMPLOYEES**

This endorsement modifies insurance provided under the following:

- COMMERCIAL CRIME COVERAGE FORM
- COMMERCIAL CRIME POLICY
- EMPLOYEE THEFT AND FORGERY POLICY
- GOVERNMENT CRIME COVERAGE FORM
- GOVERNMENT CRIME POLICY
- GOVERNMENT EMPLOYEE THEFT AND FORGERY POLICY

and applies to the Employee Theft Insuring Agreement:

**Schedule**

<b>Capacity of Agent</b>	<b>Limit of Insurance</b>
Property Manager	\$50,000 Employee Theft per Broadening Endorsement
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

1. The definition of "employee" is amended to include each natural person, partnership or corporation you appoint in writing to act as your agent in the capacity shown in the Schedule while acting on your behalf or while in possession of covered property. These natural persons, partnerships or corporations are not covered for faithful performance of duty, even in the event that this insurance may have been amended by endorsement to provide such coverage on other "employees." Only coverage for "theft" applies to the agents scheduled above.
2. Each such agent and the partners, officers and employees of that agent are considered to be, collectively, one "employee" for the purposes of this insurance. However, the Termination As to Any Employee Condition applies individually to each of them.
3. The most we will pay under this insurance for loss caused by an agent included as an "employee" by this endorsement is the Limit of Insurance shown in the Schedule. That Limit of Insurance is part of, not in addition to, the Limit of Insurance shown in the Declarations as applicable to the Employee Theft Insuring Agreement.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PER "UNIT" DEDUCTIBLE - SPECIFIED CAUSES OF LOSS

This endorsement modifies insurance provided under the following:

CONDOMINIUM ASSOCIATION COVERAGE FORM

Schedule

"X": IF APPLICABLE	COVERED CAUSE OF LOSS	PER UNIT DEDUCTIBLE
X	Ice Damming	\$ 5,000
	Water Damage	N/A
	Sprinkler Leakage	N/A
	Water Backup of Sewers & Drains	N/A

A. The following is added to CONDOMINIUM ASSOCIATION COVERAGE FORM, Section D. Deductible:

The Per "Unit" Deductible(s) shown in the Schedule above will apply if loss or damage occurs to "units" and "common areas" as the result of "ice damming", sewer back up, sprinkler leakage or "water damage." The deductible(s) in the Schedule above will be applied separately to each "unit" and or "common area" that sustains loss or damage.

The Per "Unit" deductible has no impact on the application of the basic deductible for Causes of Loss not otherwise specified in this endorsement.

B. As used in this endorsement, the following definitions apply to the application of this Per "Unit" Deductible:

1. "Common areas" are those portions of condominium and apartment buildings or structures other than those areas defined as "units", which are available for common use by all unit owners, tenants and their invitees.
2. "Ice damming" means damage caused by water leaking into the interior of the "unit" as a result of the weight of snow, ice, or sleet or damage caused by thawing and/or re-freezing of snow, ice or sleet.
3. "Unit", with reference to the Condominium Association Coverage Form, shall mean a portion of the condominium buildings or structures designed for separate ownership and occupancy.
4. "Water damage", as used in this endorsement, means accidental discharge, leakage or overflow of water or steam from within a plumbing, heating or air conditioning system or from within a household appliance that is located on the described premises and contains water or steam.

However, "water damage", as used in this endorsement, does not include damage due to discharge or leakage from:

- a. An Automatic Sprinkler System;
- b. A sump or related equipment and parts, including overflow due to sump pump failure or excessive volume of water; or
- c. Roof drains, gutters, downspouts or similar fixtures or equipment.

Deductible Example

(This example assumes that property is adequately insured and there is no coinsurance penalty.)

Three "units" and a common area in a building containing 10 "units" suffered \$11,000 of "water damage" as a result of a ruptured bathroom pipe.

The Water Damage Per "Unit" Deductible is \$ 1,000

Building	Loss Amount	-	Water Damage Per Unit Deductible	=	Loss Payment
Unit 1	\$5,000		\$1,000		\$4,000
Unit 2	\$2,500		\$1,000		\$1,500
Unit 3	\$1,000		\$1,000		\$0
Common Area	<u>\$2,500</u>		\$1,000		<u>\$1,500</u>
Total Loss	\$11,000				
Total Payment					\$7,000

This endorsement does not change any other provision of the policy.

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

**ORDINANCE OR LAW COVERAGE**

This endorsement modifies insurance provided under the following:  
 BUILDING AND PERSONAL PROPERTY COVERAGE FORM  
 CONDOMINIUM ASSOCIATION COVERAGE FORM  
 STANDARD PROPERTY POLICY

**Schedule**

Building Number/ Premises Number	Coverage A	Coverage B Limit of Insurance	Coverage C Limit of Insurance	Coverage B and C Combined Limit of Insurance
See Form # CP 72 01 – Schedule of Locations	Included in the Building Limit	25% of Building Limit/Maximum \$1,000,000	25% of Building Limit/Maximum \$1,000,000	\$
/ )	( )	\$	\$	\$
/ )	( )	\$	\$	\$

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

\* Do **not** enter a Blanket Limit of Insurance if individual Limits of Insurance are selected for Coverages **B** and **C**, or if one of these Coverages is not applicable.

**A.** Each Coverage - Coverage **A**, Coverage **B** and Coverage **C** - is provided under this endorsement only if that Coverage(s) is chosen by entry in the above Schedule and then only with respect to the building identified for that Coverage(s) in the Schedule.

**B. Application of Coverage(s)**

The Coverage(s) provided by this endorsement applies only if both **B.1.** and **B.2.** are satisfied and are then subject to the qualifications set forth in **B.3.**

**1.** The ordinance or law:

**a.** regulates the demolition, construction or repair of buildings, or establishes zoning or land use requirements at the described premises; and

**b.** is in force at the time of loss.

But coverage under this endorsement applies only in response to the minimum requirements of the ordinance or law. Losses and costs incurred in complying with recommended actions or standards that exceed actual requirements are not covered under this endorsement.

**2. a.** The building sustains direct physical damage that is covered under this Policy and as a result of such damage, you are required to comply with the ordinance or law; or



- b. the building sustains both direct physical damage that is covered under this Policy and direct physical damage that is not covered under this Policy, and as a result of the building damage in its entirety, you are required to comply with the ordinance or law.
  - c. But if the building sustains direct physical damage that is not covered under this Policy, and such damage is the subject of the ordinance or law, then there is no coverage under this endorsement even if the building has also sustained covered direct physical damage.
3. In the situation described in **B.2.b.** above, we will not pay the full amount of loss otherwise payable under the terms of Coverages **A**, **B**, and/or **C** of this endorsement. Instead, we will pay a proportion of such loss, meaning the proportion that the covered direct physical damage bears to the total direct physical damage.

(Section **H.** of this endorsement provides an example of this procedure.)

However, if the covered direct physical damage, alone, would have resulted in a requirement to comply with the ordinance or law, then we will pay the full amount of loss otherwise payable under the terms of Coverages **A**, **B** and/or **C** of this endorsement.

**C.** We will not pay under Coverage **A**, **B** or **C** of this endorsement for:

- 1. enforcement of or compliance with any ordinance or law which requires the 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
- 2. the costs associated with the enforcement of or compliance with any 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.

#### **D. Coverage**

**1. Coverage A - Coverage for Loss to the Undamaged Portion of the Building**

With respect to the building that has sustained covered direct physical damage, we will pay under Coverage **A** for the loss in value of the undamaged portion of the building as a consequence of a requirement to comply with an ordinance or law that requires demolition of undamaged parts of the same building.

Coverage **A** is included within the Limit of Insurance shown in the Declarations as applicable to the covered building. Coverage **A** does not increase the Limit of Insurance.

**2. Coverage B - Demolition Cost Coverage**

With respect to the building that has sustained covered direct physical damage, we will pay the cost to demolish and clear the site of undamaged parts of the same building as a consequence of a requirement to comply with an ordinance or law that requires demolition of such undamaged property.

The Coinsurance Additional Condition does not apply to Demolition Cost Coverage.

**3. Coverage C - Increased Cost of Construction Coverage**

- a. With respect to the building that has sustained covered direct physical damage, we will pay the increased cost to:

- (1) repair or reconstruct damaged portions of that building; and/or

(2) reconstruct or remodel undamaged portions of that building, whether or not demolition is required;  
when the increased cost is a consequence of a requirement to comply with the minimum standards of the ordinance or law.

However:

- (1) This coverage applies only if the restored or remodeled property is intended for similar occupancy as the current property, unless such occupancy is not permitted by zoning or land use ordinance or law.
- (2) We will not pay for the increased cost of construction if the building is not repaired, reconstructed or remodeled.

The Coinsurance Additional Condition does not apply to Increased Cost of Construction Coverage.

- b. When a building is damaged or destroyed and Coverage **C** applies to that building in accordance with **3.a.** above, coverage for the increased cost of construction also applies to repair or reconstruction of the following, subject to the same conditions stated in **3.a.**:

- (1) the cost of excavations, grading, backfilling and filling;
- (2) foundation of the building;
- (3) pilings; and
- (4) underground pipes, flues and drains.

The items listed in **b.(1)** through **b.(4)** above are deleted from Property Not Covered, but only with respect to the coverage described in this Provision, **3.b.**

#### **E. Loss Payment**

1. All following loss payment provisions, **E.2.** through **E.5.**, are subject to the apportionment procedures set forth in Section **B.3.** of this endorsement.
2. When there is a loss in value of an undamaged portion of a building to which Coverage **A** applies, the loss payment for that building, including damaged and undamaged portions, will be determined as follows:
  - a. If the Replacement Cost Coverage Option applies and the property is being repaired or replaced, on the same or another premises, we will not pay more than the lesser of:
    - (1) the amount you would actually spend to repair, rebuild or reconstruct the building, but not for more than the amount it would cost to restore the building on the same premises and to the same height, floor area, style and comparable quality of the original property insured; or
    - (2) the Limit of Insurance shown in the Declarations as applicable to the covered building.
  - b. If the Replacement Cost Coverage Option applies and the property is **not** repaired or replaced, or if the Replacement Cost Coverage Option does **not** apply, we will not pay more than the lesser of:
    - (1) the actual cash value of the building at the time of loss; or
    - (2) the Limit of Insurance shown in the Declarations as applicable to the covered building.

3. Unless paragraph **E.5.** applies, loss payment under Coverage **B** - Demolition Cost Coverage will be determined as follows:

We will not pay more than the lesser of the following:

- a. the amount you actually spend to demolish and clear the site of the described premises; or
- b. the applicable Limit of Insurance shown for Coverage **B** in the Schedule above.

4. Unless paragraph **E.5.** applies, loss payment under Coverage **C** - Increased Cost of Construction Coverage will be determined as follows:

- a. We will not pay under Coverage **C**:

- (1) until the property is actually repaired or replaced, at the same or another premises; and
- (2) 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 under Coverage **C** is the lesser of:

- (1) the increased cost of construction at the same premises; or

- (2) the applicable Limit of Insurance shown for Coverage **C** in the Schedule above.

- c. If the ordinance or law requires relocation to another premises, the most we will pay under Coverage **C** is the lesser of:

- (1) the increased cost of construction at the new premises; or

- (2) the applicable Limit of Insurance shown for Coverage **C** in the Schedule above.

5. If a Combined Limit of Insurance is shown for Coverages **B** and **C** in the Schedule above, paragraphs **E.3.** and **E.4.** of this endorsement do not apply with respect to the building that is subject to the Combined Limit, and the following loss payment provisions apply instead:

The most we will pay, for the total of all covered losses for Demolition Cost and Increased Cost of Construction, is the Combined Limit of Insurance shown for Coverages **B** and **C** in the Schedule above. Subject to this Combined Limit of Insurance, the following loss payment provisions apply:

- a. For Demolition Cost, we will not pay more than the amount you actually spend to demolish and clear the site of the described premises.

- b. With respect to the Increased Cost of Construction:

- (1) We will not pay for the increased cost of construction:

- (a) until the property is actually repaired or replaced, at the same or another premises; and
- (b) 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.

- (2) 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 is the increased cost of construction at the same premises.

(3) If the ordinance or law requires relocation to another premises, the most we will pay for the increased cost of construction is the increased cost of construction at the new premises.

- F. The terms of this endorsement apply separately to each building to which this endorsement applies.
- G. Under this endorsement we will not pay for loss due to any ordinance or law that:
1. you were required to comply with before the loss, even if the building was undamaged; and
  2. you failed to comply with.
- H. Example of proportionate loss payment for Ordinance or Law Coverage Losses (procedure as set forth in Section B.3. of this endorsement).

Assume:

- Wind is a Covered Cause of Loss; Flood is an excluded Cause of Loss
- The building has a value of \$200,000
- Total direct physical damage to building: \$100,000
- The ordinance or law in this jurisdiction is enforced when building damage equals or exceeds 50% of the building's value
- Portion of direct physical damage that is covered (caused by wind): \$30,000
- Portion of direct physical damage that is not covered (caused by flood): \$70,000
- Loss under Ordinance or Law Coverage C of this endorsement: \$60,000

Step 1: Determine the proportion that the covered direct physical damage bears to the total direct physical damage.

$$\$30,000 \div \$100,000 = .30$$

Step 2: Apply that proportion to the Ordinance or Law loss.

$$\$60,000 \times .30 = \$18,000$$

In this example, the most we will pay under this endorsement for the Coverage C loss is \$18,000, subject to the applicable Limit of Insurance and any other applicable provisions.

**Note:** The same procedure applies to losses under Coverages A and B of this endorsement.

- I. The following definition is added:
- "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.

# DISTINGUISHED. PROGRAMS



## BE PREPARED.

### What to expect during your property inspection

Correcting hazards found on your property protects you as the owner, as well as guests or tenants, from unexpected risks. In addition, improving the safety of the property reduces claims and costly lawsuits which may have a direct impact on your insurance premiums. During inspection the Distinguished Programs' loss control inspectors will look to identify potential property and life safety hazards.

#### 1 BEFORE THE INSPECTION

After you bind coverage an inspection to assess risks or potential hazards at your property needs to occur.

##### Q FULL INSPECTION

The exterior and interior of the property will be inspected. A responsible party, likely the property owner or property manager, will need to be present. Don't worry, our inspectors will call to schedule a time that works best for you.

! Prior to a full inspection collect all relevant documents for your Inspector to review, such as all commercial tenant leases, Certificates of Insurance, snow and ice removal logs, and maintenance records.

#### 2 DURING THE INSPECTION

##### Q FULL INSPECTION

Whether or not the association's insuring agreement is bare walls, original specifications or all-in, losses that originate within a unit often times will affect the entire building, which is why we request an inspection of one interior unit's mechanical features.

As such, your inspector will request access to a representative unit to look at plumbing and electrical systems, water heaters, washers and driers, fire protection systems, heating, ventilation and air conditioning systems, fireplaces, roofs and basements to determine age, maintenance and wear and tear, but will not be looking in personal areas such as a bedroom. Your inspector will look for any life-safety concerns, trip and fall hazards, housekeeping exposures and property maintenance risks during the examination of the exterior and interior of the property.

! HOAs with single family homes will be exempt from this requirement.

#### 3 AFTER THE INSPECTION

Following the inspection, a report will be prepared and sent to Distinguished Programs for review. Once the review is complete, you and your broker will be notified of any life safety or maintenance items requiring your attention.

##### 📄 ESSENTIAL RECOMMENDATIONS

Items that must be fixed with proof of corrections. You will have 20 days to respond advising us of your corrective course of action along with an estimated time frame for completion. If no response, your insurance will be at risk for canceling.

## PROPERTY MAINTENANCE GUIDE

Performing preventative and routine maintenance on your property will help you to be prepared for your inspection. Use the following property maintenance guide to avoid costly emergency repairs and equipment failures. In addition, look for the bolded fire safety steps and post reminders throughout your building and common areas to ensure tenants are taking necessary precautions to prevent fires. The following guide is intended to provide guidance and is not an exhaustive list.

### ANNUAL MAINTENANCE

- Sprinkler System, if installed, should be inspected by a qualified contractor
- Inspect plumbing to look for leaks or unusual noises
- Clean lint from duct work**
- Have the heating system serviced annually, change filters
- Drain the hot water heater, remove sediment from the bottom of the tank, check pressure valve

### SPRING MAINTENANCE

- Remove leaves and debris from gutters and downspouts.
- Examine roof-to-wall connections and flashings for wrinkles or tearing

### SPRING & FALL MAINTENANCE

- Smoke detectors installed and working properly**
- Carbon dioxide detectors installed and working properly
- Inspect roofing for missing, loose, or damaged shingles and leaks
- If you use a fireplace have the chimney cleaned annually**
- Check and clean dryer vent and other exhaust vents to exterior of home.**
- Inspect HVAC - Look for screw or latch updates, gasket repairs, and missing screw replacements

### WINTER MAINTENANCE

- Proper snow/ice removal practices in place for sidewalks and steps, including up-to-date log
- Drain and winterize exterior plumbing
- Maintain heat in common areas to a minimum of 55 degrees

### ROUTINE MAINTENANCE:

- Make sure all door locks are properly functioning to ensure only authorized access
- Clean or replace air filters
- Have professional HVAC cleanings done
- Dust lamps and clean lens surface
- Inspect both interior and exterior lights
- Inspect and repair any cracks or height differentials on sidewalks and steps that are ½" or more wide or raised
- Have a professional inspect your pool for entrapment hazards (If applicable)
- Lint from dryers should be cleaned after each use**
- Remove any debris from the sidewalk/steps in a timely manner

### ADDITIONAL TIPS FOR A PASSING INSPECTION

- **Electrical systems should be inspected by a licensed electrician every 3 to 5 years.**
- Replace interior and exterior bulbs as necessary.
- **Avoid the use of extension cords for major appliances.**
- Avoid storing items or parking on the sidewalk.
- Stainless steel reinforced hoses should be considered for laundry appliance as opposed to rubber hoses.
- Pools are required to have a barrier which prevents a child from getting OVER, UNDER or THROUGH. (If applicable)
- Post signs stating pool rules in a visible area. (If applicable)