

Ramin R. Younessi, Esq. (SBN 175020)
LAW OFFICES OF RAMIN R. YOUNESSI
A PROFESSIONAL LAW CORPORATION
3435 Wilshire Boulevard, Suite 2200
Los Angeles, California 90010
Telephone: (213) 480-6200
Facsimile: (213) 480-6201

Attorney for Plaintiffs

SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF ORANGE, CENTRAL JUSTICE CENTER

HP TOWER INVESTMENTS, LLC - DBA
BEACH SPA, a California limited liability
company, IRVINE FAMILY SPA, INC – DBA
I SPA, a California corporation,

Plaintiffs,

v.

NATIONWIDE MUTUAL INSURANCE
COMPANY, an entity of unknown nature, and
NATIONWIDE INSURANCE COMPANY, an
entity of unknown nature, and DOES 1 through
20, inclusive,

Defendants.

Case No. 30-2021-01210806-CU-BC-CJC

COMPLAINT FOR:

- 1. BREACH OF CONTRACT;**
- 2. BREACH OF COVENANT OF GOOD FAITH AND FAIR DEALING**

DEMAND OVER \$25,000

[DEMAND FOR JURY TRIAL]

Assigned for All Purposes

Judge John C. Gastelum

COME NOW PLAINTIFFS, HP Tower Investments, LLC – dba Beach Spa and Irvine Family Spa, Inc – dba I Spa and for causes of action against the Defendants and each of them, allege as follows:

JURISDICTION

1. This Court is the proper court, and this action is properly filed in Orange County, because the contract of the insurance policy which is the subject of this lawsuit was entered into in Orange County and Defendants' obligations and liabilities arise therein.

2. Plaintiff HP Tower Investments, LLC – dba Beach Spa is a California limited liability Company with its principal place of business located at 4560 Beach Blvd. Buena Park, CA 90621.

1 3. Plaintiff Irvine Family Spa, Inc – dba I Spa is a California corporation with is principal
2 place of business located at 2332 Barranca Pkwy, Irvine, CA 92606.

3 4. Plaintiffs are informed and believe, and based thereupon allege, that at all times relevant
4 hereto, Defendant Nationwide Mutual Insurance Company and Nationwide Insurance Company were
5 insurance companies as defined under California Law and were authorized by State of California to sell
6 policies of insurance to residents of State of California and thereby subject to laws of the State of
7 California.

8 5. The true names and capacities, whether individual, corporate, associate, or otherwise, of
9 the Defendants named herein as DOES 1-20, inclusive, are unknown to Plaintiffs at this time and
10 therefore said Defendants are sued by such fictitious names. Plaintiffs will seek leave to amend this
11 complaint to insert the true names and capacities of said Defendants when the same become known to
12 Plaintiffs. Plaintiffs are informed and believe, and based thereupon allege, that each of the fictitiously
13 named Defendants is responsible for the wrongful acts alleged herein and is therefore liable to Plaintiffs
14 as alleged hereinafter.

15 6. Plaintiffs are informed and believe, and based thereupon allege, that at all times relevant
16 hereto, Defendants, and each of them, were the agents, employees, managing agents, supervisors,
17 coconspirators, parent corporation, joint employers, alter egos, successors, and/or joint ventures of the
18 other Defendants, and each of them, and in doing the things alleged herein, were acting at least in part
19 within the course and scope of said agency, employment, conspiracy, joint employer, alter ego status,
20 successor status and/or joint venture and with the permission and consent of each of the other Defendants.

21 7. Plaintiffs are informed and believe, and based thereupon allege, that Defendants, and each
22 of them, including those defendants named as DOES 1-20 acted in concert with one another to commit
23 the wrongful acts alleged herein, and aided, abetted, incited, compelled and/or coerced one another in the
24 wrongful acts alleged herein, and/or attempted to do so and that they and each of them formed and
25 executed a conspiracy or common plan pursuant to which they would commit the unlawful acts alleged
26 herein, with all such acts alleged herein done as part of and pursuant to said conspiracy, intended to cause
27 and actually causing Plaintiffs harm.

8. Whenever and wherever reference is made in this complaint to any act or failure to act by a Defendant or co-Defendant, such allegations and references shall also be deemed to mean the acts and/or failures to act by each Defendant acting individually, jointly and severally.

FACTUAL ALLEGATIONS

9. On or about October 14, 2019, Defendants sold Plaintiff HP Tower Investments, LLC – dba Beach Spa a policy of insurance hereinafter referred to as “the HP policy” and identified by policy number ACP CPP 3056864604. A true and correct copy of a portion of the policy is attached as exhibit 1.

10. On or about October 14, 2019, Defendants sold Plaintiff Irvine Family Spa, Inc – dba I Spa a policy of insurance hereinafter referred to as “the Irvine policy” and identified by policy number ACP CPP 3057962330. A true and correct copy of a portion of the policy is attached as exhibit 2.

11. The two policies are almost identical in all respects.

12. Plaintiffs are informed and believe that some portions of this policy may be in possession of defendants who have intentionally hid the same from Plaintiffs despite previous requests.

13. The HP policy and Irvine policy provided coverage to plaintiffs from October 14, 2019 to October 14, 2020.

14. The HP policy provided coverage for certain properties located at 4560 Beach Blvd, Buena Park.

15. The Irvine policy provided coverage for certain properties located at 2332 Barranca Parkway, Irvine.

16. These properties are collectively referred to as “subject properties”.

17. Prior to March 1, 2020 Plaintiffs were in the business of running spas from these locations.

18. Among other coverages, the policy provided coverage of loss of business and rental income for up to a period 12 months.

19. Beginning early part of 2020, Plaintiffs were unable to use the property and therefore lost income as the result of their inability to use the property.

20. Plaintiffs promptly reported the loss to Defendants and requested to be reimbursed for their losses under the policy.

21. On July 16, 2020 and without conducting a proper investigation, defendants denied that plaintiffs losses are covered under the policy and issued a denial letter.

22. As a result of defendants' actions plaintiffs have suffered damages as stated herein.

FIRST CAUSE OF ACTION

BREACH OF CONTRACT

AGAINST ALL DEFENDANTS

23. Plaintiffs re-allege and incorporates by reference the prior paragraphs as though set forth in full herein.

24. At all times herein plaintiffs were in compliance with the terms of the policy including making timely payments and such policy was in full force and effect.

25. Although the policy of insurance is attached and incorporated herein the following sum up the essence of the most relevant portions.

26. Included in the policy of insurance is an endorsement identified as CP00301012 entitled “Business Income (and Extra Expense) Coverage Form” which under Coverage A provides for loss of business income including rental value or rental value at the insureds’ option. The coverage afforded here is further broadened by other provisions of the policy including but not limited to those mentioned in endorsement identified as CP71330416.

27. There are multiple causes, each independent of one another, that can trigger coverage.

28. First, the policy states that direct physical loss of or damage to subject properties resulting in loss of business income/ rental value will indeed trigger coverage. This is the main coverage which sometimes is referred to as an “all risk coverage”.

29. Elsewhere in the policy similar coverage is provided when direct physical loss of or damage to property is not sustained to the subject properties but instead to dependent properties. This is referred to as “dependent property coverage”.

1 30. Elsewhere in the policy similar coverage is provided if the direct physical loss of or
2 damage to property is not sustained to the subject properties but instead to areas surrounding the subject
3 properties thereby resulting a civil authority ordering prohibition of full or partial access to subject
4 properties. This is referred to as “civil authority coverage”.

5 31. Elsewhere in the policy similar coverage is provided if the direct physical loss of or
6 damage to property is not sustained to the subject properties but instead to areas surrounding the subject
7 properties thereby resulting in interruption of ingress or egress to the property. This is referred to as
8 “ingress or egress coverage”.

9 32. Further the policy states that any losses must be as a result of a covered cause of loss.

10 33. Endorsement CP10301012 entitled “Covered Cause of Loss – Special Form” defines the
11 covered cause of loss as “direct physical loss”.

12 34. The property was rendered fully or partially untenable when Plaintiffs’ tenant and its
13 employees/members/customers were prevented from using the property as a result of fear and
14 apprehension by members of the public including the church employees’/members’/customers’ of
15 contracting a sever illness and possibly dying because of the 2020 pandemic. Such fear directly resulted
16 in the physical loss of the subject properties.

17 35. In addition various government orders directed members of public to stay home and
18 refrain from visiting churches thereby causing direct physical loss of not only the church but its adjacent
19 sidewalks and roadways, and thus triggering all of the above coverages.

20 36. The events described in the previous paragraph resulted in a direct physical loss of the
21 subject properties as defined under the policy.

22 37. As plaintiffs have at all relevant times understood the terms of the policy, the events
23 described here constituted direct physical loss of the subject properties.

24 38. Defendants have now denied coverage by wrongfully stating that these events did not
25 result in direct physical loss. Claiming that permanent damage is required to trigger the policy.

26 39. Defendants’ arguments are false for variety of reasons.

27 a. Plaintiffs have suffered direct physical loss of the premises. This loss, be it partial and
28 temporary, it is nevertheless a loss. There is no indication anywhere in the policy that such

1 loss must be permanent. As a matter of fact Merriam-Webster dictionary defines “loss” as
2 “the act of losing possession”, “the harm or privation resulting from loss or separation”, or
3 “failure to utilize”. Plaintiffs have suffered losses according to any of these definitions. An
4 example is one who loses a property that is later found or returned. The later event does not
5 go back in time and void the initial loss.

6 b. Defendants issued policies that consists of at least 100 pages. Many pages are dedicated to
7 defining simple ordinary terms such as “money”, “you”, and “we” yet the term direct physical
8 loss or any of its three components are not defined anywhere in the policy. Defendants could
9 have easily drafted the policy in a different manner. They could have defined the word direct.
10 They could have defined the word physical. They could have defined the word loss. They
11 could have defined the entire phrase. Instead they chose not to do so. If the language of the
12 policy is capable of different interpretations then it is because of defendants.

13 c. The policy repeats the phrase “loss or damage” more than 50 times. The use of the term “or”
14 clearly reflects the intent of defendants to distinguish between the word loss and damage and
15 provide coverage for both. Loss and damage do not have the same meaning. A dollar bill
16 that flies away from its owner’s hand is lost and can be found. A dollar bill that is placed on
17 fire is damaged for good. That is exactly why the policy provides for both loss and damage
18 as the policy clearly indicates. And that is how the plaintiffs understood the terms.

19 d. Defendants commonly use endorsements such as GC00010413 which define “property
20 damage” as “loss of use of tangible property that is not physically injured”. Plaintiffs are
21 informed and believe that these identical policies also contained this particular endorsement
22 but defendants have intentionally and fraudulently failed to produce this endorsement. By
23 their own action according to their own written policies the present situation is indeed
24 considered a property damage.

25 40. Defendants are also denying the claim based on the language of endorsement CP01400706
26 which precludes coverage for losses caused by a virus.

27 41. Defendants’ reliance on such form is false for the following reasons.
28

- 1 a. Plaintiffs' losses were not caused by a virus. The true cause of plaintiffs' losses are the
2 pandemic and associated fear. Pandemic and fear are not viruses.
- 3 b. Defendants have an affirmative duty to prove by a preponderance of evidence that plaintiffs'
4 losses are caused by a virus and they have failed to do so.
- 5 c. There is no indication that any person contracted the virus while on premises.
- 6 d. As previously mentioned, defendants who drafted the policy could have done a better job
7 defining this exclusion.
- 8 e. Pandemics have been around since beginning of humanity and insurance companies have been
9 aware of them for centuries. As a result of the 2003 pandemic insurance companies were
10 obligated and indeed paid hundreds of millions of dollars in losses. In the past 17 years
11 defendants could have inserted language excluding pandemics from list of covered events but
12 they chose not to do so.
- 13 f. Upon information and belief defendants told various insurance regulators including those at
14 California Department of Insurance that endorsement CP01400706 does not reduce coverage
15 as provided under other terms of the policy. Now they are claiming otherwise. This admission
16 against interest now bars defendants from fraudulently taking a contrary position based on
17 various legal and equitable doctrines.

18 42. As a result of Defendants' actions, Plaintiffs have suffered and will continue to suffer
19 special damages for a sum exceeding \$477,000 for HP Tower Investments LLC and \$2,750,000 for Irvine
20 Family Spa Inc. and seek recovery of the same.

21 43. Plaintiffs request a reasonable award of attorneys' fees and costs.

22 ///

23 ///

24 ///

25 ///

26 ///

27 ///

28 ///

1 **SECOND CAUSE OF ACTION**

2 **BREACH OF COVENANT OF GOOD FAITH AND FAIR DEALING**

3 **AGAINST ALL DEFENDANTS**

4 44. Plaintiffs re-allege and incorporates by reference the prior paragraphs as though set forth
5 in full herein.

6 45. At all times defendant owed a duty to deal with plaintiffs in a fair manner and in good
7 faith.

8 46. Plaintiffs are informed and believe and thereon allege that before a single claim was
9 submitted to defendants for pandemic related claims, defendants and other leaders in the insurance
10 industry collectively and jointly made a decision to deny all claims. Therefor any alleged investigation
11 by the defendants was merely a sham action in direct violation of their obligations.

12 47. Plaintiffs will seek to amend this complaint to allege additional causes of action once the
13 complete and true nature of this conspiracy is revealed.

14 48. Defendants' actions as mentioned herein were in bad faith and they did not deal with
15 Plaintiffs in a fair manner. Specifically, among other conduct, Defendants: Failed or refused to perform
16 a fair, objective, and thorough investigation of the claims as required by the California Insurance Code;
17 Asserted coverage defenses that were legally and/or factually invalid and thereby delaying resolution of
18 Plaintiffs' claims; Placed unduly restrictive interpretations on the policy terms for the purpose of denying
19 coverage due under the policies; Failed to give Plaintiffs' interests equal consideration with their own
20 and; Forced Plaintiffs to institute litigation to recover amounts due under the policies.

21 49. As a result of Defendants' actions, Plaintiffs have suffered and will continue to suffer
22 special damages for a sum exceeding \$477,000 for HP Tower Investments LLC and \$2,750,000 for Irvine
23 Family Spa Inc. and seek recovery of the same.

24 50. Plaintiffs claim general damages for emotional and mental distress and aggravation in a
25 sum in excess of the jurisdictional minimum of this Court.

26 51. Because the acts taken toward Plaintiffs were carried out by officers, directors and/or
27 managing agents acting in a deliberate, cold, callous, cruel and intentional manner, in conscious disregard
28 of Plaintiffs' rights and in order to injure and damage Plaintiffs, Plaintiffs request that punitive damages

1 be levied against Defendants and each of them, in sums in excess of the jurisdictional minimum of this
2 Court.

3 52. The foregoing conduct of Defendants individually, or by and through their officers,
4 directors and/or managing agents, was intended by the Defendants to cause injury to the Plaintiff or was
5 despicable conduct carried on by the Defendants with a willful and conscious disregard of the rights of
6 Plaintiffs or subjected Plaintiffs to cruel and unjust hardship in conscious disregard of Plaintiffs' rights
7 such as to constitute malice, oppression, or fraud under Civil Code §3294, thereby entitling Plaintiffs to
8 punitive damages in an amount appropriate to punish or make an example of Defendants.

9 53. Plaintiffs request a reasonable award of attorneys' fees and costs.

10 54. The foregoing conduct of Defendants individually, or by and through their managing
11 agents, was intended by Defendants to cause injury to Plaintiffs or was despicable conduct carried on by
12 Defendants with a willful and conscious disregard of the rights of Plaintiffs or subjected Plaintiffs to cruel
13 and unjust hardship in conscious disregard of Plaintiffs' rights such as to constitute malice, oppression,
14 or fraud under Civil Code §3294, thereby entitling Plaintiffs to punitive damages in an amount
15 appropriate to punish or make an example of Defendants.

16
17 **PRAYER FOR RELIEF**

18 **WHEREFORE**, Plaintiffs seeks judgment against Defendants and each of them, in an amount
19 according to proof as follows:

20 1. For special damages in a sum exceeding \$477,000 for HP Tower Investments LLC and
21 \$2,750,000 for Irvine Family Spa Inc. and seek recovery of the same.

22 2. For prejudgment interest at the legal rate from the date the obligation became due through
23 the date of judgment in this matter.

24 3. For general damages according to proof

25 4. For punitive damages, pursuant to Civil Code §§3294 in an amount sufficient to punish
26 Defendants for the wrongful conduct alleged herein and to deter such conduct in the future;

27 5. For costs of suit and attorneys' fees,

28 ///

1

2

3

4

5

6

7

8

9

10

11

12

13

14

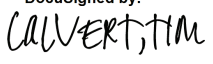
1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

EXHIBIT “1”



Certification

I, Tim Calvert, as a duly authorized Nationwide Mutual Insurance Company associate entrusted with oversight of the system of record from which this copy was produced, based upon information and belief; certify under the penalty of perjury that this attached copy of ACP CPP 3056864604 effective 10/14/2019 to 10/14/2020 issued to HP Tower Investments LLC as made at or near the time of certification, as part of regularly conducted business activities, and is a true and accurate copy of the official record kept as part of regular business activities.

DocuSigned by:

7F158AF61DA44B3

Tim Calvert

CL Processing Supervisor

8/14/2020

Date

★★★★★★

IMPORTANT INSURANCE INFORMATION

★★★★★★

Please read this Notice carefully. No coverage is provided by this notice nor can it be construed to replace 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, the provisions of the policy shall prevail.

CONSUMER COMPLAINTS AND INFORMATION

Thank you for choosing Nationwide® to help you protect what's important to you. We value your business and want to ensure you have the current California service contact information if you need assistance.

What you need to do

Please keep this information with your insurance policy for reference.

IF YOU SHOULD HAVE ANY QUESTIONS OR CONCERNS RELATED TO YOUR INSURANCE POLICY, YOU MAY CONTACT YOUR AGENT OR A COMPANY REPRESENTATIVE. THE CONTACT INFORMATION FOR YOUR AGENT IS LOCATED IN YOUR POLICY DOCUMENTS, AND THE CONTACT INFORMATION FOR A COMPANY REPRESENTATIVE FOLLOWS:

**NATIONWIDE INSURANCE COMPANY
ATTN: CUSTOMER RELATIONS DEPARTMENT
ONE WEST NATIONWIDE BLVD
COLUMBUS OH 43215 -2220
TOLL FREE: 877-669-6877
WEB: WWW.NATIONWIDE.COM**

IF YOUR AGENT OR A COMPANY REPRESENTATIVE IS UNABLE TO RESOLVE YOUR CONCERN, YOU MAY ALSO CONTACT THE CALIFORNIA DEPARTMENT OF INSURANCE, CONSUMER SERVICES DIVISION AT:

**CALIFORNIA DEPARTMENT OF INSURANCE
CONSUMER SERVICES AND MARKET CONDUCT BRANCH
CONSUMER SERVICES DIVISION
300 SOUTH SPRING STREET, SOUTH TOWER
LOS ANGELES, CA 90013
1-800-927-HELP(4357)
1-800-482-4833 (TDD)
WEB: WWW.INSURANCE.CA.GOV**

You can always count on us to be there

We appreciate your business and look forward to continuing to serve you.

For use only in California, New Jersey, North Dakota, Washington

IMPORTANT FLOOD INSURANCE NOTICE

Thank you for the opportunity to provide your important insurance protection. As your insurance provider, we like to keep you informed of important issues that can potentially impact your property assets. This letter is to remind you of the importance of considering flood insurance and the importance of reviewing your policies on a regular basis.

Your Commercial Property (Premier Businessowners and/or Commercial Property) and Farmowners' policy does not cover damage from floods to any property resulting directly or indirectly from "water." Excluded "water" losses include, but are not limited to those caused by flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not. You will need to read your policy for all of the details about excluded water losses. This is just a summary of the excluded water losses to highlight some important flood-related issues.

In most communities, you can obtain flood insurance through your agent that is backed by the federal government's *National Flood Insurance Program*. In those qualifying communities, you can obtain flood insurance protection for your property regardless of your flood zone or flood risk.

Your agent can assist you in 1) determining if your community participates in the National Flood Insurance Program, 2) assessing your flood risk, and 3) understanding flood policy availability. To learn more about flood insurance and your risk of flooding access the National Flood Insurance Program's consumer website at www.FloodSmart.gov.

As you consider the risk of flooding in your area and consider your options for obtaining valuable protection, consider that:

- All property is in a flood zone, regardless of whether an area has been defined as high risk or low risk.
- Nearly 25% of all flood claims are for properties located in lower-risk flood areas or locations where flooding is not expected.
- Floods can happen anywhere, at any time, causing anguish, destruction, and financial damage.
- Changing weather patterns, as well as residential and business development, may increase your chance of experiencing a flood.
- Flooding can occur as a result of clogged, overloaded, or inadequate storm drains. You don't have to live near a body of water to be flooded.
- Federal disaster assistance is often a loan and must be repaid with interest.
- Your commercial property and/or farmowner policies exclude loss by flooding.

Ask your agent about obtaining flood insurance for commercial property today. Thank you for choosing us to meet your insurance needs. We value your business.



IMPORTANT INSURANCE INFORMATION



Please read this Notice carefully. No coverage is provided by this notice nor can it be construed to replace 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, the provisions of the policy shall prevail.

DATA BREACH & IDENTITY RECOVERY SERVICES

Data Breach Services Information:

Through a partnership with Hartford Steam Boiler, you have access to a data breach risk management portal called the eRiskHub®. The portal is designed to help you understand data information exposures, help you plan and be prepared for a data breach, and establish a response plan to manage the costs and minimize the effects of a data breach.

Key features of the portal include:

- Incident Response Plan Roadmap – suggested steps your business can take following data breach incident. Having an incident response plan prepared in advance of a breach can be useful for defense of potential litigation.
- Online Training Modules – ready-to-use training for your business on privacy best practices and Red Flag Rules.
- Risk Management Tools- assist your business in managing data breach exposures including self-assessments and state breach notification laws.
- eRisk Resources – a directory to quickly find external resources on pre and post-breach disciplines.
- News Center – cyber risk stories, security and compliance blogs, security news, risk management events, and helpful industry links.
- Learning Center – best practices and white papers written by leading authorities.

To access the eRiskHub® portal:

- Enter <https://www.eriskhub.com/nationwide> in your browser.
- Complete the information, including your name and company. Your User ID and Password are case-sensitive.
- Enter your assigned access code: **12116-73**.
- Enter the challenge word on the screen, and click “Submit” and follow the instructions to complete your profile setup.
- You can now login to the portal.

You also have access to a help-line to answer breach related questions. Insureds having questions pertaining to how to prepare for a breach, help in identifying a breach, or other questions pertaining to breach related best practices can call our breach preparedness help-line. Experienced professionals are able to provide insights to help insureds understand the complicated environment pertaining to breaches of personal information. The breach preparedness help-line is 877-800-5028.

In addition, you have the ability to purchase Data Compromise Insurance coverage and CyberOne Insurance coverage.

The Data Compromise coverage covers the costs incurred by an insured to respond to a data breach, including expenses related to forensic information technology review, legal review, notification to affected individuals, services to affected individuals, public relations services. Insureds will also have the ability to include Data Compromise Defense and Liability coverage which covers the liability from a suit brought by an individual affected by the data breach.

CyberOne coverage protects businesses against damage to electronic data and computer systems from a virus or other computer attack. It also protects a business's liability to third parties that may have suffered damage due to security weaknesses in the business's computer system.

Identity Recovery Services Information:

Through a partnership Hartford Steam Boiler, you will have access to a Toll-Free Identity Recovery Help Line designed to provide education about identity theft and identity theft risks. The toll-free Help Line is staffed by experienced identity theft counsellors who can answer questions and provide useful information and resources to identity theft victims. The Identity Recovery Help Line number is 877-800-5028.

In addition, you have the ability to buy Identity Recovery insurance coverage as an included element of Data Compromise coverage or separately, on its own. The Identity Recovery coverage insures against the theft of identities of the insured's key owners, officers, and resident family members. The coverage provides the services of an identity theft case manager and pays for various out-of-pocket expenses due to a covered identity theft, including:

- Legal fees for answer of civil judgments and defense of criminal charges
- Phone, postage, shipping fees
- Notary and filing fees
- Credit bureau reports
- Lost Wages and Child or Elder Care
- Mental Health Counseling costs (Not Available in NY)
- Miscellaneous Expense coverage

NATIONWIDE MUTUAL INSURANCE COMPANY
1100 LOCUST ST DEPT 1100
DES MOINES, IA 50391-2000

RENEWAL

DECLARATIONS

Policy Number:	ACP	CPP	3056864604	COMMERCIAL PROPERTY
Named Insured:	HP TOWER INVESTMENTS, LLC - DBA BEACH SPA			
Mailing Address:	4560 BEACH BLVD BUENA PARK CA 90621-1100			
Agent:	ISU INS SVCS THE CHUN HA AGCY		84-24332	
Address:	GARDEN GROVE CA		92844	
Producer:	KENNY MYEONGKEON YOON			
Policy Period: This policy is effective from 10/14/19 to 10/14/20 12:01 A.M. Standard time at the above mailing address.				

This policy is subject to the following forms. Forms specific to a certain building or item can be found with the specific building and item information on the following pages.

FORM	DATE	PREM	FORM	DATE	PREM	FORM	DATE	PREM
CP0010	1012	0	CP0140	0706	0	CP7133	0416	0
CP1270	0996	0	CP7067	0194	0	IL0935	0702	0
IL0017	1198	0	IL0102	0505	0	CP7118	0917	0
IN7809	1115	0	CP7117	0917	0			
CP9993	1090	0	LI0995	0107	0			

Mortgagee and loss payee information - See schedules CP-DM and CP-DL

Replacement or
Renewal Number ACP CPP 3046864604

Countersigned _____ By _____
Date Authorized Representative

Premium for Certified Acts of Terrorism \$ 0.00

Total Annual Premium \$ 3,696.00

Total Policy Premium \$ 3,696.00

CP-D (10-98)

NATIONWIDE MUTUAL INSURANCE COMPANY

MUTUAL COMPANY CONDITIONS ENDORSEMENT

POLICYHOLDER MEMBERSHIP IN THE COMPANY

(Applicable Only to Policies Issued by Nationwide Mutual Insurance Company in States other than the State of Texas)

Because this policy is issued by Nationwide Mutual Insurance Company (the "Company"), the first named insured listed on the declarations page ("named insured") is a member of the Company issuing the policy while this or any other policy issued by the Company is in force. While a member, the named insured is entitled to one vote only – regardless of the number of policies issued to the named insured – either in person or by proxy at meetings of members of the Company.

The annual meeting of members of the Company will be held each year at the Home Office of the Company in Columbus, Ohio, at 10 a.m. on the first Thursday of April. If the Board of Directors of Nationwide Mutual Insurance Company should elect to change the time or place of that meeting, the Company will mail notice of the change to the member's last known address. The Company will mail this notice at least 10 days in advance of the meeting date.

This policy is non-assessable, meaning that the named insured is not subject to any assessment beyond the premiums required for each policy term.

POLICYHOLDER DIVIDEND PROVISIONS

The named insured is entitled to any Dividends which are declared by the Board of Directors of the Company in accordance with law and which are applicable to coverages provided in this policy.

POLICYHOLDER MEMBERSHIP IN THE COMPANY IN TEXAS

(Applicable Only to Policies Issued by Nationwide Mutual Insurance Company in the State of Texas)


1. MUTUALS – MEMBERSHIP AND VOTING NOTICE. The named insured is notified that, by virtue of this policy, the named insured is a member of the Nationwide Mutual Insurance Company of Columbus, Ohio, (the "Company") and is entitled, as is lawfully provided in the charter, constitution, and by-laws to vote either in person or by proxy in any or all meetings of said Company. Each member is entitled to only one vote regardless of the number of policies owned. The annual meetings of the members of the Company are held in the Home Office, at Columbus, Ohio, on the first Thursday of April, in each year, at 10:00 o'clock a.m.

2. MUTUALS – PARTICIPATION CLAUSE WITHOUT CONTINGENT LIABILITY. No Contingent Liability: This policy is non-assessable. The named insured is a member of the Company and shall participate, to the extent and upon the conditions fixed and determined by the Board of Directors in accordance with the provisions of law, in the distribution of dividends so fixed and determined.

POLICYHOLDER DIVIDEND PROVISIONS

The named insured shall be entitled to participate in a distribution of the surplus of the Company, as determined by its Board of Directors from time to time, after approval in accordance with the provision of the Texas Insurance Code, of 1951, as amended.

IN WITNESS WHEREOF: Nationwide Mutual Insurance Company has caused this policy to be signed by its President and Secretary, and countersigned by a duly authorized representative of the Company.



Secretary



President

NATIONWIDE MUTUAL INSURANCE COMPANY

COMMERCIAL PROPERTY SCHEDULE REFERENCE PAGE

Policy Number: **ACP CPP 3056864604**

Policy Period: From **10/14/19** To **10/14/20**

Named Insured: HP TOWER INVESTMENTS, LLC - DBA

Loc.	Bld.	Item	Address/Description	Limit	Premium
			TOTAL POLICY PREMIUM		\$ 3,696.00
			POLICY WIDE OPTIONAL COVERAGES		
			PROTECTION PLUS		\$ 350.00
			EQUIPMENT BREAKDOWN		\$ 255.00
1			4560 BEACH BLVD		
			BUENA PARK CA		
			Protection Class: 02		
1			SPA		
	1		BUILDING	\$ 1,568,700	
		GROUP 1			\$ 1,264.00
		GROUP 2			\$ 192.00
		SPECIAL - CAUSE OF LOSS			\$ 512.00
	2		PERSONAL PROPERTY	\$ 173,300	
		GROUP 1			\$ 143.00
		GROUP 2			\$ 30.00
		SPECIAL - CAUSE OF LOSS			\$ 488.00
	3		BUSINESS INCOME INCLUDING	\$ 300,000	
		GROUP 1			\$ 147.00
		GROUP 2			\$ 24.00
		SPECIAL - CAUSE OF LOSS			\$ 291.00

NATIONWIDE MUTUAL INSURANCE COMPANY

COMMERCIAL PROPERTY SCHEDULE

Policy Number: **ACP CPP 3056864604**

Policy Period: From **10/14/19** To **10/14/20**

Named Insured: **HP TOWER INVESTMENTS, LLC - DBA**

Policy Wide Declaration Coverage

Protection Plus Coverage-PLATINUM Premium \$ 350.00

****** Premise No 01 **** Total Premium \$ 3,091.00**

**Address: 4560 BEACH BLVD
City: BUENA PARK**

State: CA

Zip Code: 90621-1100

Description: SPA

<u>FORM</u>	<u>DATE</u>	<u>PREM</u>	<u>FORM</u>	<u>DATE</u>	<u>PREM</u>	<u>FORM</u>	<u>DATE</u>	<u>PREM</u>
CP7100	0405	0	IL0104	0907	0	IL0270	0811	0
IL0952	0115	0	IN0001	0416	0	10940	0789	0
IN7406	0107	0						

**** Building No 01 ** Total Premium \$ 3,091.00**

Rental Property

Occupancy Group - MERCANTILE

Description: SPA

Construction Type: JOISTED MASONRY

<u>FORM</u>	<u>DATE</u>	<u>PREM</u>	<u>FORM</u>	<u>DATE</u>	<u>PREM</u>	<u>FORM</u>	<u>DATE</u>	<u>PREM</u>
CP0299	0607	0	CP1034	1012	0			

Coverages Provided

<u>Item</u>	<u>Coverage</u>	<u>Limit of Insurance</u>	<u>Causes of Loss Form</u>	<u>Coinsurance</u>	<u>Deductible</u>	<u>Premium</u>
01	BUILDING	\$ 1,568,700	SPECIAL	90%	1000	1,968.00

Description: TIB

Optional Coverages:

Replacement Cost

Inflation Guard 4%

<u>FORM</u>	<u>DATE</u>	<u>PREM</u>	<u>FORM</u>	<u>DATE</u>	<u>PREM</u>	<u>FORM</u>	<u>DATE</u>	<u>PREM</u>
CP0449	1205	0	CP1030	1012	0			

NATIONWIDE MUTUAL INSURANCE COMPANY

COMMERCIAL PROPERTY SCHEDULE

Policy Number: **ACP CPP 3056864604**

Policy Period: From **10/14/19** To **10/14/20**

Named Insured: HP TOWER INVESTMENTS, LLC - DBA

Item	Coverage	Limit of Insurance	Causes of Loss Form	Coinsurance	Deductible	Premium
02	PERS PROP	\$ 173,300	SPECIAL	90%	1000	661.00

Description: BPP

Optional Coverages:
Replacement Cost
Inflation Guard 4%

FORM	DATE	PREM	FORM	DATE	PREM	FORM	DATE	PREM
CP0449	1205	0	CP1030	1012	0			

Item	Coverage	Limit of Insurance	Causes of Loss Form	Coinsurance	Deductible	Premium
03	BUS INCOME	\$ 300,000	SPECIAL	90%	72 HR	462.00

Description: BUSINESS INCOME WITH EXTRA EXPENSE

Optional Coverages:
Business Income Other Than Rental Value

FORM	DATE	PREM	FORM	DATE	PREM	FORM	DATE	PREM
CP0030	1012	0	CP1030	1012	0	CP1540	0607	0

NATIONWIDE MUTUAL INSURANCE COMPANY**COMMERCIAL PROPERTY FORMS AND ENDORSEMENTS**Policy Number: **ACP CPP 3056864604**Policy Period: From **10/14/19** To **10/14/20**Named Insured: **HP TOWER INVESTMENTS, LLC - DBA**

Form	Date	Title
CP0010	1012	BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CP0030	1012	BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM
CP0140	0706	EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA
CP0299	0607	CANCELLATION CHANGES
CP0449	1205	CANCELLATION CHANGES
CP1030	1012	CAUSES OF LOSS - SPECIAL FORM
CP1034	1012	EXCLUSION OF LOSS DUE TO BY-PRODUCTS OF PRODUCTION OR PROCESSING OPERATIONS
CP1270	0996	JOINT OR DISPUTED LOSS AGREEMENT
CP1540	0607	CALIFORNIA - CIVIL AUTHORITY CHANGES
CP7067	0194	COMMERCIAL PROPERTY CONDITIONS
CP7100	0405	PROPERTY AMENDATORY ENDORSEMENT
CP7117	0917	EQUIPMENT BREAKDOWN COVERAGE
CP7118	0917	EQUIPMENT BREAKDOWN COVERAGE SCHEDULE
CP7133	0416	COMMERCIAL PROPERTY PLATINUM PROTECTION PLUS ENDORSEMENT
CP9993	1090	TENTATIVE RATE
IL0017	1198	COMMON POLICY CONDITIONS
IL0102	0505	CALIFORNIA CHANGES - ACTUAL CASH VALUE
IL0104	0907	CALIFORNIA CHANGES
IL0270	0811	CALIFORNIA CHANGES - CANCELLATION AND NONRENEWAL
IL0935	0702	EXCLUSION OF CERTAIN COMPUTER-RELATED LOSSES
IL0952	0115	CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM
IN0001	0416	CONSUMER COMPLAINTS AND INFORMATION
IN7406	0107	IMPORTANT FLOOD INSURANCE NOTICE
IN7809	1115	DATA BREACH & IDENTITY RECOVERY SERVICES
LI0995	0107	CONDITIONAL EXCLUSION OF TERRORISM
10940	0789	CA INSURANCE GUARANTEE ASSN

BUILDING AND PERSONAL PROPERTY COVERAGE FORM

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

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

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

A. Coverage

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

1. Covered Property

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

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

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

b. Your Business Personal Property

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

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

c. Personal Property Of Others that is:

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

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

2. Property Not Covered

Covered Property does not include:

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

This paragraph does not apply to:

 - (a) Vehicles or self-propelled machines or autos you manufacture, process or warehouse;

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

3. Covered Causes Of Loss

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

4. Additional Coverages

a. Debris Removal

- (1) Subject to Paragraphs (2), (3) and (4), we will pay your expense to remove debris of Covered Property and other debris that is on the described premises, when such debris is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.
 - (2) Debris Removal does not apply to costs to:
 - (a) Remove debris of property of yours that is not insured under this policy, or property in your possession that is not Covered Property;
 - (b) Remove debris of property owned by or leased to the landlord of the building where your described premises are located, unless you have a contractual responsibility to insure such property and it is insured under this policy;
 - (c) Remove any property that is Property Not Covered, including property addressed under the Outdoor Property Coverage Extension;
 - (d) Remove property of others of a type that would not be Covered Property under this Coverage Form;
 - (e) Remove deposits of mud or earth from the grounds of the described premises;
 - (f) Extract "pollutants" from land or water; or
 - (g) Remove, restore or replace polluted land or water.
- (3) Subject to the exceptions in Paragraph (4), the following provisions apply:
- (a) The most we will pay for the total of direct physical loss or damage plus debris removal expense is the Limit of Insurance applicable to the Covered Property that has sustained loss or damage.
 - (b) Subject to (a) above, the amount we will pay for debris removal expense is limited to 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage. However, if no Covered Property has sustained direct physical loss or damage, the most we will pay for removal of debris of other property (if such removal is covered under this Additional Coverage) is \$5,000 at each location.
- (4) We will pay up to an additional \$25,000 for debris removal expense, for each location, in any one occurrence of physical loss or damage to Covered Property, if one or both of the following circumstances apply:
- (a) The total of the actual debris removal expense plus the amount we pay for direct physical loss or damage exceeds the Limit of Insurance on the Covered Property that has sustained loss or damage.
 - (b) The actual debris removal expense exceeds 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

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

(5) Examples

The following examples assume that there is no Coinsurance penalty.

Example 1

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

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

Example 2

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

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

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

b. Preservation Of Property

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

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

c. Fire Department Service Charge

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

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

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

No Deductible applies to this Additional Coverage.

d. Pollutant Clean-up And Removal

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

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

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

e. Increased Cost Of Construction

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

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

- (a) The enforcement of or compliance with any ordinance or law which requires demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria; or
- (b) Any costs associated with the enforcement of or compliance with an ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungus", wet or dry rot or bacteria.

- (6) The most we will pay under this Additional Coverage, for each described building insured under this Coverage Form, is \$10,000 or 5% of the Limit of Insurance applicable to that building, whichever is less. If a damaged building is covered under a blanket Limit of Insurance which applies to more than one building or item of property, then the most we will pay under this Additional Coverage, for that damaged building, is the lesser of \$10,000 or 5% times the value of the damaged building as of the time of loss times the applicable Coinsurance percentage.

The amount payable under this Additional Coverage is additional insurance.

- (7) With respect to this Additional Coverage:

- (a) We will not pay for the Increased Cost of Construction:
 - (i) Until the property is actually repaired or replaced at the same or another premises; and
 - (ii) Unless the repair or replacement is made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.

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

f. Electronic Data

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

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

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

5. Coverage Extensions

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

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

a. Newly Acquired Or Constructed Property

(1) Buildings

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

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

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

(2) Your Business Personal Property

- (a) If this policy covers Your Business Personal Property, you may extend that insurance to apply to:

- (i) Business personal property, including such property that you newly acquire, at any location you acquire other than at fairs, trade shows or exhibitions; or
- (ii) Business personal property, including such property that you newly acquire, located at your newly constructed or acquired buildings at the location described in the Declarations.

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

- (b) This Extension does not apply to:

- (i) Personal property of others that is temporarily in your possession in the course of installing or performing work on such property; or
- (ii) Personal property of others that is temporarily in your possession in the course of your manufacturing or wholesaling activities.

(3) Period Of Coverage

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

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

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

b. Personal Effects And Property Of Others

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

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

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

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

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

d. Property Off-premises

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

e. Outdoor Property

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

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

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

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

f. Non-owned Detached Trailers

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

g. Business Personal Property Temporarily In Portable Storage Units

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

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

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

B. Exclusions And Limitations

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

C. Limits Of Insurance

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

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

CP 00 10 10 12

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

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

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

D. Deductible

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

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

Example 1

(This example assumes there is no Coinsurance penalty.)

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

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

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

$$\begin{array}{r} \$ 60,100 \\ - \quad 250 \\ \hline \end{array}$$

\$ 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 Coinsurance penalty.)

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

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

E. Loss Conditions

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

1. Abandonment

There can be no abandonment of any property to us.

2. Appraisal

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

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

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

3. Duties In The Event Of Loss Or Damage

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

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

- (2) Give us prompt notice of the loss or damage. Include a description of the property involved.
 - (3) As soon as possible, give us a description of how, when and where the loss or damage occurred.
 - (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.
 - (5) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.
 - (6) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.
Also, permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.
 - (7) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
 - (8) Cooperate with us in the investigation or settlement of the claim.
- b.** We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

4. Loss Payment

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

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

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

5. Recovered Property

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

6. Vacancy

a. Description Of Terms

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

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

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

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

b. Vacancy Provisions

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

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

7. Valuation

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

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

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

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

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

F. Additional Conditions

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

1. Coinsurance

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

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

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

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

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

Example 1 (Underinsurance)

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

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

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

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

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

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

Example 2 (Adequate Insurance)

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

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

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

Example 3

When: The value of the property is:

Building at Location 1:	\$ 75,000
Building at Location 2:	\$ 100,000
Personal Property at Location 2:	<u>\$ 75,000</u>
	\$ 250,000

The Coinsurance percentage for it is: 90%

The Limit of Insurance for Buildings and Personal Property at Locations 1 and 2 is: \$ 180,000

The Deductible is: \$ 1,000

The amount of loss is:

Building at Location 2: \$ 30,000

Personal Property at Location 2: \$ 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

- The term mortgageholder includes trustee.
- 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.
- The mortgageholder has the right to receive loss payment even if the mortgageholder has started foreclosure or similar action on the building or structure.
- 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:
 - Pays any premium due under this Coverage Part at our request if you have failed to do so;

- Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
- 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.

- 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:
 - The mortgageholder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and
 - 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.

- If we cancel this policy, we will give written notice to the mortgageholder at least:
 - 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
 - 30 days before the effective date of cancellation if we cancel for any other reason.
- 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

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

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

2. Inflation Guard

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

Example

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

3. Replacement Cost

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

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

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

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

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

- (3) If the conditions in d.(1) and d.(2) above are not met, the value of tenants' improvements and betterments will be determined as a proportion of your original cost, as set forth in the Valuation Loss Condition of this Coverage Form; and
- (4) We will not pay for loss or damage to tenants' improvements and betterments if others pay for repairs or replacement.
- e. We will not pay more for loss or damage on a replacement cost basis than the least of (1), (2) or (3), subject to f. below:
 - (1) The Limit of Insurance applicable to the lost or damaged property;
 - (2) The cost to replace the lost or damaged property with other property:
 - (a) Of comparable material and quality; and
 - (b) Used for the same purpose; or
 - (3) The amount actually spent that is necessary to repair or replace the lost or damaged property.

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

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

4. Extension Of Replacement Cost To Personal Property Of Others

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

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

H. Definitions

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

BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM

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

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

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

A. Coverage

1. Business Income

Business Income means the:

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

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

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

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

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

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

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

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

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

2. Extra Expense

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

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

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

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

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

3. Covered Causes Of Loss, Exclusions And Limitations

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

4. Additional Limitation – Interruption Of Computer Operations

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

5. Additional Coverages

a. Civil Authority

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

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

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

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

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

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

b. Alterations And New Buildings

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

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

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

c. Extended Business Income**(1) Business Income Other Than "Rental Value"**

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

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

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

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

(2) "Rental Value"

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

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

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

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

d. Interruption Of Computer Operations

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

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

6. Coverage Extension

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

Newly Acquired Locations

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

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

(3) You report values to us.

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

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

B. Limits Of Insurance

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

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

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

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

C. Loss Conditions

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

1. Appraisal

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

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

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

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

2. Duties In The Event Of Loss

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

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

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

- (6) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
 - (7) Cooperate with us in the investigation or settlement of the claim.
 - (8) If you intend to continue your business, you must resume all or part of your "operations" as quickly as possible.
- b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

3. Loss Determination

a. The amount of Business Income loss will be determined based on:

- (1) The Net Income of the business before the direct physical loss or damage occurred;
- (2) The likely Net Income of the business if no physical loss or damage had occurred, but not including any Net Income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses;
- (3) The operating expenses, including payroll expenses, necessary to resume "operations" with the same quality of service that existed just before the direct physical loss or damage; and
- (4) Other relevant sources of information, including:
 - (a) Your financial records and accounting procedures;
 - (b) Bills, invoices and other vouchers; and
 - (c) Deeds, liens or contracts.

b. The amount of Extra Expense will be determined based on:

- (1) All expenses that exceed the normal operating expenses that would have been incurred by "operations" during the "period of restoration" if no direct physical loss or damage had occurred. We will deduct from the total of such expenses:
 - (a) The salvage value that remains of any property bought for temporary use during the "period of restoration", once "operations" are resumed; and
 - (b) Any Extra Expense that is paid for by other insurance, except for insurance that is written subject to the same plan, terms, conditions and provisions as this insurance; and
- (2) Necessary expenses that reduce the Business Income loss that otherwise would have been incurred.

c. Resumption Of Operations

We will reduce the amount of your:

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

4. Loss Payment

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

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

D. Additional Condition**COINSURANCE**

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

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

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

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

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

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

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

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

Example 1 (Underinsurance)

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

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

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

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

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

Example 2 (Adequate Insurance)

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

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

This condition does not apply to Extra Expense Coverage.

E. Optional Coverages

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

1. Maximum Period Of Indemnity

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

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

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

2. Monthly Limit Of Indemnity

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

Example

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

The remaining \$10,000 is not covered.

3. Business Income Agreed Value

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

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

- (2) The Declarations must indicate that the Business Income Agreed Value Optional Coverage applies, and an Agreed Value must be shown in the Declarations. The Agreed Value should be at least equal to:

- (a) The Coinsurance percentage shown in the Declarations; multiplied by
- (b) The amount of Net Income and operating expenses for the following 12 months you report on the Work Sheet.

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

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

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

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

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

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

Example

When: The Limit of Insurance is:	\$ 100,000
The Agreed Value is:	\$ 200,000
The amount of loss is:	\$ 80,000
Step (1):	$\$100,000 \div \$200,000 = .50$
Step (2):	$.50 \times \$80,000 = \$40,000$

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

4. Extended Period Of Indemnity

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

F. Definitions

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

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

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

2. "Operations" means:
 - a. Your business activities occurring at the described premises; and
 - b. The tenantability of the described premises, if coverage for Business Income Including "Rental Value" or "Rental Value" applies.
3. "Period of restoration" means the period of time that:
 - a. Begins:
 - (1) 72 hours after the time of direct physical loss or damage for Business Income Coverage; or
 - (2) Immediately after the time of direct physical loss or damage for Extra Expense Coverage;

caused by or resulting from any Covered Cause of Loss at the described premises; and
 - b. Ends on the earlier of:
 - (1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
 - (2) The date when business is resumed at a new permanent location.

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

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

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

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

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

All terms and conditions of this policy apply unless modified by this endorsement.

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 micro-organism 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.

All terms and conditions of this policy apply unless modified by this endorsement.

© ISO Properties, Inc., 2006

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CANCELLATION CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART STANDARD PROPERTY POLICY

The following is added to the **Cancellation** Common Policy Condition:

If any one of the following conditions exists at any building that is Covered Property in this policy, we may cancel this Coverage Part by mailing or delivering to the first Named Insured written notice of cancellation at least five days before the effective date of cancellation.

A. The building has been vacant or unoccupied 60 or more consecutive days. This does not apply to:

1. Seasonal unoccupancy;
2. Buildings in the course of construction, renovation or addition; or
3. Buildings to which the Vacancy Permit endorsement applies.

Buildings with 65% or more of the rental units or floor area vacant or unoccupied are considered unoccupied under this provision.

B. After damage by a covered cause of loss, permanent repairs to the building:

1. Have not started; and
2. Have not been contracted for,
within 30 days of initial payment of loss.

C. The building has:

1. An outstanding order to vacate;
2. An outstanding demolition order;
3. Been declared unsafe by governmental authority.

D. Fixed and salvageable items have been or are being removed from the building and are not being replaced. This does not apply to such removal that is necessary or incidental to any renovation or remodeling.

E. Failure to:

1. Furnish necessary heat, water, sewer service or electricity for 30 consecutive days or more, except during a period of seasonal unoccupancy; or
2. Pay property taxes that are owing and have been outstanding for more than one year following the date due, except that this provision will not apply where you are in a bona fide dispute with the taxing authority regarding payment of such taxes.

All terms and conditions of this policy apply unless modified by this endorsement.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CALIFORNIA CHANGES – REPLACEMENT COST

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART

- A.** An "open policy" is a policy under which the value of Covered Property is not fixed at policy inception, but is determined at the time of loss in accordance with policy provisions on valuation. The term "open policy" does not apply to Covered Property that is subject to an Agreed Value clause or similar clause that establishes an agreed value prior to loss, unless such clause has expired.
- B.** Under an "open policy", when the Replacement Cost Optional Coverage (Replacement Cost) is shown as applicable in the Declarations, that Coverage is replaced by the following:
- Replacement Cost**
- 1.** Replacement Cost (without deduction for depreciation) replaces Actual Cash Value in the Loss Condition, Valuation, of the applicable Coverage Form.
 - 2.** This Optional Coverage does not apply to:
 - a.** Personal property of others;
 - b.** Contents of a residence;
 - c.** Works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelains and bric-a-brac; or
 - d.** "Stock", unless the Including "Stock" option is shown in the Declarations.

Under the terms of this Replacement Cost Optional Coverage, tenants' improvements and betterments are not considered to be the personal property of others.
 - 3.** We will not pay on a replacement cost basis for any loss or damage until the lost or damaged property is actually repaired or replaced. Prior to such repair or replacement, and in accordance with the terms of the applicable Loss Payment conditions in this policy, we will pay the actual cash value of the lost or damaged property as described in Paragraph 4. below. If the actual cash value does not exhaust the applicable Limit of Insurance, we will then pay the difference between the actual cash value and the replacement cost, provided that the repair or replacement is completed:
 - a.** Within 12 months after our payment of the actual cash value; or
 - b.** Within 24 months after our payment of the actual cash value if the loss or damage relates to a state of emergency as described in Section 8558 of the Government Code;unless we extend the time period for good cause.

The foregoing provisions do not constitute a waiver of our right to deny the claim for any valid reason or to restrict payment in cases of suspected fraud.
 - 4.** Actual cash value is determined as follows:
 - a.** In the event of a total loss to a building or structure, actual cash value is calculated as the Limit of Insurance applicable to that building or structure or the fair market value of the building or structure, whichever is less.

- b. In the event of a partial loss to a building or structure, actual cash value is calculated as **b.1.** or **b.2.**, whichever is less:
 - 1. The amount it would cost to repair, rebuild or replace the property less a fair and reasonable deduction for physical depreciation of the components of the building or structure that are normally subject to repair or replacement during its useful life. Physical depreciation is based upon the condition of the property at the time of the loss;
 - 2. The Limit of Insurance applicable to the property.
- c. In the event of a partial or total loss to Covered Property other than a building or structure, actual cash value is calculated as **c.1.** or **c.2.**, whichever is less:
 - 1. The amount it would cost to repair or replace the property less a fair and reasonable deduction for physical depreciation, based on the condition of the property at the time of loss;
 - 2. The Limit of Insurance applicable to the property.
- 5. With respect to tenants' improvements and betterments, the following also apply:
 - a. If the property is not repaired or replaced, the value of tenants' improvements and betterments will be determined as a proportion of your original cost, as set forth in the Valuation Condition of the applicable Coverage Form.
 - b. We will not pay for loss or damage to tenants' improvements and betterments if others pay for repair or replacement.
- 6. We will not pay more for loss or damage on a replacement cost basis than the least of **a.**, **b.** or **c.**, subject to **7.** below:
 - a. The Limit of Insurance applicable to the lost or damaged property;

- b. The cost to replace the lost or damaged property with other property:
 - 1. Of comparable material and quality; and
 - 2. Used for the same purpose; or

- c. 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 **6.b.** above is limited to the cost which would have been incurred if the building had been rebuilt at the original premises.

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

C. Extension Of Replacement Cost To Personal Property Of Others

- 1. Under an "open policy", when 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 **B.2.a.** 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.
- 2. 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.

All terms and conditions of this policy apply unless modified by this endorsement.

Includes copyrighted material of Insurance Services Office, Inc., with its permission.
© ISO Properties, Inc., 2005

CAUSES OF LOSS – SPECIAL FORM

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

A. Covered Causes Of Loss

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

B. Exclusions

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

a. Ordinance Or Law

The enforcement of or compliance with any ordinance or law:

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

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

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

b. Earth Movement

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

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

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

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

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

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

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

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

This exclusion applies regardless of whether any of the above, in Paragraphs **(1)** through **(5)**, is caused by an act of nature or is otherwise caused.

c. Governmental Action

Seizure or destruction of property by order of governmental authority.

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

d. Nuclear Hazard

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

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

e. Utility Services

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

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

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

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

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

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

f. War And Military Action

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

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

g. Water

- (1) Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind (including storm surge);
- (2) Mudslide or mudflow;
- (3) Water that backs up or overflows or is otherwise discharged from a sewer, drain, sump, sump pump or related equipment;
- (4) Water under the ground surface pressing on, or flowing or seeping through:
 - (a) Foundations, walls, floors or paved surfaces;
 - (b) Basements, whether paved or not; or
 - (c) Doors, windows or other openings; or
- (5) Waterborne material carried or otherwise moved by any of the water referred to in Paragraph (1), (3) or (4), or material carried or otherwise moved by mudslide or mudflow.

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

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

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

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

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

This exclusion does not apply:

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

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

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

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

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

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

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

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

- b. Delay, loss of use or loss of market.
- c. Smoke, vapor or gas from agricultural smudging or industrial operations.
- d.(1) Wear and tear;
- (2) Rust or other corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;
- (3) Smog;
- (4) Settling, cracking, shrinking or expansion;

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

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

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

- (a) Dampness or dryness of atmosphere;
- (b) Changes in or extremes of temperature; or
- (c) Marring or scratching.

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

- e. Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control. But if explosion of steam boilers, steam pipes, steam engines or steam turbines results in fire or combustion explosion, we will pay for the loss or damage caused by that fire or combustion explosion. We will also pay for loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
- f. Continuous or repeated seepage or leakage of water, or the presence or condensation of humidity, moisture or vapor, that occurs over a period of 14 days or more.
- g. Water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air conditioning or other equipment (except fire protective systems) caused by or resulting from freezing, unless:
 - (1) You do your best to maintain heat in the building or structure; or

(2) You drain the equipment and shut off the supply if the heat is not maintained.

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

This exclusion:

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

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

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

- (a) To the extent that coverage is provided under the Additional Coverage, Collapse; or

(b) To collapse caused by one or more of the following:

- (i) The "specified causes of loss";
- (ii) Breakage of building glass;
- (iii) Weight of rain that collects on a roof; or
- (iv) Weight of people or personal property.

- l.** Discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified causes of loss". But if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

This exclusion, **l.**, does not apply to damage to glass caused by chemicals applied to the glass.

- m.** Neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time of loss.

- 3.** We will not pay for loss or damage caused by or resulting from any of the following, **3.a.** through **3.c.** But if an excluded cause of loss that is listed in **3.a.** through **3.c.** results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

- a.** Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in Paragraph 1. above to produce the loss or damage.

- b.** Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.

- c.** Faulty, inadequate or defective:

- (1) Planning, zoning, development, surveying, siting;
- (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
- (3) Materials used in repair, construction, renovation or remodeling; or
- (4) Maintenance;

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

4. Special Exclusions

The following provisions apply only to the specified Coverage Forms:

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

We will not pay for:

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

This exclusion does not apply to Extra Expense.

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

- (5) Any other consequential loss.

b. Leasehold Interest Coverage Form

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

c. Legal Liability Coverage Form

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

- (2) The following additional exclusions apply to insurance under this Coverage Form:

(a) Contractual Liability

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

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

(b) Nuclear Hazard

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

5. Additional Exclusion

The following provisions apply only to the specified property:

Loss Or Damage To Products

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

C. Limitations

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

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

However, this limitation does not apply to:

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

However, this limitation does not apply:

 - (1) If the property is located on or within 100 feet of the described premises, unless the premises is insured under the Builders Risk Coverage Form; or
 - (2) To Business Income Coverage or to Extra Expense Coverage.

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

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

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

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

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

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

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

D. Additional Coverage – Collapse

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

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

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

- a.** Building decay that is hidden from view, unless the presence of such decay is known to an insured prior to collapse;
- b.** Insect or vermin damage that is hidden from view, unless the presence of such damage is known to an insured prior to collapse;
- c.** Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs during the course of the construction, remodeling or renovation.
- d.** Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs after the construction, remodeling or renovation is complete, but only if the collapse is caused in part by:
 - (1) A cause of loss listed in **2.a.** or **2.b.**;
 - (2) One or more of the "specified causes of loss";
 - (3) Breakage of building glass;
 - (4) Weight of people or personal property; or
 - (5) Weight of rain that collects on a roof.

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

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

4. With respect to the following property:

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

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

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

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

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

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

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

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

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

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

2. We will pay for loss or damage by "fungus", wet or dry rot or bacteria. As used in this Limited Coverage, the term loss or damage means:
- a. Direct physical loss or damage to Covered Property caused by "fungus", wet or dry rot or bacteria, including the cost of removal of the "fungus", wet or dry rot or bacteria;
 - b. The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungus", wet or dry rot or bacteria; and
 - c. The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "fungus", wet or dry rot or bacteria are present.
3. The coverage described under **E.2.** of this Limited Coverage is limited to \$15,000. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all occurrences of "specified causes of loss" (other than fire or lightning) and Flood which take place in a 12-month period (starting with the beginning of the present annual policy period). With respect to a particular occurrence of loss which results in "fungus", wet or dry rot or bacteria, we will not pay more than a total of \$15,000 even if the "fungus", wet or dry rot or bacteria continue to be present or active, or recur, in a later policy period.

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

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

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

F. Additional Coverage Extensions

1. Property In Transit

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

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

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

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

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

3. Glass

- a. We will pay for expenses incurred to put up temporary plates or board up openings if repair or replacement of damaged glass is delayed.

- b. We will pay for expenses incurred to remove or replace obstructions when repairing or replacing glass that is part of a building. This does not include removing or replacing window displays.

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

G. Definitions

1. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
2. "Specified causes of loss" means the following: fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire-extinguishing equipment; sinkhole 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 man-made underground cavities.
 - b. Falling objects does not include loss or damage to:
 - (1) Personal property in the open; or
 - (2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.

c. Water damage means:

- (1) Accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of a plumbing, heating, air conditioning or other system or appliance (other than a sump system including its related equipment and parts), that is located on the described premises and contains water or steam; and
- (2) Accidental discharge or leakage of water or waterborne material as the direct result of the breaking apart or cracking of a water or sewer pipe that is located off the described premises and is part of a municipal potable water supply system or municipal sanitary sewer system, if the breakage or cracking is caused by wear and tear.

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.

All terms and conditions of this policy apply unless modified by this endorsement.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF LOSS DUE TO BY-PRODUCTS OF PRODUCTION OR PROCESSING OPERATIONS (RENTAL PROPERTIES)

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM
BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM
EXTRA EXPENSE COVERAGE FORM
STANDARD PROPERTY POLICY

SCHEDULE

Premises Number	Building Number	Description Of Rental Unit
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.		

- A.** The terms of this endorsement apply to the rental unit(s) described in the Schedule, and to the building(s) in which such unit(s) is located, including any contents of such unit(s) and building(s), all of which constitute the described premises for the purpose of this endorsement.
- B.** We will not pay for loss or damage to the described premises, caused by or resulting from smoke, vapor, gas or any substance released in the course of production operations or processing operations performed at the rental unit(s) described in the Schedule. This exclusion applies regardless of whether such operations are:
1. Legally permitted or prohibited;
 2. Permitted or prohibited under the terms of the lease; or
 3. Usual to the intended occupancy of the premises.

This exclusion does not apply to loss or damage by fire or explosion that results from the release of a by-product of the production or processing operation.

- C.** If the loss or damage described in Paragraph **B.** results in Business Income loss or Extra Expense, there is no coverage for such loss or expense under the business income and/or extra expense forms listed in this endorsement, or under any other business interruption insurance if provided under this policy.
- D.** The conduct of a tenant's production or processing operations will not be considered to be vandalism of the rental premises regardless of whether such operations are:
1. Legally permitted or prohibited;
 2. Permitted or prohibited under the terms of the lease; or
 3. Usual to the intended occupancy of the premises.

All terms and conditions of this policy apply unless modified by this endorsement.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**JOINT OR DISPUTED LOSS AGREEMENT**

This endorsement modifies insurance provided under the following:

**COMMERCIAL PROPERTY COVERAGE PART
STANDARD PROPERTY POLICY**

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

3. Payments by the insurers of the amounts that are in disagreement, as described in Paragraphs 1. and 2., do not alter, waive or surrender any rights of any insurer against any other with regard to the portion of the loss for which each insurer is liable.
4. The amount in disagreement to be paid by us under this endorsement shall not exceed the amount payable under the equivalent Loss Agreement(s) of the boiler and machinery policy.
5. The amount to be paid under this endorsement shall not exceed the amount we would have paid had no boiler and machinery policy been in effect at the time of loss. In no event will we pay more than the applicable Limit of Insurance shown in the Declarations.
6. Acceptance by you of sums paid under this endorsement does not alter, waive or surrender any other rights against us.

E. Arbitration

1. If the circumstances described in Paragraph C.2.a. exist and the boiler and machinery insurer(s) and we agree to submit our differences to arbitration, the boiler and machinery insurer(s) and we will determine the amount each will pay and will pay the insured within 90 days. Arbitration will then take place within 90 days after payment of the loss under the terms of this endorsement.
2. If any of the circumstances described in Paragraph C.2.b. exist, then the boiler and machinery insurer(s) and we agree to submit our

differences to arbitration within 90 days after payment of the loss under the terms of this endorsement.

3. You agree to cooperate with any arbitration procedures. There will be three arbitrators: one will be appointed by us, and another will be appointed by the boiler and machinery insurer(s). The two arbitrators will select a third arbitrator. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. A decision agreed to by two of the three arbitrators will be binding on both parties. Judgment on any award can be entered in any court that has jurisdiction.

F. Final Settlement Between Insurers

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

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CALIFORNIA - CIVIL AUTHORITY CHANGE(S)

This endorsement modifies insurance provided under the following:

BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM
BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM
EXTRA EXPENSE COVERAGE FORM

SCHEDULE

Prem. No.	Bldg. No.	Schedule Part A Radius	Schedule Part B Coverage Period
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.			

**A. Amendment of Radius To Three Miles And
Option For More Than Three Miles**

The Additional Coverage - Civil Authority includes a requirement that the described premises are not more than one mile from the damaged property. With respect to described premises located in California, such one-mile radius is replaced by three miles or by the number of miles indicated in Part **A** of the Schedule, subject to all other provisions of that Additional Coverage. If there is no entry in Part **A** of the Schedule, the three-mile radius applies, subject to all other provisions of the Additional Coverage - Civil Authority.

B. Coverage Period Option

Under the Additional Coverage - Civil Authority, the four-week coverage period is replaced by the number of days indicated in Part **B** of the Schedule, subject to all other provisions of that Additional Coverage. If there is no entry in Part **B** of the Schedule, the four-week coverage period continues to apply, subject to all other provisions of the Additional Coverage - Civil Authority.

**C. This endorsement does not increase the
applicable Limit of Insurance.**

All terms and conditions of this policy apply unless modified by this endorsement.

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 1 year after the date on which the direct physical loss or damage occurred.

E. LIBERALIZATION

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

F. NO BENEFIT TO BAILEE

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

G. OTHER INSURANCE

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

H. POLICY PERIOD, COVERAGE TERRITORY

Under this Coverage Part:

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

I. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

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

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

This will not restrict your insurance.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PROPERTY AMENDATORY ENDORSEMENT

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART

A. Removal Permit

In the BUILDING AND PERSONAL PROPERTY COVERAGE FORM, CP0010, under Section A. Coverage, paragraph 4. Additional Coverages, the following additional coverage is added:

If Covered Property is removed to a new location that is a described location in the Declarations, this insurance will apply at each location, effective the date the new location was added for up to 10 days. After that period, this insurance does not apply at the previous location, unless it remains a described location in the Declarations. During the period of removal, coverage at each location will apply in the proportion that the value at each location bears to the value of all Covered Property being removed.

B. Limit Of Insurance - Adjustment At Renewal

Whenever one of the following coverage forms:

1. BUILDING AND PERSONAL PROPERTY COVERAGE FORM;
2. CONDOMINIUM ASSOCIATION COVERAGE FORM; or
3. CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM;

is made part of the policy, then under Section . Coverage, paragraph 4. Additional Coverages, the following additional coverage is added:

The Limit of Insurance shown in the Declarations for scheduled items insured under A.1.a. Building and A.1.b. Your Business Personal Property may be increased to reflect an increase in value attributable to inflation. Any such change will be made effective on the renewal date. Payment of the renewal premium when due will constitute your acceptance of the amended Limits of Insurance offered by us at the renewal of the policy.

C. Debris Removal

Whenever one of the following coverage forms:

1. BUILDING AND PERSONAL PROPERTY COVERAGE FORM;
2. CONDOMINIUM ASSOCIATION COVERAGE FORM; or
3. CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM;

is made part of the policy, then under Section A. Coverage, 4. Additional Coverages, paragraph a.2) is replaced by the following:

2) This Additional Coverage does not apply to costs to:

- a) Extract "pollutants" from land, water or Covered Property; or
- b) Remove, restore or replace polluted land, water or Covered Property.

D. Pollutant Clean Up And Removal

Whenever one of the following coverage forms:

1. BUILDING AND PERSONAL PROPERTY COVERAGE FORM;
2. CONDOMINIUM ASSOCIATION COVERAGE FORM;
3. CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM; or
4. BUILDERS RISK COVERAGE FORM;

is made part of the policy, then under Section A. Coverage, 4. Additional Coverages, paragraph d. is replaced by the following:

d. Pollutant Clean Up and Removal

We will pay your expense to extract "pollutants" from land, water or Covered Property 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, water or Covered Property.

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

E. Loss Conditions

Under Section E. Loss Conditions, 4. Loss Payment, the following is added to the end of paragraph a.:

HOWEVER, we will not pay for loss or damage arising out of or resulting from

obsolescence, aesthetic differences, or any other consequential loss to that part of the property not directly damaged by a Covered Cause of Loss.

F. Definitions

In the Commercial Property Coverage Part, the "Pollutants" definition is replaced by the following:

"Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant including but not limited to smoke, vapor, soot, fumes, acids, alkalis, petroleum products and their derivatives, chemicals and waste. Such irritants or contaminants are "pollutants" whether or not they have any function in your business, operations, premises, sites or locations.

Waste includes but is not limited to materials to be recycled, reconditioned or reclaimed and livestock, poultry or other animal excrement.

All terms and conditions of this policy apply unless modified by this endorsement.

**Includes copyrighted material of ISO Properties, Inc., with its permission
Copyright, ISO Properties, Inc., 2001**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EQUIPMENT BREAKDOWN COVERAGE

(Including Electronic Circuitry Impairment)

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
 CONDOMINIUM ASSOCIATION COVERAGE FORM
 CONDOMINIUM UNIT-OWNERS COVERAGE FORM
 CAUSES OF LOSS-- BASIC FORM
 CAUSES OF LOSS-- BROAD FORM
 CAUSES OF LOSS-- SPECIAL FORM

- A. The following is added as an Additional Coverage to the Causes of Loss— Basic Form, Broad Form or Special Form.

Additional Coverage-- Equipment Breakdown

The term Covered Cause of Loss includes the Additional Coverage Equipment Breakdown as described and limited below. Without an "accident" or "electronic circuitry impairment", there is no Equipment Breakdown Coverage.

1. We will pay for direct physical damage to Covered Property that is the direct result of an "accident" or "electronic circuitry impairment". We will consider "electronic circuitry impairment" to be physical damage to "covered equipment".
2. Unless otherwise shown in the "schedule," the following coverages also apply to the direct result of an "accident" or "electronic circuitry impairment". However, with respect to coverage 2.i. Service Interruption below and any Dependent Properties coverage provided by this coverage part, coverage will apply only to the direct result of an "accident" and will not apply to the direct result of an "electronic circuitry impairment". These coverages do not provide additional amounts of insurance.
 - a. Business Income and Extra Expense
 - (1) Any insurance provided under the coverage part for Business Income or Extra Expense is extended to the coverage provided by this endorsement. However, if a deductible is shown in the "schedule" or Special Deductible Endorsement, then with respect to this endorsement only, the "period of restoration" will begin immediately after the "accident" or "electronic circuitry impairment", and the deductible shown in the "schedule" or

Special Deductible Endorsement will apply.

- (2) The most we will pay for loss or expense under this coverage is the applicable limit for Business Income and Extra Expense, unless otherwise shown in the "schedule".
- b. Data Restoration
 - (1) We will pay for your reasonable and necessary cost to research, replace and restore lost "data".
 - (2) The most we will pay for loss or expense under this coverage, including actual loss of Business Income you sustain and necessary Extra Expense you incur, if shown as covered, is \$250,000 unless otherwise shown in the "schedule".
- c. Expediting Expenses
 - (1) With respect to your damaged Covered Property, we will pay the reasonable extra cost to:
 - (a) Make temporary repairs; and
 - (b) Expedite permanent repairs or permanent replacement.
 - (2) The most we will pay for loss or expense under this coverage is \$250,000 unless otherwise shown in the "schedule."
- d. "Fungus", Wet Rot, Dry Rot and Bacteria
 - (1) We will pay your additional cost to repair or replace Covered Property because of contamination by "fungus", wet rot, dry rot or bacteria. 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 Spoilage coverage.

- (2) As used in this coverage, additional costs mean those beyond what would have been payable under this Equipment Breakdown Coverage had no "fungus", wet rot, dry rot or bacteria been involved.
- (3) 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 "fungus", wet rot, dry rot or bacteria.
- (4) This coverage does not apply to lawns, trees, shrubs or plants which are part of a vegetated roof.
- (5) The most we will pay in any "one equipment breakdown" for loss, damage or expense under this coverage, including actual loss of Business Income you sustain and necessary Extra Expense you incur, if shown as covered, is \$15,000 unless otherwise shown in the "schedule" even if the "fungus", wet rot, dry rot or bacteria continues to be present or active or recurs in a later policy period.

e. Hazardous Substances

- (1) We will pay your 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.
- (2) This does not include contamination of "perishable goods" by refrigerant, including but not limited to ammonia, which is addressed in 2.j.(1)(b) below. 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) The most we will pay for loss, damage or expense under this coverage, including actual loss of Business Income you sustain and necessary Extra Expense you incur, if shown as covered, is \$250,000

unless otherwise shown in the "schedule."

f. Off Premises Equipment Breakdown

- (1) We will pay for physical damage to transportable "covered equipment" that, at the time of the "accident" or "electronic circuitry impairment", is not at a covered location. As respects this Off Premises Equipment Breakdown coverage only, the "accident" or "electronic circuitry impairment" may occur in any country except one in which the United States has imposed sanctions, embargoes or similar restrictions on the provision of insurance.
- (2) We will also pay for your reasonable and necessary cost to research, replace and restore lost "data" contained within "covered equipment" as described under (1) above. This amount may not exceed the limit applicable to Data Restoration coverage.
- (3) The most we will pay for loss, damage or expense under this coverage, including actual loss of Business Income you sustain and necessary Extra Expense you incur, if shown as covered, and Data Restoration as described in (2) above is the limit for Property Off-Premises coverage, shown in your policy, unless otherwise shown in the "schedule".

g. Public Relations

- (1) This coverage only applies if you have sustained an actual loss of Business Income covered under this endorsement.
- (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.
 - (4) The most we will pay for loss or expense under this coverage is \$5,000.
- h. Resultant Damage to Animals
- (1) Any insurance provided under the coverage part for "animals" is extended to the coverage provided by this endorsement.
 - (2) The most we will pay for loss, damage or expense under this coverage, including actual loss of Business Income you sustain and necessary Extra Expense you incur, if shown as covered, is \$25,000.
- i. Service Interruption
- (1) Any insurance provided for Business Income, Extra Expense, Data Restoration or Spoilage is extended to apply to your loss, damage or expense caused by a failure or disruption of service. The failure or disruption of service must be caused by an "accident" to equipment, including overhead transmission lines, that is owned by a utility, landlord, a landlord's utility or other supplier who provides you with any of the following services: electrical power, waste disposal, air conditioning, refrigeration, heating, natural gas, compressed air, water, steam, Internet access, telecommunications services, "cloud computing services", wide area networks or data transmission. The equipment must meet the definition of "covered equipment" except that it is not Covered Property.
 - (2) "Cloud computing services" must be provided by a professional provider with whom you have a contract.
 - (3) With respect to the Data Restoration portion of this Service Interruption coverage, coverage will also apply to "data" stored in the equipment of a provider of "cloud computing services".
 - (4) Unless otherwise shown in the "schedule" or Special Deductible

Endorsement, any insurance provided for Business Income or Data Restoration will not apply under this Service Interruption coverage unless the failure or disruption of service exceeds 24 hours immediately following the "accident". If the interruption exceeds 24 hours, coverage will begin at the time of the disruption, and the applicable deductible will apply.

- (5) The most we will pay in any "one equipment breakdown" for loss, damage or expense under this coverage is the applicable limit for Business Income, Extra Expense, Data Restoration or Spoilage, except that if a limit is shown in the "schedule" for Service Interruption, that limit will apply to Business Income and Extra Expense loss under this coverage.

j. Spoilage

- (1) We will pay:
 - (a) Physical damage to "perishable goods" due to spoilage;
 - (b) Physical damage to "perishable goods" due to contamination from the release of refrigerant, including but not limited to ammonia;
 - (c) Any necessary expenses you incur to reduce the amount of loss under this coverage to the extent that they do not exceed the amount of loss that otherwise would have been payable under this coverage.
- (2) If you are unable to replace the "perishable goods" before its anticipated sale, the amount of our payment will be determined on the basis of the sales price of the "perishable goods" at the time of the "accident," or "electronic circuitry impairment", less discounts and expenses you otherwise would have had. Otherwise our payment will be determined in accordance with the Valuation condition.
- (3) The most we will pay for loss, damage or expense under this

coverage is \$250,000 unless otherwise shown in the "schedule."

3. EXCLUSIONS

All exclusions in the applicable Causes of Loss form apply except as modified below and to the extent that coverage is specifically provided by this endorsement.

a. The following exclusions are modified:

- (1) If the Causes of Loss -- Basic Form or Causes of Loss -- Broad Form applies, the following is added to Exclusion B.2.:

Depletion, deterioration, corrosion, erosion, wear and tear, or other gradually developing conditions. However, if an "accident" or "electronic circuitry impairment" results, we will pay for the resulting loss, damage or expense caused by that "accident." or "electronic circuitry impairment".

- (2) If the Causes of Loss—Special Form applies, as respects this endorsement only, the last paragraph of Exclusion B.2.d. is deleted and replaced with the following:

But if an excluded cause of loss that is listed in 2.d.(1) through (7) results in an "accident," or "electronic circuitry impairment", we will pay for the loss, damage or expense caused by that "accident" or "electronic circuitry impairment".

b. The following exclusions are added:

- (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 an "accident" or "electronic circuitry impairment":

- (a) Fire, including smoke from a fire;
- (b) Explosion of gas or unconsumed fuel within the furnace of any boiler or fired vessel or within the passages from that furnace to the atmosphere;
- (c) Any other explosion, except as specifically covered under this endorsement;
- (d) Any earth movement, including but not limited to earthquake, subsidence, sinkhole collapse,

landslide, earth sinking, tsunami or volcanic action;

- (e) Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not; mudslide or mudflow; or 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 direct expenses of such drying out subject to the applicable Limit of Insurance and deductible for Building or Business Personal Property, whichever applies; or

- (f) Vandalism.

- (2) Coverage under this endorsement does not apply to an "accident" or "electronic circuitry impairment" caused by or resulting from:

- (a) Lightning;

- (b) Windstorm or hail. However, this exclusion does not apply when:

- i. "Covered equipment" located within a building or structure suffers an "accident" or "electronic circuitry impairment" that results from wind-blown rain, snow, sand or dust; and

- ii. 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) Smoke; aircraft or vehicles; riot or civil commotion; sprinkler leakage; elevator collision;

- (d) Breakage of glass; falling objects; weight of snow, ice or sleet; freezing (caused by cold weather); collapse or molten material;

- (e) A hydrostatic, pneumatic or gas pressure test of any boiler or pressure vessel, or an electrical insulation breakdown test of any type of electrical equipment; or

- (f) Water or other means used to extinguish a fire.

- (3) With respect to Business Income, Extra Expense and Service Interruption coverages, we will also not pay for:
 - (a) Loss caused by your failure to use due diligence and dispatch and all reasonable means to resume business; or
 - (b) Any increase in loss resulting from an agreement between you and your customer or supplier.
 - (4) Except as specifically provided under A.2.d. "Fungus," Wet Rot, Dry Rot And Bacteria coverage, we will not pay for loss, damage or expense caused directly or indirectly by the following, whether or not caused by or resulting from an "accident" or "electronic circuitry impairment". Any "fungus," wet rot, dry rot or bacteria, including any presence, growth, proliferation, spread or any activity of "fungus," wet rot, dry rot or bacteria. This includes, but is not limited to, costs arising from clean up, removal, or abatement of such "fungus," wet rot, dry rot or bacteria. However, this exclusion does not apply to spoilage of personal property that is "perishable goods," to the extent that such spoilage is covered under Spoilage coverage.
 - (5) Except as specifically provided under A.2.b., Data Restoration, or A.2.h., Resultant Damage to Animals, we will not pay for loss, damage or expense caused directly or indirectly by the following, whether or not caused by or resulting from an "accident" or "electronic circuitry impairment":
 - (a) Physical loss or damage to "animals";
 - (b) Loss, interruption or compromise of any research, test or study involving "animals"; or
 - (c) Loss of income or extra expense resulting from (a) or (b) above.
 - c. Exclusions b.(2)(a), b.(2)(b), b.(2)(c) and b.(2)(d) above shall not apply if:
 - (1) The excluded cause of loss occurs away from any covered location and causes an electrical surge or other electrical disturbance;
 - (2) Such surge or disturbance is transmitted through utility service transmission lines to the covered location and results in an "accident" or "electronic circuitry impairment"; and
 - (3) The loss, damage or expense caused by such surge or disturbance is not covered elsewhere under the policy.
 - d. Any cause of loss set forth in exclusion b.(2)(d) above that is not a Covered Cause of Loss in this coverage part shall be excluded only as respects Service Interruption coverage.
4. DEFINITIONS
- The following definitions are added with respect to this endorsement only:
- a. "Accident"
- (1) "Accident" means a fortuitous event that causes direct physical damage to "covered equipment". The event must be one of the following:
 - (a) Mechanical breakdown, including rupture or bursting caused by centrifugal force;
 - (b) Artificially generated electrical current, including electric arcing, that disturbs electrical devices, appliances or wires;
 - (c) Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control;
 - (d) Loss or damage to steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment; or
 - (e) Loss or damage to hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment.
 - (2) None of the following is an "accident":
 - (a) 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; or

- (b) Misalignment, miscalibration, tripping off-line, or any condition which can be corrected by resetting, tightening, adjusting or cleaning, or by the performance of maintenance.

However, if an "accident" results, we will pay for the resulting loss, damage or expense caused by that "accident".

- b. "Animal" means any creature of the kingdom Animalia. This includes, but is not limited to amphibians, birds, fish, insects, mammals, reptiles, and worms.

- c. "Boilers and vessels" means:

- (1) Any boiler, including attached steam, condensate and feedwater piping; and
- (2) Any fired or unfired pressure vessel subject to vacuum or internal pressure other than the static pressure of its contents.

This term does not appear elsewhere in this endorsement, but may appear in the "schedule."

- d. "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.

- e. "Covered equipment"

- (1) "Covered equipment" means, unless otherwise specified in the "schedule," Covered Property:
 - (a) That generates, transmits or utilizes energy; or
 - (b) 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) None of the following is "covered equipment":

- (a) Structure, foundation, cabinet or compartment;
- (b) Insulating or refractory material;
- (c) Sewer piping, buried vessels or piping, or piping forming a part of a sprinkler or fire suppression system;
- (d) Water piping other than:
 - i. Boiler feedwater piping;
 - ii. Boiler condensate return piping; or
 - iii. Water piping forming a part of a refrigerating or air conditioning system;
- (e) "Vehicle" or any equipment mounted on a "vehicle";
- (f) Satellite, spacecraft or any equipment mounted on a satellite or spacecraft;
- (g) Dragline, excavation or construction equipment; or
- (h) Equipment manufactured by you for sale.

- f. "Data" means information or instructions stored in digital code capable of being processed by machinery.

- g. "Electronic circuitry" means microelectronic components, including but not limited to circuit boards, integrated circuits, computer chips and disk drives.

- h. "Electronic circuitry impairment"

- (1) "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 (2), (3) and (4) below.

- (2) 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".

(3) The "covered equipment" must be owned or leased by you, or operated under your control.

(4) None of the following is an "electronic circuitry impairment":

(a) Any condition that can be reasonably remedied by:

- i. Normal maintenance, including but not limited to replacing expendable parts, recharging batteries or cleaning;
- ii. Rebooting, reloading or updating software or firmware; or
- iii. Providing necessary power or supply.

(b) Any condition caused by or related to:

- i. Incompatibility of the "covered equipment" with any software or equipment installed, introduced or networked within the prior 30 days; or
- ii. Insufficient size, capability or capacity of the "covered equipment".

(c) 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.

- i. "Hazardous substance" means any substance that is hazardous to health or has been declared to be hazardous to health by a governmental agency.
- j. "Media" means material on which "data" is recorded, such as solid state drives, hard disks, optical disks, flash drives, magnetic tapes or floppy disks.
- k. "One equipment breakdown" means: If an initial "accident" or "electronic circuitry

impairment" causes other "accidents," or "electronic circuitry impairments", All "accidents" or "electronic circuitry impairments" that are the result of the same "accidents" or "electronic circuitry impairment" will be considered "one equipment breakdown."

l. "Perishable goods" means personal property maintained under controlled conditions for its preservation, and susceptible to loss or damage if the controlled conditions change.

m. "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 endorsement, but may appear in the "schedule."

n. "Schedule" means the Equipment Breakdown Coverage Schedule.

o. "Vehicle" means, as respects this endorsement only, 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."

B. The Building and Personal Property Coverage Form, the Condominium Association Coverage Form and the Condominium Unit-Owners Coverage Form are modified as follows.

The definitions stated above also apply to section B. of this endorsement.

1. DEDUCTIBLE

The deductible in the Declarations applies unless a separate Equipment Breakdown deductible is shown in the "schedule" or Special Deductible Endorsement. If a separate Equipment Breakdown deductible is shown, the following applies.

Only as regards Equipment Breakdown Coverage, provision D. DEDUCTIBLE is deleted and replaced with the following:

a. Deductibles for Each Coverage

- (1) Unless the "schedule" or Special Deductible Endorsement indicates that your deductible is combined for all coverages, multiple deductibles may apply to any "one equipment breakdown."
- (2) We will not pay for loss, damage or expense under any coverage until the amount of the covered loss, damage or expense exceeds the deductible amount indicated for that coverage in the "schedule" or Special Deductible Endorsement. We will then pay the amount of loss, damage or expense in excess of the applicable deductible amount, subject to the applicable limit.
- (3) 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.

b. Direct and Indirect Coverages

- (1) Direct Coverages Deductibles and Indirect Coverages Deductibles may be indicated in the "schedule" or Special Deductible Endorsement.
- (2) Unless more specifically indicated in the "schedule or Special Deductible Endorsement":
 - (a) Indirect Coverages Deductibles apply to Business Income and Extra Expense loss; and
 - (b) Direct Coverages Deductibles apply to all remaining loss, damage or expense covered by this endorsement.

c. Application of Deductibles

(1) 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 shown in the "schedule" or Special Deductible Endorsement. We will

then pay the amount of loss, damage or expense in excess of the applicable Deductible or Deductibles, up to the applicable Limit of Insurance.

(2) Time Deductible

If a time deductible is shown in the "schedule" or Special Deductible Endorsement, we will not be liable for any loss occurring during the specified number of hours or days immediately following the "accident" or "electronic circuitry impairment". If a time deductible is expressed in days, each day shall mean twenty-four consecutive hours.

(3) Multiple of Average Daily Value (ADV)

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 (as defined in any Business Income coverage that is part of this policy) that would have been earned during the period of interruption of business had no "accident" or "electronic circuitry impairment" occurred, divided by the number of working days in that period. No reduction shall be made for the Business Income not being earned, or in the number of working days, because of the "accident" or "electronic circuitry impairment" or any other scheduled or unscheduled shutdowns during the period of interruption. 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 "schedule" or Special Deductible Endorsement will be multiplied by the ADV as determined above. The result shall be used as the applicable deductible.

(4) 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.

2. CONDITIONS

- a. The following conditions are in addition to the Conditions in the Building and Personal Property Coverage Form, the Condominium Association Coverage Form, the Condominium Unit-Owners Coverage Form, the Commercial Property Conditions and the Common Policy Conditions.

(1) 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 an "accident" or "electronic circuitry impairment" to that "covered equipment." This can be done by mailing or delivering 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.

(2) Jurisdictional Inspections

If any property that is "covered equipment" under this endorsement requires inspection to comply with state or municipal boiler and pressure vessel regulations, we agree to perform such inspection on your behalf. We do not warrant that conditions are safe or healthful.

(3) Coinsurance

If a coinsurance percentage is shown in the "schedule" for specified coverages, the following condition applies.

We will not pay for the full amount of your loss if the applicable limit is less than the product of the specified coinsurance percentage times the value of the property subject to the coverage at the time of the loss. Instead, we will determine what percentage this calculated product is compared to the applicable limit and apply that percentage to the gross amount of loss. We will then subtract the applicable deductible. The resulting amount, or the applicable limit, is the most we will pay. We will not pay for the remainder of the loss. Coinsurance applies separately to each insured location.

(4) Other Equipment Breakdown Coverage

If at the time of loss or damage:

- (a) Coverage Form IM 7200, IM 7201, IM 7202 or IM 7203 is part of your policy, providing coverage for loss or damage to Covered Property caused by or resulting from an "accident," the coverage afforded by such coverage form for such loss or damage is replaced by the coverage afforded by this endorsement to the extent that coverage for such loss or damage is also afforded by this endorsement, subject to all of the terms of this endorsement.

- (b) Coverage is afforded under another coverage form or endorsement other than those listed in (1) above, for loss or damage caused by or resulting from an "accident," the coverage afforded by the other coverage form or endorsement shall be excess of coverage provided under this Equipment Breakdown Coverage.

- b. As respects this endorsement only, the Valuation Condition in the Building and Personal Property

Coverage Form, the Condominium Association Coverage Form and the Condominium Unit-Owners Coverage is deleted and replaced with the following:

Valuation

We will determine the value of Covered Property as follows:

- (1) Except as specified otherwise, our payment for damaged Covered Property will be the smallest of:
 - (a) The cost to repair the damaged property;
 - (b) The cost to replace the damaged property on the same site; or
 - (c) The amount you actually spend that is necessary to repair or replace the damaged property.
- (2) 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.
- (3) Except as described in (4) 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.
- (4) Environmental, Safety and Efficiency Improvements

If "covered equipment" requires replacement due to an "accident" or "electronic circuitry impairment", we will pay your additional cost to replace with equipment that is better for the environment, safer for people or more energy or water efficient than the equipment being replaced. However, we will not pay to increase the size or capacity of the equipment and we will not pay more than 150% of what the cost would have been to replace with like kind and quality. This provision does not apply to the replacement of component parts or to any property to which Actual Cash Value applies and does not increase any of the applicable limits.

- (5) The following property will be valued on an Actual Cash Value basis:
 - (a) Any property that does not currently serve a useful or necessary function for you;
 - (b) Any Covered Property that you do not repair or replace within 24 months after the date of the "accident" or "electronic circuitry impairment"; and
 - (c) Any Covered Property for which Actual Cash Value coverage is specified in the "schedule",

Actual Cash Value includes deductions for depreciation.
- (6) 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:
 - (a) The property was manufactured by you;
 - (b) The sales price of the property is less than the replacement cost of the property; or
 - (c) You are unable to replace the property before its anticipated sale.
- (7) Except as specifically provided for under Data Restoration coverage, "data" and "media" will be valued on the following basis:
 - (a) For mass-produced and commercially available software, at the replacement cost.
 - (b) 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.

The most we will pay for loss, damage or expense under this endorsement arising from any "one equipment breakdown" is the applicable Limit of Insurance in the Declarations unless otherwise shown in the "schedule." Coverage provided under this endorsement does not provide an additional amount of insurance.

All terms and conditions of this policy apply unless modified by this endorsement.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EQUIPMENT BREAKDOWN COVERAGE SCHEDULE

This schedule provides supplementary information to be used with the following:

EQUIPMENT BREAKDOWN COVERAGE (including Electronic Circuitry Impairment)

LIMITS

Equipment Breakdown Coverage is subject to the Limits of Insurance shown in the Declarations, unless otherwise shown below.

COVERAGES	LIMITS
Equipment Breakdown Limit	\$
Business Income	\$
Extra Expense	\$
Off Premises Equipment Breakdown	\$
Services Interruption	\$

SUBLIMITS

The following coverages are subject to the limits of Insurance shown in the Equipment Breakdown Coverage, unless otherwise shown below.

COVERAGES	SUBLIMITS
Data Restoration	\$
Expediting Expenses	\$
"Fungus", Wet Rot, Dry Rot and Bacteria	\$
Hazardous Substances	\$
Spoilage	\$
@ _____ % Coinsurance	

DEDUCTIBLES

Combined, All Coverages	\$
Direct Coverages	\$
Indirect Coverages	\$
	or _____ hrs.
	or _____ times ADV
Spoilage	\$
	or _____ % of loss, \$ _____ minimum

LOCATIONS NOT APPLICABLE

Equipment Breakdown Coverage applies to all locations covered on the policy, unless otherwise shown below.

<u>Location No.</u>	<u>Building No.</u>	<u>Address/Description</u>
---------------------	---------------------	----------------------------

OTHER CONDITIONS

All terms and conditions of this policy apply unless modified by this endorsement.

CP 71 18 09 17

Includes copyrighted material of Insurance Services Office, Inc., with its permission.

Page 1 of 1

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

COMMERCIAL PROPERTY PLATINUM PROTECTION PLUS ENDORSEMENT

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM
CAUSES OF LOSS - SPECIAL FORM

- A. Throughout the BUILDING AND PERSONAL PROPERTY COVERAGE FORM, CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM, and the CAUSES OF LOSS - SPECIAL FORM, the phrase "within 100 feet" is replaced by "within 1,000 feet".
- B. Under the BUILDING AND PERSONAL PROPERTY COVERAGE FORM, or the CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM, the following amendments are made:
1. Under Section A. Coverage, 2. Property Not Covered, the following amendments are made:
 - a. Paragraph a. is deleted and is replaced by:

Accounts, bills, currency, food stamps or other evidences of debt, "money", notes, or "securities", except as provided in the Accounts Receivable, Employee Dishonesty, Money and Securities Coverage Extensions, Computer Fraud And Funds Transfer Fraud, Credit Card Invoice Coverage, Unauthorized Business Card Use and Forgery Or Alteration Additional Coverage in this endorsement.
 - b. Paragraphs g. and m. are deleted and replaced by:

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.
 2. Under Section A. Coverage, 4. Additional Coverages, the following amendments are made:
 - a. In Additional Coverage a. **Debris Removal**, paragraph 4), the \$25,000 amount, wherever it appears, is increased. The most we will pay for loss or damage under this Additional Coverage is subject to a \$250,000 blanket limit specific to this endorsement. See Section B. 10. Blanket Limit for additional information on this limit.
 - b. In Additional Coverage b. **Preservation of Property**, paragraph 2), 30 days is replaced by 90 days.
 - c. In Additional Coverage c. **Fire Department Service Charge**, the first paragraph is replaced by the following:

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay the actual cost of your liability for fire department service charges.
 - d. In Additional Coverage d. **Pollutant Clean Up and Removal**, the \$10,000 limit is increased to \$50,000.
 3. Under the BUILDING AND PERSONAL PROPERTY COVERAGE FORM, Section A. Coverage, 4. Additional Coverages, paragraph e. **Increased Cost of Construction** is deleted and replaced by the following:

Except as provided in the Foundations and Underground Pipes Coverage Extension in this endorsement.

e. Ordinance or Law Coverage**1) Coverage**

If a Covered Cause of Loss causes direct physical damage to a building that is Covered Property and as a result of such damage you are required to comply with the ordinance or law, we will pay the increased costs incurred to comply with the minimum standards of an ordinance or law that regulates the demolition, construction or repair of buildings, or establishes zoning or land use requirements at a covered property; and is in force at the time for loss for:

a) Coverage A – Loss to the Undamaged Portion of the Building

With respect to the building that has sustained covered direct physical damage; we will pay 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.

This Additional Coverage does not increase the applicable Building Limit of Insurance.

b) Coverage B – Demolition Cost Coverage

With respect to the building that has sustained covered direct physical damage, we will pay for 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.

c) Coverage C – Increased Cost of Construction

With respect to the building that has sustained covered direct physical damage; we will pay for the increased cost to:

- (1) Repair, rebuild, or reconstruct the 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) Additional 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.

When a building is damaged or destroyed and Coverage C – Increased Cost of Construction applies to that building, coverage for the increased cost of construction also applies to repair or reconstruction of the following:

- (a) The cost of excavations, grading, backfilling and filling;
- (b) Foundation of the building;
- (c) Pilings, and

- (d) Underground pipes, flues and drains.

The items listed in (a) through (d) above are

deleted from Property Not Covered, but only with respect to this additional coverage.

This Additional Coverage 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 Additional Coverage.

We will not pay under Coverage **A**, **B** or **C** of this Additional Coverage 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.
- (3) Any ordinance or law that:
 - (a) You were required to comply with before the loss, even if the building was undamaged; and
 - (b) You failed to comply with.

- 2) Limits of Insurance and Loss Payment

a) Coverage A – Loss to the Undamaged Portion of the Building

When there is a loss in value of an undamaged portion of a building to which Coverage A – Loss to the Undamaged Portion of the Building applies, the loss payment for that building, including damaged and undamaged portions, will be determined as follows:

- (1) If the Replacement Cost Coverage Option applies and the property is being repaired or replaced, we will not pay more than the lesser of:
 - (a) 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 at the same location and to the same height, floor area, style and comparable quality of the original property insured; or
 - (b) the Limit of Insurance shown in Declarations as applicable to the covered building.
- (2) 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:
 - (a) the actual cash value of the building at the time loss; or
 - (b) the Limit of Insurance shown in the Declarations as applicable to the covered building

b) Coverage B – Demolition Cost Coverage

For Demolition Cost, we will not pay more than the amount you actually spend to demolish and

clear the site of the described location, subject to a \$250,000 limit per location.

c) Coverage C – Increased Cost of Construction

With respect to 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 location; 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; and

(c) unless the Replacement Cost Optional Coverage applies to the building.

(2) If the building is repaired or replaced at the same location, or if you elect to rebuild at another location subject to a \$250,000 limit per location.

(3) If the ordinance or law requires relocation to another location, the most we will pay is the increased cost of construction at the new location subject to a \$250,000 limit per location. In the event that the buildings are insured on a blanket basis, then the limit per each building shall be determined by reference to the building limit or stated value as shown in the

Statement of Values or similar schedule on file with us, subject to a \$250,000 limit per building.

d) Coverage B and C – Demolition Cost and Increased Cost of Construction

For loss under Demolition and Increased Cost of Construction combined, the most we will pay is the lesser of 33% of the Building Limit as applicable to the covered building or \$250,000 as a Limit of Insurance at each location described in the Declarations.

4. Under Section A. Coverage, 4. Additional Coverages the following Additional Coverages are added:

a. Appurtenant Structures

1) We will pay for direct physical loss of or damage to any separate garages, storage buildings, swimming pools, tennis courts, spas, retaining walls and other appurtenant structures usual to your business at the described premises in the Declarations caused by or resulting from any Covered Cause of Loss.

2) The most we will pay for loss or damage under this Appurtenant Structures Additional Coverage in any one occurrence is 10 percent of the Building Limit of Insurance shown in the Declarations for that described building.

HOWEVER, if the value of any one garage, storage building, swimming pool, tennis court, spa, retaining wall or other appurtenant structure exceeds \$50,000, this Appurtenant Structures Additional Coverage does not apply to that structure.

3) The limit for this Appurtenant Structures Additional Coverage is in addition to the Limits of Insurance.

This Coverage Extension is subject to the deductible shown in the Commercial Property Declarations for the building.

b. Arson Reward for Conviction

- 1) In the event that a covered fire loss was the result of an act of arson, we will pay a reward to anyone, other

than paid investigators, who gives legal authorities information that leads to the conviction of anyone who committed such arson.

- 2) We will pay up to 10 percent of the amount of the insured fire loss or \$15,000, whichever is less. This payment is the most we will pay in any one occurrence, regardless of the number of persons providing information or convicted of arson.
- 3) The limit for this Arson Reward for Conviction Additional Coverage is in addition to the Limits of Insurance.
- 4) No deductible applies to this Arson Reward for Conviction Additional Coverage.

c. Brands and Labels

If branded or labeled merchandise that is Covered Property is damaged by a Covered Cause of Loss, we may take all or any part of the property at an agreed or appraised value. If so, you may:

- 1) Stamp '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.

We will pay reasonable costs you incur to perform the activity described from either of these two actions above.

The most we will pay for loss or damage under this Additional Coverage is \$50,000.

d. Business Income and Extra Expense from Dependent Properties

We will pay the actual loss of "business income" you sustain due to the necessary "suspension" of your

"operations" during the "dependent property" "period of restoration". The "suspension" must be caused by direct physical loss of or damage to "dependent property" caused by or resulting from any Covered Cause of Loss.

- 1) We will reduce the amount of your "business income" loss, other than "extra expense"; to the extent you can resume "operations" in whole or in part by using any other available:
 - a) Source of materials; or
 - b) Outlet for your products.
- 2) The most we will pay under this additional coverage is \$50,000 for loss you sustain from loss of or damage to "dependent property" at any one "dependent property" location. The amount payable under this Additional Coverage is additional insurance. This Additional Coverage does not apply to "dependent properties" for which you have more specific insurance either under this policy or another.

e. Business Income and Extra Expense from Newly Acquired Properties

We will pay the actual loss of "business income" you sustain due to the necessary "suspension" of your "operations" at a newly acquired location, other than at fairs or exhibitions. The "suspension" must be caused by direct physical loss of or damage to newly acquired property caused by or resulting from any Covered Cause of Loss. Insurance for this Additional Coverage will end when any of the following first occurs:

- 1) This policy expires;
- 2) 90 days expire after you acquire the property; or
- 3) You add the new location to your commercial property policy.

The most we will pay under this Additional Coverage is \$100,000. The amount payable under this Additional Coverage is additional insurance. This Additional Coverage does not apply to Business Income or Extra Expense for

which you have more specific insurance either under this policy or another.

f. Claim Data Expense, including Inventories and Appraisals

- 1) We will pay the reasonable expenses you incur in preparing claim data when we require it. This includes the cost of taking inventories, making appraisals, and preparing other documentation to show the extent of loss.
- 2) We will not pay for:
 - a) A higher cost of labor or lost time than is adequate to pay to perform the preparation work; or
 - b) Any expenses billed by and payable to insurance agents, claims adjusters, brokers or attorneys, or any costs as provided in the Loss Condition Appraisal.
- 3) The most we will pay for preparation of claim data under this Additional Coverage is \$10,000.

g. Computer Fraud And Funds Transfer Fraud

- 1) We will pay up to \$50,000 for:
 - a) Loss resulting from "fraudulent instruction" directing a financial institution to transfer, pay or deliver "money" or "securities" from your "transfer account"; or
 - b) Loss directly related to the use of any computer to fraudulently cause a transfer of covered property from inside the described premises to a person (other than a messenger) or place outside those premises.
- 2) The most we will pay under this Computer Fraud And Funds Transfer Fraud Additional Coverage for loss in any one occurrence is \$50,000.
- 3) All loss:
 - a) Caused by one or more persons; or
 - b) Involving a single act or series of related acts:

is considered one occurrence.

h. Contract Penalty Coverage

We will pay the cost of contractual penalties you are assessed or required to pay for non-delivery of finished "stock" in accordance with the provisions or conditions of a written contract. Your inability to deliver finished "stock" or otherwise complete the terms of the contract must be as a direct result of loss or damage to your property by a Covered Cause of Loss.

The most we will pay under this Additional Coverage is \$25,000 per occurrence of loss or damage.

i. Credit Card Invoices Coverage

We will pay amounts you are unable to collect due to loss of or damage to credit card invoices while located at the described premises as a result of a Covered Cause of Loss.

- 1) It is your responsibility to establish the amount of the loss under this Coverage Extension. If it is not possible, the amount of the loss will be determined as follows:
 - a) If you have been in the business for more than twelve months at the location of the loss, one-thirtieth (1/30) of the average monthly amount of credit card invoices will be considered an average daily credit invoices for that location. The twelve months immediately preceding the discovery of the loss will be used to determine the average monthly amount.
 - b) If you have been in the business for less than twelve months at the location of the loss, the average daily credit card invoices shall be one-thirtieth (1/30) of the average monthly amount of credit card invoices for the number of months you have been in business at that location.
 - c) The average daily credit card invoices will be multiplied by the

number of days for which credit card invoices are lost to determine the amount of the loss, subject to the maximum limit indicated below.

The most we will pay as a result of loss or damage to credit card slips

under this Additional Coverage is \$10,000.

j. Damaged Master Key/Key Card/Alternative Locking System Coverage

- 1) We will pay to cover any consequential loss you actually incur to replace keys or key-cards and adjust locks to accept new keys or key-cards or, if required, to replace locks, including the cost of installation, necessitated by the loss of or damage to master or grand master keys or key-cards.
- 2) We will also pay for loss or damage from a covered Cause of Loss to alternative locking systems including card programmers, card readers, computers, related alarms, trans-receivers, power supplies and any other electronic or mechanical apparatus required to make such locking systems operate. We will also pay for reprogramming such systems when necessitated by a covered loss.
- 3) The most we will pay under this Additional Coverage for all loss or damage in any one policy year is \$50,000.

k. Discharge from Sewer, Drain or Sump (Not Flood-Related)

- 1) We will pay for direct physical loss or damage to Covered Property caused by or resulting from discharge of water or waterborne material from a sewer, drain or sump located on the described premises, provided such discharge is not induced by "flood" or "flood" related conditions.

HOWEVER, we will not pay for such loss or damage that occurs if:

- a) The discharge results from an insured's failure to perform routine maintenance or repair necessary to keep a sewer or drain or a sump, sump pump or related equipment free from obstruction and in proper working condition. This limitation does not apply to sudden mechanical breakdown of a sump pump or its related equipment, provided the breakdown is not the result of an insured's negligence; or
- b) Sump pump failure is caused by or results from failure of power, or
- c) Discharge is due to a roof drain and related fixtures.

We will not pay the cost of repairing or replacing a sewer, drain, sump, sump pump or any related parts or equipment.

- 2) Under this Discharge from Sewer, Drain or Sump (Not Flood-Related) Additional Coverage, the most we will pay in any one occurrence for loss or damage to Covered Property at each described building is \$100,000.

HOWEVER, regardless of the number of occurrences or buildings, the most we will pay in any one policy period is \$100,000.

- 3) The limit of insurance that applies to coverage under this Discharge from Sewer, Drain or Sump (Not Flood-Related) Additional Coverage includes any loss arising from any "Business Income" and/or "Extra Expense" coverages.
- 4) Under the CAUSES OF LOSS - SPECIAL FORM B. Exclusions, exclusion 1.g.(3) does not apply to this Additional Coverage.

l. Fine Arts Coverage

- 1) We will pay for direct physical loss or damage to fine arts caused by a covered cause of loss, whether owned by:
 - a) You; or

- b) Others, and in your care, custody or control.
- 2) Fine arts includes, but is not limited to, antiques, paintings, etchings, drawings, tapestries, sculptures and fragile property such as porcelains, china and marble.
- 3) The most we will pay for loss under this Additional Coverage is subject to a \$250,000 blanket limit specific to this endorsement. See Section B.10 for additional information on this limit. Our payment for loss of or damage to personal property of others will only be for the account of the owner of the property. The amount payable under this Additional Coverage is additional insurance over the insurance available for Business Personal Property.
- 4) The value of fine arts will be the least of the following amounts:
 - a) The actual cash value of that property;
 - b) The cost of reasonably restoring that property to its condition immediately before loss; or
 - c) The cost of replacing that property with substantially identical property.
- 5) In the event of a loss, the value of property will be determined as of the time of loss.

The following are added to the Additional Conditions Section:

- 1) In case of loss 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
 - b) Pay the difference between the value of the pair or set before and after the loss.
- 2) You must arrange for fine arts to be packed and unpacked by competent packers.

m. Fire and Security Alarm System Upgrade

For loss or damage by a Covered Cause of Loss to a fire or security system we will pay up to 25% of the cost, up to \$25,000, to upgrade such a system to current standards for the occupancy of the building when required by any regulation, ordinance or law.

We will not pay for the increased cost under this Additional Coverage:

- 1) Until the system is actually repaired or replaced and upgraded at the same premises or elsewhere, and
- 2) Unless the repairs or replacement and upgrades are made as soon as reasonably possible after the loss or damage, not to exceed 2 years. We may extend this period in writing during the 2 year period.

n. Fire Extinguisher Recharge

- 1) We will pay up to \$50,000 for the cost of recharging an automatic extinguishing system that protects your cooking equipment. This coverage also applies to your Underwriters Laboratories listed portable or Factory Mutual approved fire extinguishers or fixed pipe kitchen fire extinguishing systems after being used in fighting a fire on your premises or on adjoining premises.
- 2) We will pay up to \$5,000 for your necessary expenses to clean up described premises after an accidental discharge of an automatic extinguishing system that protects cooking equipment. The cleanup expenses must relate directly to such discharge.
- 3) We will pay up to \$5,000 for actual loss of Business Income you sustain due to a suspension of your normal business "operations" during the period of time normally required to clean up and recharge your automatic extinguishing system that protects cooking equipment as a result of its accidental discharge at the described premises.

- 4) No deductible shall apply to this Additional Coverage.

o. Forgery Or Alteration

- 1) 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:
 - a) Made or drawn by or drawn upon you; or
 - b) Made or drawn by one acting as your agent,
 or that are purported to have been so made or drawn.
- 2) If you are sued for refusing to pay any instrument covered in Paragraph 1) above, 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.
- 3) The most we will pay for any loss, including legal expenses, under this Additional Coverage is \$100,000.
- 4) We will treat mechanically reproduced facsimile signatures the same as handwritten signatures.

p. Ingress Or Egress Coverage

We will pay the actual loss of "business income" you sustain as a result of the necessary "suspension" of your "operations" due to the prevention of ingress to, or egress from, a premises described in the Declarations, for a period of time not to exceed 30 days provided that such prevention of ingress or egress is:

- 1) A direct result of physical damage caused by or resulting from a Covered Cause of Loss to property located within a radius of 1 mile of the insured premises; and
- 2) A direct result of physical damage to property not excluded by this policy.

The most we will pay under this Additional Coverage is \$25,000 in any one occurrence. The amount payable under this Additional Coverage is

additional insurance. This coverage does not apply if ingress to or egress from your premises is prohibited by order of civil or military authority.

q. Limited Business Income

- 1) We will pay up to \$250,000 for the actual loss of "Business Income", including "rental value", 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. 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 includes the area within 1,000 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 1,000 feet of the building or within 1,000 feet of the premises described in the Declarations, whichever distance is greater (with respect to loss 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) We will only pay for loss of "Business Income" that you sustain during the "period of restoration" and that occurs within 12 consecutive months after the date of direct physical loss or damage.
 - 3) Additional Limitation - Interruption of Computer Operations. 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. Electronic data has the meaning set forth in paragraph A.2.n. of the BUILDING AND PERSONAL PROPERTY COVERAGE FORM or paragraph A.2.h. of the CONDOMINIUM COMMERCIAL

UNIT-OWNERS COVERAGE FORM.

r. Limited Extra Expense

- 1) "Extra Expense" coverage is provided at the premises described in the Declarations.
- 2) We will pay up to \$250,000 for the actual and necessary "Extra Expense" (other than the expense to repair or replace property) to:
 - a) 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.
 - b) 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 Additional Coverage.

- 3) We will only pay for "Extra Expense" that occurs within 12 consecutive months after the date of direct physical loss or damage.
- 4) Additional Limitation - Interruption of Computer Operations. 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. Electronic data has the meaning set forth in paragraph A.2.n. of the BUILDING AND PERSONAL PROPERTY COVERAGE FORM or paragraph A.2.h. of the CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM.

s. Spoilage Of Perishable Goods

- 1) We will pay for loss or damage to "perishable stock" owned by you which spoil as a direct result of the following causes of loss:
 - a) an on-premises power failure, meaning change in temperature or humidity resulting from complete or partial interruption of electrical power, at the described premises, due to conditions beyond your control,
 - b) mechanical breakdown, meaning a change in temperature or humidity resulting from mechanical breakdown or mechanical failure of refrigerating, cooling or humidity control apparatus or equipment, only while such equipment or apparatus is at the described premises; or
 - c) malfunction of coolers.
- 2) Exclusions - Only the following Exclusions contained in Paragraph B.1. of the Causes of Loss Form applicable to this Coverage Part apply to Spoilage Coverage:
 - a) Earth Movement;
 - b) Governmental Action;
 - c) Nuclear Hazard;
 - d) War And Military Action; and
 - e) Water.
- 3) The following Exclusions are added:
We will not pay for loss or damage caused by or resulting from:

- a) The disconnection of any refrigerating, cooling or humidity control system from the source of power.
 - b) The deactivation of electrical power caused by the manipulation of any switch or other device used to control the flow of electrical power or current.
 - c) The inability of an Electrical Utility Company or other power source to provide sufficient power due to:
 - (1) Lack of fuel; or
 - (2) Governmental order.
 - d) The inability of a power source at the described premises to provide sufficient power due to lack of generating capacity to meet demand.
 - e) Breaking of any glass that is a permanent part of any refrigerating, cooling or humidity control unit.
- 4) With reference to this coverage, the following additional conditions apply:
- a) This coverage does not apply to loss if, at the time of loss or damage, there is other valid and collectible insurance except that this coverage shall, in such case, apply only as excess and in no event as contributing insurance, and then only after all other insurance has been exhausted.
 - b) We shall not be liable under this coverage for more than the actual cash value of the property lost or damaged, nor in any event for more than the cost to replace the property insured with property of like kind and quality.
 - c) No one other than you, your "employees", or repairmen shall be permitted within the cooler during the time the refrigeration equipment or its motivating power is not in operation either because of breakdown or otherwise.
 - d) You shall maintain in good working condition such protective safeguards and equipment as were present in or on your premises at the inception of this policy, as well as those subsequently added and approved by us.
 - e) In the event of any loss which might result in a claim under this coverage, you will make every effort to save and preserve the property insured under this coverage, and any "extra expense" you incur in doing so shall represent a valid claim against us to the extent that the loss otherwise collectible was reduced by your efforts, but not exceeding the amount of insurance provided by this coverage.
- 5) The most we will pay for loss or damage under this Additional Coverage is \$50,000 in any one policy period, regardless of the number of claims.
- t. Unauthorized Business Card Use**
- 1) We will pay up to \$25,000 for the legal obligation you have because of the theft or unauthorized use of your business credit, debit or charge cards issued to you or registered in your name or the name of your business.
 - 2) The most we will pay under this Unauthorized Business Card Use Additional Coverage for loss in any one occurrence is \$25,000.
 - 3) All loss:
 - a) Caused by one or more persons; or
 - b) Involving a single act or series of related acts;
 is considered one occurrence.
- u. Utility Services – Direct Damage**

We will pay up to \$100,000 for the loss of or damage to Covered Property at the described premises caused by an interruption in utility service to the described premises. The interruption in utility service must result from direct physical loss or damage by a Covered Cause of Loss to the following property, not on the described premises:

- 1) Water Supply Property, meaning the following types of property supplying water to the described premises:
 - a) Pumping stations; and
 - b) Water mains.
- 2) Communication Supply Property, meaning property supplying communication services, including telephone, radio, microwave or television services to the described premises, such as:
 - a) Communication transmission lines, including optic fiber transmission lines;
 - b) Coaxial cables; and
 - c) Microwave radio relays, except satellites.

This does not include overhead communication lines.

- 3) Power Supply Property, meaning the following types of property supplying electricity, steam or gas to the described premises:
 - a) Utility generating plants;
 - b) Switching stations;
 - c) Substations;
 - d) Transformers; and
 - e) Transmission lines.

This does not include overhead transmission lines.

The term transmission lines includes all lines which serve to transmit communication service or power, including lines which may be identified as distribution lines.

Coverage under this endorsement does not apply loss or damage to electronic data, including destruction or corruption of electronic data. Electronic data has the meaning set forth in paragraph A.2.n. of the BUILDING AND PERSONAL PROPERTY COVERAGE FORM or paragraph A.2.h. of the CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM.

This coverage does not apply to loss if, at the time of loss or damage, there is other valid and collectible insurance except that this coverage shall, in such case, apply only as excess and in no event as contributing insurance, and

then only after all other insurance has been exhausted.

v. Utility Services – Time Element

We will pay up to \$100,000 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 the interruption in utility service to the described premises. The interruption in utility service must result from direct physical loss or damage by a Covered Cause of Loss to the following property located outside of a covered building described in the Declarations.

- 1) Water Supply Property, meaning the following types of property supplying water to the described premises:
 - a) Pumping Stations; and
 - b) Water Mains.

- 2) Wastewater Removal Property meaning a utility system for removing wastewater and sewage from the described premises, 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 endorsement does not apply to interruption of service caused by or resulting from a discharge of water or sewage due to heavy rainfall or flooding.

3) Communication Supply Property, meaning property supplying communication services, including telephone, radio, microwave or television services to the described premises, such as:

- a) Communication transmission lines, including optic fiber transmission lines;
- b) Coaxial cables; and
- c) Microwave radio relays, except satellites.

This does not include overhead communication lines.

4) Power Supply Property, meaning the following types of property supplying electricity, steam or gas to the described premises:

- a) Utility generating plants;
- b) Switching stations;
- c) Substations;
- d) Transformers; and
- e) Transmission lines.

This does not include overhead transmission lines.

The term transmission lines includes all lines which serve to transmit communication service or power, including lines which may be identified as distribution lines.

Coverage under this endorsement does not apply to "Business Income" loss or "Extra Expense" related to interruption in utility service which causes loss or damage to electronic data, including destruction or corruption of electronic data. Electronic data has the meaning set forth in paragraph A.2.n. of the BUILDING AND PERSONAL PROPERTY COVERAGE FORM or paragraph A.2.h. of the CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM.

This coverage does not apply to loss if, at the time of loss or damage, there is other valid and collectible insurance except that this coverage shall, in such case, apply only as excess and in no event as contributing insurance, and then only after all other insurance has been exhausted.

5. Under Section A. Coverage, 5. Coverage Extensions of the BUILDING AND PERSONAL PROPERTY COVERAGE FORM, the following amendments are made:

a. Coverage Extension a. **Newly Acquired Or Constructed Property:**

- 1) In paragraph 1) Buildings, the limit of \$250,000 is increased to \$2,000,000.
- 2) In paragraph 2) Your Business Personal Property, the limit of \$100,000 is increased to \$1,000,000.
- 3) In paragraph 3) Period of Coverage, in paragraph b), 30 days is replaced by 45 days.

b. Coverage Extensions d. Property Off-Premises, paragraph 3), the limit of \$10,000 is increased to \$100,000.

6. Under Section A. Coverage, 5. Coverage Extensions of the CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM, the following amendments are made:

a. Coverage Extension a. **Newly Acquired Property:**

- 1) In paragraph 1) Business personal property, the limit of \$100,000 is increased to \$1,000,000.
- 2) In paragraph 3) Period of Coverage, in paragraph b), 30 days is replaced by 45 days.

b. Coverage Extensions d. **Property Off-Premises**, paragraph 3), the limit of \$10,000 is replaced by \$100,000.

7. Under Section A. Coverage, 5. Coverage Extensions, paragraph b. Personal Effects And Property Of Others in the BUILDING AND PERSONAL PROPERTY COVERAGE FORM or the CONDOMINIUM COMMERCIAL UNIT-OWNERS

COVERAGE FORM is 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, your partners or members, your managers or your "employees".
- 2) Personal property of others used in your business that is in your care, custody or control. Coverage under this extension does not apply to personal effects or property of others that is located within a private residential unit.

- 3) The most we will pay for loss or damage under this Coverage Extension is subject to a \$250,000 blanket limit specific to this endorsement. See Section B.10. for additional information on this limit.

Our payment for loss of or damage to personal effects or personal property of others will only be for the account of the owner of such effects or property.

HOWEVER, the most we will pay for loss or damage caused by theft is \$500 for the property of any one individual.

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

This coverage is excess over any other valid and collectible insurance.

8. Under Section A. Coverage, 5. Coverage Extensions, paragraph e. Outdoor Property is replaced by the following:

e. Outdoor Property

You may extend the insurance provided by this Coverage Form to apply to your:

- 1) Outdoor trees, shrubs, and plants (other than trees, shrubs, or plants which are "stock" or are part of a vegetated roof), for loss or damage caused by a Covered Cause of

Loss. HOWEVER, we will not pay for loss or damage resulting from the following causes of loss:

- a) Windstorm or Hail;
- b) Vehicles; or
- c) Disease.

The most we will pay for loss or damage, including debris removal expense, under this Extension is subject to a blanket limit specific to a \$250,000 blanket limit specific to this endorsement. See Section B.10 for additional information on this limit.

HOWEVER, we will not pay more than \$2,500 for any one tree, shrub, or plant.

Subject to all aforementioned terms and limitations of coverage, this

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

- 2) Outdoor Signs that are:

- a) on described premises and not attached to a covered Building; or
- b) away from described premises whether attached to a building or not,

for loss or damage caused by a Covered Cause of Loss. The most we will pay for loss or damage, including debris removal expense, under this Coverage Extension is subject to a \$250,000 blanket limit specific to this endorsement. See Section B.10. for additional information on this limit.

- 3) Outdoor fences, light poles, radio and television antennas (including satellite dishes) for loss or damage caused by a Covered Cause of Loss.

HOWEVER, we will not pay for loss or damage resulting from the following causes of loss:

- a) Windstorm or Hail;
- b) Rain, Sleet, or Snow; or
- c) Ice or Weight of Ice.

The most we will pay for loss or damage, including debris removal expenses, under this Extension is \$250,000 blanket limit specific to this endorsement. See Section B.10. for additional information on this limit.

9. Under Section A. Coverage, 5. Coverage Extensions the following Coverage Extensions are added:

a. Accounts Receivable

You may extend the insurance that applies to Covered Property to apply to your Accounts Receivable to cover:

- 1) All sums due you from customers, provided you are unable to effect collection;
- 2) Interest charges on any loan to offset impaired collections pending repayment of such sums made uncollectible by loss or damage;
- 3) Collection expenses in excess of normal collection costs made necessary because of loss or damage; or
- 4) Other reasonable expenses incurred by you in reestablishing records of accounts receivable, other than the cost to replace or restore electronic data or the information on valuable papers and records, following such loss or damage

which are the direct result of loss or damage by a Covered Cause of Loss to accounts receivable records.

This extension applies at each described location.

The most we will pay for loss or damage under this Coverage Extension is subject to a \$250,000

blanket limit specific to this endorsement. See Section 10. Blanket Limit, for additional information on this limit.

This coverage does not apply to loss if, at the time of loss or damage, there is other valid and collectible insurance except that this coverage shall, in such case, apply only as excess and in no event as contributing insurance, and then only after all other insurance has been exhausted. This Coverage Extension is subject to the deductible shown in the Commercial Property Declarations for the building.

b. Artificially Generated Electrical Current Damage

- 1) You may extend the insurance that applies to Your Business Personal Property to apply to loss or damage resulting from artificially generated electrical current, including electric arcing, that disturbs electrical devices, appliances or wires, but only to the following types of property:
 - a) facsimile machines;
 - b) copier machines;
 - c) telephone equipment; and
 - d) "equipment" that processes electronic data. Electronic data has the meaning set forth in paragraph A.2.n. of the BUILDING AND PERSONAL PROPERTY COVERAGE FORM or paragraph A.2.h. of the CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM.

HOWEVER, coverage under this Coverage Extension does not apply to loss or damage to electronic data, or the impairment of the ability to access or manipulate such data.

Under the CAUSES OF LOSS - SPECIAL FORM B. Exclusions, exclusion 2.a. does not apply to this Coverage Extension.

The most we will pay under this Coverage Extension is \$50,000 per occurrence.

This Coverage Extension is subject to the Business Personal Property deductible in the Commercial Property Declarations

c. Computers and Media

You may extend the insurance that applies to Your Business Personal Property to apply to direct physical loss or damage caused by a Covered Cause of Loss to computer "equipment" and replaceable "media" that you own, lease, rent, or for which you are otherwise legally responsible.

This Coverage Extension applies to property located on a premises designated in the Commercial Property Declarations. However, we will not pay for loss or damage caused by or resulting from interruption of power supply, power surge, blackout or brownout.

We will not pay for loss, damage, or expense including actual loss of

business income and necessary extra expense in any one occurrence until the amount of loss or damage exceeds the \$500 Deductible. We will then pay the amount of loss or damage in excess of that \$500 Deductible, up to the applicable Limit of Insurance.

The most we will pay for loss, damage, or expense including actual loss of business income and necessary extra expense under this Coverage Extension is subject to a \$250,000 blanket limit specific to this endorsement. See Section B. 10 Blanket Limit for additional information on this limit.

d. Computers and Media – Laptop and Off-Premises Coverage

You may extend the insurance that applies to Your Business Personal Property to apply to direct physical loss or damage caused by a Covered Cause of Loss to computer "equipment" including laptops and replaceable "media" that you own in the course of transit or temporarily at a location you do not own, lease or operate.

However, we will not pay for loss or damage caused by or resulting from interruption of power supply, power surge, blackout or brownout.

We will not pay for loss, damage, or expense including actual loss of business

income and necessary extra expense in any one occurrence until the amount of loss or damage exceeds the \$500 Deductible. We will then pay the amount of loss or damage in excess of that \$500 Deductible, up to the applicable Limit of Insurance,

The most we will pay for loss or damage under this Coverage Extension is \$10,000.

e. Employee Dishonesty

1) You may extend the insurance provided by this Coverage Form to apply to:

a) Your Business Personal Property, and "money" and "securities".

b) The legal obligation you have because of the theft or unauthorized use of your business credit, debit or charge cards issued to you or registered in your name or the name of your business.

c) Loss resulting from "fraudulent instruction" directing a financial institution to transfer, pay or deliver "money" or "securities" from your "transfer account"; or

d) Loss directly related to the use of any computer to fraudulently cause a transfer of covered property from inside the described premises to a person (other than a messenger) or place outside those premises.

2) The loss or damage to such property must result from dishonest acts committed by any of your "employees" acting alone or in collusion with other persons (except you or your partner) with the manifest intent to:

- a) Cause you to sustain a loss or damage; and also
- b) Obtain financial benefit (other than salaries, commissions, fees, bonuses, promotions, awards, profit sharing, pensions or other "employee" benefits earned in the normal course of employment) for:
 - (1) Any "employee"; or
 - (2) Any other person or organization intended by the "employee" to receive that benefit.
- 3) We will not pay for loss or damage:
 - a) Resulting from any dishonest or criminal act that you or any of your partners commit whether acting alone or in collusion with other persons; or
 - b) The only proof of which as to its existence or amount is:
 - (1) An inventory computation; or
 - (2) A profit and loss computation.
- 4) We will pay only for loss or damage you sustain through acts committed or events occurring during the Policy Period. Regardless of the number of years this policy remains in force or the number of premiums paid, no Limit of Insurance cumulates from year to year or period to period.
- 5) This coverage does not apply to any "employee" immediately upon discovery by you or any of your partners, officers or directors, not in collusion with the "employee", of any dishonest act committed by that "employee" before or after being hired by you.
- 6) We will pay only for covered loss or damage discovered not later than one year from the end of the Policy Period.
- 7) If you (or any predecessor in interest) sustained loss or damage

during the period of any prior insurance that you could have recovered under that insurance except that the time within which to discover loss or damage has expired, we will pay for it under this Coverage Extension provided:

- a) This Coverage Extension became effective at the time of cancellation or termination of the prior insurance; and
- b) The loss or damage would have been covered by this Coverage Extension had it been in effect when the acts or events causing the loss or damage were committed or occurred.
- 8) The insurance under the preceding paragraph is part of, not in addition to, the Limit of Insurance applying to this Coverage Extension and is limited to the lesser of the amount recoverable under:
 - a) This Coverage Extension as of its effective date; or
 - b) The prior insurance had it remained in effect.
- 9) All loss or damage is considered one occurrence if it:
 - a) Is caused by one or more persons; or
 - b) Involves a single act or series of related acts.
- 10) The most we will pay under this Coverage Extension is \$100,000 per occurrence.
- f. Foundations and Underground Pipes**
You may extend the insurance that applies to Your Building to apply to loss or damage to:
 - 1) Foundations of buildings, structures, machinery or boilers if their foundations are below:
 - a) The lowest basement floor; or
 - b) The surface on the ground, if there is no basement;
 - 2) Underground pipes, flues, and drains and;

- 3) The cost of excavating, grading, back-filling or filling.

Payments under this Coverage Extension will not increase the Building applicable Limit of Insurance.

The most we will pay for loss under this Coverage Extension is subject to the Applicable Limit of Insurance for the Building.

This Coverage Extension is subject to the deductible shown in the Commercial Property Declarations for the Building.

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

g. Money and Securities

- 1) You may extend the insurance that applies to Your Business Personal Property to apply to "money" and "securities" used in your business while at a bank or savings institution, within your living quarters or the living quarters of your partners or any "employee" having use and custody of the property, at the described premises, or in transit between any of these places.

The loss or damage to "money" and "securities" must result directly from:

- a) Theft, meaning any act of stealing;
 - b) Disappearance; or
 - c) Destruction.
- 2) In addition to the Limitations and Exclusions applicable, we will not pay for loss:
 - a) Resulting from accounting or arithmetical errors or omissions;
 - b) Due to the giving or surrendering of property in any exchange or purchase; or
 - c) Of property contained in any money-oriented device unless the amount of "money" deposited in it is recorded by a continuous recording instrument in the device.

- d) From an unattended motor vehicle.

- e) That is covered under the Unauthorized Business Card Use or Computer Fraud And Funds Transfer Fraud Additional Coverages.

HOWEVER, in the CAUSE OF LOSS - SPECIAL FORM, the Limitation C.1.e. does not apply to this Coverage Extension.

- 3) You must keep records of all "money" and "securities" so we can verify the amount of any loss or damage.
- 4) In the event of loss or damage we will determine the value as follows:
 - a) "Money" at its face value; and
 - b) "Securities" at their value at the close of business on the day the loss is discovered.
- 5) All loss:
 - a) Caused by one or more persons; or
 - b) Involving a single act or series of related acts;

is considered one occurrence.
- 6) The most we will pay under this Money and Securities Additional Coverage for loss in any one occurrence is:
 - a) **Inside the Premises**, \$25,000 for "money" and "securities" while:
 - (1) In or on the described premises; or
 - (2) Within a bank or savings institution;

unless a higher Limit of Insurance for "money" and "securities" inside the premises is shown in the Declarations; and
 - b) **Outside the Premises** (Limited – loss from an unattended motor vehicle is excluded), \$25,000 for "money" and "securities" while anywhere else, unless a higher Limit of

Insurance for "money" and "securities" outside the premises is shown in the Declarations.

- 7) This Coverage Extension is subject to the Business Personal Property deductible in the Commercial Property Declarations.

h. Pairs Or Sets Coverage

You may extend the insurance that applies to Your Business Personal Property to direct loss or damage to an item that is part of a pair or set. If one item in a pair or set is broken and cannot be replaced, we will replace the entire set.

The value of a lost or damaged article which is part of a pair or set is based on a reasonable proportion of the value of the entire pair or set. The loss is not considered a total loss of the pair or set.

Pairs or sets of articles are covered for either the:

- 1) Cost to repair or replace any part to restore the pair or set to its original value; or
- 2) Difference between the Actual Cash Value of the property before and

after the loss. However, for jewelry and fine arts, when there is a loss to a pair or set, the scheduled amount will be paid for the pair or set if the insured surrenders the remaining of the pair or set to the insurance company.

This Coverage Extension is subject to the Business Personal Property deductible in Commercial Property Declarations.

The most we will pay for loss or damage to pairs or sets under this

Coverage Extension is subject to a \$250,000 blanket limit specific to this endorsement. See Section B.10. for additional information on this limit.

i. Property While Airborne or Waterborne

You may extend the insurance that applies to Your Business Personal

Property to apply to your property while it is airborne or waterborne, including loading and unloading, on or away from described premises. Coverage under this extension is provided only while the covered property is in the United States of America, its territories and possessions, Canada and Puerto Rico. We do not cover airborne or waterborne property when it has been placed in the care, custody or control of a common or contract carrier.

Paragraph A.2.i in the BUILDING AND PERSONAL PROPERTY COVERAGE FORM., Property not Covered does not apply to coverage provided by this Coverage Extension.

j. Salespersons Samples

You may extend the insurance that applies to Your Business Personal Property to apply to salespersons samples while away from described premises.

The most we will pay under this Extension is \$25,000 per occurrence.

This Coverage Extension is subject to the Business Personal Property deductible in the Commercial Property Declarations.

k. Tenant's Building Glass Liability

If you are a tenant and no Limit of Insurance is shown in the Declarations for Building coverage you may extend the insurance provided for Your Business Personal Property to cover direct physical loss of or damage to building glass that is part of the exterior or interior walls, floors or ceilings of the building or structure occupied by you at the premises shown in the declarations.

We will also pay for necessary:

- 1) Expenses incurred to put up temporary plates or board up openings;
- 2) Repair or replacement of encasing frames; and
- 3) Expenses incurred to remove or replace obstructions.

This extension only applies to glass owned by you or glass owned by

others in your care, custody or control and for which you are legally, or have contractually agreed to be, responsible. Our payment for glass owned by others will only be for the account of the owner of the glass.

Payments under this Extension will not increase the applicable Limit of Insurance for Your Business Personal Property.

We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds the \$500 deductible. We will then pay the amount of loss or damage in excess of that \$500 Deductible, up to the applicable Limit of Insurance.

I. Valuable Papers and Records including Cost of Research

You may extend the insurance that applies to Your Business Personal Property to apply to your costs of research, replace or restore the lost information on lost or damaged valuable papers and records that you own or that are in your care, custody or control caused by a Covered Cause of Loss.

This Coverage Extension includes your costs to research lost information but

this Extension does not apply to valuable papers and records which exist as electronic data. When duplicates exist, we will determine the value of Valuable Papers and Records, excluding those which exist on electronic or magnetic "media" (other than prepackaged software programs) at the cost of:

- 1) Blank materials for reproducing the records; and
- 2) Labor to transcribe or copy the records.

We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds the \$500 Deductible. We will then pay the amount of loss or damage in excess of that \$500 Deductible, up to the applicable Limit of Insurance,

The most we will pay for loss or damage under this Coverage Extension is subject to a \$250,000 blanket limit specific to this endorsement. See Section B. 10. Blanket Limit, for additional information on this limit.

m. Your Business Personal Property Limit-Seasonal Increase

- 1) The Limit of Insurance for Your Business Personal Property will automatically increase by 25 percent to provide for seasonal variations.
- 2) This increase will apply only if the Limit of Insurance shown for Your Business Personal Property in the Declarations is at least 100 percent of your average monthly values during the lesser of:
 - a) The 12 month period immediately preceding the date the loss or damage occurs; or
 - b) The period of time you have been in the business as of the date the loss or damage occurs

The most we will pay under this extension is \$250,000 in any one occurrence.

This Coverage Extension is subject to the Business Personal Property deductible in the Commercial Property Declarations

10. **Blanket Limit** - The most we will pay for loss or damage under all the following coverages is \$250,000 in an annual policy period. This limit is Blanket Insurance and applies to the sum of all claims for loss or damage under these coverages.

This blanket limit applies to the following coverages in this endorsement:

- a. Additional Coverage **Debris Removal** coverage per Section B. 2. a. in this endorsement.
- b. Additional Coverage **Fine Arts** coverage per Section B. 4. I. in this endorsement.
- c. Coverage Extension **Personal Effects And Property of Others** coverage per Section B. 7. b. in this endorsement.

- d. Coverage Extension **Accounts Receivable** coverage per Section B. 9. a. in this endorsement.
 - e. Coverage Extension **Outdoor Property** coverage per Section B. 8. e. in this endorsement.
 - f. Coverage Extension **Valuable Papers and Records including Cost or Research** coverage per B. 9. l. in this endorsement.
 - g. Coverage Extension **Computers and Media** coverage per Section B. 9. c. in this endorsement.
 - h. Coverage Extension **Pairs Or Sets Coverage** per Section B. 9. h. in this endorsement.
11. Under Section C. Limits of Insurance, the following amendments are made:
- a. The Limits of Insurance for each coverage included in this endorsement apply to Each Occurrence at Each Location shown in the Declarations, unless otherwise specified.
 - b. The limits applicable to the Appurtenant Structures, Arson Reward for Conviction, Brands and Labels, Business Income and Extra Expense from Dependent Properties, Business Income and Extra Expense from Newly Acquired Properties, Claim Data Expense, including Inventories and Appraisals, Computer Fraud And Funds Transfer Fraud, Contract Penalty Coverage, Credit Card Invoices Coverage, Damaged Master Key/Key Card/Alternative Locking System Coverage, Discharge from Sewer, Drain or Sump (Not Flood-Related), Fine Arts Coverage, Fire and Security Alarm System Upgrade, Fire Extinguisher Recharge, Forgery Or Alteration, Ingress Or Egress Coverage, Limited Business Income, Limited Extra Expense, Spoilage Of Perishable Goods, Unauthorized Business Card Use, Utility Services – Direct Damage, Utility Services – Time Element are Additional Coverages and are in addition to the Limits of Insurance unless stated otherwise.

- c. The second paragraph, relating to outdoor signs attached to buildings, is deleted.

12. Under Section D. Deductible, a deductible does not apply to the following Additional Coverages:

- a. Arson Reward for Conviction;
- b. Credit Card Invoices Coverage;
- c. Fire Extinguisher Recharge;
- d. Limited Business Income; and
- e. Limited Extra Expense

All other coverages provided under this endorsement are subject to a \$1,000 deductible unless otherwise specified.

Except as provided below, if two or more coverages of this policy apply to loss or damage arising out of one occurrence, we will pay for loss or damage that exceeds the largest single deductible of any coverage that applies to that loss or damage. We will not pay more than the actual loss or damage.

This provision does not apply to Causes Of Loss – Earthquake Form, its separate deductible will apply to loss or damage under that form.

This provision does not apply to loss or damage caused by Windstorm or Hail when a separate Windstorm or Hail, Named Storm or Hurricane deductible applies. That separate deductible will apply instead.

- C. In the CAUSES OF LOSS - SPECIAL FORM, under Section F. Additional Coverage Extensions, paragraph 1. Property in Transit is deleted and replaced by:

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 1,000 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) A Covered Cause of Loss.
- 2) Vehicle collision, upset or overturn. Collision means accidental contact of your vehicle with another vehicle or object. It does not mean your vehicle's contact with the road bed.
- 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 forced entry.
- 4) "Flood".
- 5) Collapse of bridges, culverts, docks, or wharves.
- 6) Earthquake.
- c. The most we will pay in any one occurrence for loss or damage under this Extension is \$50,000.
- d. We will also cover your Business Personal Property while it is in transit under this Additional Coverage Extension that is shipped:
 - 1) By any common carrier,
 - 2) Free on Board (FOB) if you cannot collect the loss from the consignee. However, we will pay only the amount of your interest in the property shipped on this basis.

The most we will pay for all loss or damage to Business Personal Property shipped by common carrier or on a FOB basis is \$20,000 in any one occurrence.

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

D. Definitions

1. "Business Income" means the:

- a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred; but not including any Net Income that would likely have been earned as a result of an increase in the volume of business conditions caused by the impact of the Covered Cause of

Loss on customers or on other businesses; and

- b. Continuing normal operating expenses incurred; including payroll.

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

2. "Dependent Property" means property operated by others you depend on to:

- a. Deliver materials or services to you, or to others for your account (Contributing Locations). But any property which delivers any of the following services is not a Contributing Location with respect to such services: Water Supply Services, Power Supply Services, or Communication Supply Services, including services relating to internet access or access to any electronic network.
- b. Accept your products or services (Recipient Locations);
- c. Manufacture products for delivery to your customers under contract of sale (Manufacturing Locations); or
- d. Attract customers to your business (Leader Locations)

3. "Employee" means any natural person:

- a. "you" have the right to direct and control while performing services, whom "you" compensate directly by salary, wages, or commissions; or
- b. employed by an employment contractor while that person is subject to "your" direction and control and performing services for "you"; however such a person is not an "employee" while such a person has care and custody of property outside a described building; or
- c. who is a trustee, an officer, an "employee", an administrator, or a manager who is an independent contractor, of any employee benefit plan; or
- d. who is "your" director or trustee while that person is handling funds or other property of any employee benefit plan.

Any person who is an "employee", as described in a. through d. above, is an

"employee" for 30 days after termination of service.

"Employee" does not mean any agent, broker, contractor, commission merchant, consignee, independent contractor, or representative of the same general character; or any director or trustee, except while performing acts falling within the scope of the usual duties of an "employee" or while performing duties in the management of any employee benefit plan.

4. "Equipment" means a network of machine components that accepts information, processes it according to a plan and produces a desired result. This includes programmable electronic devices that can

store, retrieve, and process data and associated peripheral devices that provide communication, including input and output functions such as printing, or auxiliary functions such as data transmission.

5. "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.
6. "Flood" meaning a general and temporary condition of partial or complete inundation of normally dry land areas due to:
 - a. Overflow of inland or tidal waters, waves, tidal waves or tsunamis, or spray resulting from any of these, all whether driven by wind or not, including but not limited to inundation due to storm surge;
 - b. Unusual and rapid accumulation or runoff of surface waters due to rain, ice, sleet, snow or other weather conditions;
 - c. Mudslides or mudflows if caused by flooding as defined in b. above or by the flow of water exceeding its anticipated or expected cyclical levels;
 - d. Water under the ground surface pressing on, or flowing or seeping through:
 - 1) Foundations, walls, floors or paved surfaces;
 - 2) Basements, whether paved or not; or
 - 3) Doors, windows or other openings;

whether or not a., b., c. or d. above arise as the result of human or animal forces or by an act of nature; or

- e. Water or other material that backs up or overflows from any sewer, septic tank or drain if such back-up is caused by any of the conditions in a., b. or c. above regardless of the proximity of the back-up to such condition.
7. "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.
8. "Fraudulent instruction" means:
 - a. An electronic, telegraphic, cable, teletype, telefacsimile or telephone instruction which purports to have been transmitted by you, but which was in fact fraudulently transmitted by someone else without your knowledge or consent;
 - b. A written instruction (other than those described in the Forgery or Alterations Additional Coverage) issued by you, which was forged or altered by someone other than you without your knowledge or consent or which purports to have been issued by you, but was in fact fraudulently issued without your knowledge or consent; or
 - c. An electronic, telegraphic, cable, teletype, telefacsimile, telephone or written instruction initially received by you which purports to have been transmitted by an "employee" but which was in fact fraudulently transmitted by someone else without your or the "employee's" knowledge or consent.
9. "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.
10. "Media" means the material on which data is recorded, such as magnetic tapes, disk packs, floppy disks, drums, paper tapes, cards, and programs. This includes the data stored on the "media".
11. "Money" means:

- a. Currency, coins and bank notes whether or not in current use and having a face value; and
- b. Travelers checks, register checks and money orders held for sale to the public.

12. "Operations" means:

- a. Your business activities occurring at the described premises; and
- b. The tenantability of the described premises.

13. "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 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:

- a. Regulates the construction, use or repair, or requires the tearing down of any property; or
- b. 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".

14. "Perishable Stock" means personal property:

- a. Maintained under controlled conditions for its preservation; and
- b. Susceptible to loss or damage if the controlled conditions change.

15. "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.

16. "Rental Value" means the:

- a. Total anticipated rental income from tenant occupancy of the premises described in the Declarations as furnished and equipped by you, and
- b. Amount of all charges which are the legal obligation of the tenant(s) and which would otherwise be your obligations, and
- c. Fair "rental value" of any portion of the described premises which is occupied by you.

17. "Securities" means negotiable and nonnegotiable 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) whether or not in current use; and
- b. Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you;

It does not include "money" or lottery tickets held for sale

18. "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.

19. "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.

20. "Transfer account" means an account maintained by you at a financial institution from which you can initiate the transfer, payment or delivery of "money" and "securities":

- a. By means of electronic, telegraphic, cable, teletype, telefacsimile or telephone instructions communicated

- directly through an electronic funds transfer system; or
- b. By means of written instructions establishing the conditions under which

such transfers are to be initiated by such financial institution through an electronic funds transfer system.

All terms and conditions of this policy apply unless modified by this endorsement.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TENTATIVE RATE

The rates used in the development of the premium for the Commercial Property Coverage Part are tentative. We will adjust the premium effective from the inception date of this Coverage Part once the rates are promulgated. If this is a renewal of a policy previously issued by us, we will adjust the premium effective from the renewal date of this Coverage Part once the rates are promulgated.

COMMON POLICY CONDITIONS

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

A. Cancellation

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

B. Changes

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

C. Examination Of Your Books And Records

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

D. Inspections And Surveys

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

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

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

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

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

E. Premiums

The first Named Insured shown in the Declarations:

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

F. Transfer Of Your Rights And Duties Under This Policy

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

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

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CALIFORNIA CHANGES – ACTUAL CASH VALUE

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
 COMMERCIAL INLAND MARINE COVERAGE PART
 COMMERCIAL PROPERTY COVERAGE PART
 FARM COVERAGE PART
 STANDARD PROPERTY POLICY

With respect to an "open policy", the following are added to any provision which uses the term actual cash value:

- A. In the event of a total loss to a building or structure, actual cash value is calculated as the lesser of the following:
 - 1. The Limit of Insurance applicable to that building or structure; or
 - 2. The fair market value of the building or structure.
- B. In the event of a partial loss to a building or structure, actual cash value is calculated as the lesser of the following:
 - 1. The amount it would cost to repair, rebuild or replace the property less a fair and reasonable deduction for physical depreciation of the components of the building or structure that are normally subject to repair or replacement during its useful life. Physical depreciation is based upon the condition of the property at the time of the loss; or
 - 2. The Limit of Insurance applicable to the property.
- C. In the event of a partial or total loss to Covered Property other than a building or structure, actual cash value is calculated as the lesser of the following:
 - 1. The amount it would cost to repair or replace the property less a fair and reasonable deduction for physical depreciation, based on the condition of the property at the time of loss; or
 - 2. The Limit of Insurance applicable to the property.
- D. An "open policy" is a policy under which the value of Covered Property is not fixed at policy inception, but is determined at the time of loss in accordance with policy provisions on valuation. The term "open policy" does not apply to Covered Property that is subject to an Agreed Value clause or similar clause that establishes an agreed value prior to loss, unless such clause has expired.

All terms and conditions of this policy apply unless modified by this endorsement.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CALIFORNIA CHANGES

This endorsement modifies insurance provided under the following:

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
 STANDARD PROPERTY POLICY

- A.** When this endorsement is attached to the Standard Property Policy **CP 00 99** the term Coverage Part in this endorsement is replaced by the term Policy.
- B.** The **Concealment, Misrepresentation Or Fraud** Condition is replaced by the following with respect to loss ("loss") or damage caused by fire:
- We do not provide coverage to the insured ("insured") who, whether before or after a loss ("loss"), has committed fraud or intentionally concealed or misrepresented any material fact or circumstance concerning:
1. This Coverage Part;
 2. The Covered Property;
 3. That insured's ("insured's") interest in the Covered Property; or
 4. A claim under this Coverage Part or Coverage Form.
- C.** The **Concealment, Misrepresentation Or Fraud** Condition is replaced by the following with respect to loss ("loss") or damage caused by a Covered Cause of Loss other than fire:
- This Coverage Part is void if any insured ("insured"), whether before or after a loss ("loss"), has committed fraud or intentionally concealed or misrepresented any material fact or circumstance concerning:
1. This Coverage Part;
 2. The Covered Property;
 3. An insured's ("insured's") interest in the Covered Property; or
 4. A claim under this Coverage Part or Coverage Form.
- D.** Except as provided in **E.**, the **Appraisal** Condition is replaced by the following:
- If we and you disagree on the value of the property or the amount of loss ("loss"), either may make written request for an appraisal of the loss ("loss"). If the request is accepted, each party will select a competent and impartial appraiser. Each party shall notify the other of the appraiser selected within 20 days of the request. The two appraisers will select an umpire. If they cannot agree within 15 days, 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 ("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.
- E.** The Appraisal Condition in:
1. Business Income (And Extra Expense) Coverage Form **CP 00 30**; and
 2. Business Income (Without Extra Expense) Coverage Form **CP 00 32**;

IL 01 04 09 07

is replaced by the following:

If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either may make written request for an appraisal of the loss. If the request is accepted, each party will select a competent and impartial appraiser. Each party shall notify the other of the appraiser selected within 20 days of the request. The two appraisers will select an umpire. If they cannot agree within 15 days, 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.

All terms and conditions of this policy apply unless modified by this endorsement.

© ISO Properties, Inc., 2006

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CALIFORNIA CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
 COMMERCIAL AUTOMOBILE COVERAGE PART
 COMMERCIAL GENERAL LIABILITY COVERAGE PART
 COMMERCIAL INLAND MARINE COVERAGE PART
 COMMERCIAL PROPERTY COVERAGE PART
 CRIME AND FIDELITY COVERAGE PART
 EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
 EQUIPMENT BREAKDOWN COVERAGE PART
 FARM COVERAGE PART
 LIQUOR LIABILITY COVERAGE PART
 MEDICAL PROFESSIONAL LIABILITY COVERAGE PART
 POLLUTION LIABILITY COVERAGE PART
 PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

A. Paragraphs 2., 3. and 5. of the Cancellation Common Policy Condition are replaced by the following:

2. All Policies In Effect For 60 Days Or Less

If this policy has been in effect for 60 days or less, and is not a renewal of a policy we have previously issued, we may cancel this policy by mailing or delivering to the first Named Insured, at the mailing address shown in the policy, and to the producer of record, advance written notice of cancellation, stating the reason for cancellation, at least:

- a. 10 days before the effective date of cancellation if we cancel for:
 - (1) Nonpayment of premium; or
 - (2) Discovery of fraud by:
 - (a) Any insured or his or her representative in obtaining this insurance; or
 - (b) You or your representative in pursuing a claim under this policy.
- b. 30 days before the effective date of cancellation if we cancel for any other reason.

3. All Policies In Effect For More Than 60 Days

- a. If this policy has been in effect for more than 60 days, or is a renewal of a policy we issued, we may cancel this policy only upon the occurrence, after the effective date of the policy, of one or more of the following:
 - (1) Nonpayment of premium, including payment due on a prior policy we issued and due during the current policy term covering the same risks.
 - (2) Discovery of fraud or material misrepresentation by:
 - (a) Any insured or his or her representative in obtaining this insurance; or
 - (b) You or your representative in pursuing a claim under this policy.
 - (3) A judgment by a court or an administrative tribunal that you have violated a California or Federal law, having as one of its necessary elements an act which materially increases any of the risks insured against.

- (4) Discovery of willful or grossly negligent acts or omissions, or of any violations of state laws or regulations establishing safety standards, by you or your representative, which materially increase any of the risks insured against.
 - (5) Failure by you or your representative to implement reasonable loss control requirements, agreed to by you as a condition of policy issuance, or which were conditions precedent to our use of a particular rate or rating plan, if that failure materially increases any of the risks insured against.
 - (6) A determination by the Commissioner of Insurance that the:
 - (a) Loss of, or changes in, our reinsurance covering all or part of the risk would threaten our financial integrity or solvency; or
 - (b) Continuation of the policy coverage would:
 - (i) Place us in violation of California law or the laws of the state where we are domiciled; or
 - (ii) Threaten our solvency.
 - (7) A change by you or your representative in the activities or property of the commercial or industrial enterprise, which results in a materially added, increased or changed risk, unless the added, increased or changed risk is included in the policy.
 - b. We will mail or deliver advance written notice of cancellation, stating the reason for cancellation, to the first Named Insured, at the mailing address shown in the policy, and to the producer of record, at least:
 - (1) 10 days before the effective date of cancellation if we cancel for nonpayment of premium or discovery of fraud; or
 - (2) 30 days before the effective date of cancellation if we cancel for any other reason listed in Paragraph 3.a.
 - 5. If this policy is cancelled, we will send the first Named Insured any premium refund due. The refund, if any, will be computed on a pro rata basis. However, the refund may be less than pro rata if we made a loan to you for the purpose of payment of premiums for this policy.
- The cancellation will be effective even if we have not made or offered a refund.

- B. The following provision is added to the **Cancellation Common Policy Condition**:

7. Residential Property

This provision applies to coverage on real property which is used predominantly for residential purposes and consisting of not more than four dwelling units, and to coverage on tenants' household personal property in a residential unit, if such coverage is written under one of the following:

Commercial Property Coverage Part

Farm Coverage Part – Farm Property – Farm Dwellings, Appurtenant Structures And Household Personal Property Coverage Form

- a. If such coverage has been in effect for 60 days or less, and is not a renewal of coverage we previously issued, we may cancel this coverage for any reason, except as provided in b. and c. below.
- b. We may not cancel this policy solely because the first Named Insured has:
 - (1) Accepted an offer of earthquake coverage; or
 - (2) Cancelled or did not renew a policy issued by the California Earthquake Authority (CEA) that included an earthquake policy premium surcharge.

However, we shall cancel this policy if the first Named Insured has accepted a new or renewal policy issued by the CEA that includes an earthquake policy premium surcharge but fails to pay the earthquake policy premium surcharge authorized by the CEA.

- c. We may not cancel such coverage solely because corrosive soil conditions exist on the premises. This restriction (c.) applies only if coverage is subject to one of the following, which exclude loss or damage caused by or resulting from corrosive soil conditions:
 - (1) Commercial Property Coverage Part – Causes Of Loss – Special Form; or
 - (2) Farm Coverage Part – Causes Of Loss Form – Farm Property, Paragraph D. Covered Causes Of Loss – Special.

- C. The following is added and supersedes any provisions to the contrary:

Nonrenewal

1. Subject to the provisions of Paragraphs **C.2.** and **C.3.** below, if we elect not to renew this policy, we will mail or deliver written notice, stating the reason for nonrenewal, to the first Named Insured shown in the Declarations, and to the producer of record, at least 60 days, but not more than 120 days, before the expiration or anniversary date.

We will mail or deliver our notice to the first Named Insured, and to the producer of record, at the mailing address shown in the policy.

2. Residential Property

This provision applies to coverage on real property used predominantly for residential purposes and consisting of not more than four dwelling units, and to coverage on tenants' household property contained in a residential unit, if such coverage is written under one of the following:

Commercial Property Coverage Part

Farm Coverage Part – Farm Property – Farm Dwellings, Appurtenant Structures And Household Personal Property Coverage Form

- a. We may elect not to renew such coverage for any reason, except as provided in **b.**, **c.** and **d.** below.
- b. We will not refuse to renew such coverage solely because the first Named Insured has accepted an offer of earthquake coverage.

However, the following applies only to insurers who are associate participating insurers as established by Cal. Ins. Code Section 10089.16. We may elect not to renew such coverage after the first Named Insured has accepted an offer of earthquake coverage, if one or more of the following reasons applies:

- (1) The nonrenewal is based on sound underwriting principles that relate to the coverages provided by this policy and that are consistent with the approved rating plan and related documents filed with the Department of Insurance as required by existing law;

- (2) The Commissioner of Insurance finds that the exposure to potential losses will threaten our solvency or place us in a hazardous condition. A hazardous condition includes, but is not limited to, a condition in which we make claims payments for losses resulting from an earthquake that occurred within the preceding two years and that required a reduction in policyholder surplus of at least 25% for payment of those claims; or

- (3) We have:

- (a) Lost or experienced a substantial reduction in the availability or scope of reinsurance coverage; or
- (b) Experienced a substantial increase in the premium charged for reinsurance coverage of our residential property insurance policies; and

the Commissioner has approved a plan for the nonrenewals that is fair and equitable, and that is responsive to the changes in our reinsurance position.

- c. We will not refuse to renew such coverage solely because the first Named Insured has cancelled or did not renew a policy, issued by the California Earthquake Authority, that included an earthquake policy premium surcharge.
- d. We will not refuse to renew such coverage solely because corrosive soil conditions exist on the premises. This restriction (**d.**) applies only if coverage is subject to one of the following, which exclude loss or damage caused by or resulting from corrosive soil conditions:
 - (1) Commercial Property Coverage Part – Causes Of Loss – Special Form; or
 - (2) Farm Coverage Part – Causes Of Loss Form – Farm Property, Paragraph **D.** Covered Causes Of Loss – Special.
3. We are not required to send notice of nonrenewal in the following situations:
 - a. If the transfer or renewal of a policy, without any changes in terms, conditions or rates, is between us and a member of our insurance group.

IL 02 70 08 11

- b.** If the policy has been extended for 90 days or less, provided that notice has been given in accordance with Paragraph **C.1**.
- c.** If you have obtained replacement coverage, or if the first Named Insured has agreed, in writing, within 60 days of the termination of the policy, to obtain that coverage.
- d.** If the policy is for a period of no more than 60 days and you are notified at the time of issuance that it will not be renewed.
- e.** If the first Named Insured requests a change in the terms or conditions or risks covered by the policy within 60 days of the end of the policy period.
- f.** If we have made a written offer to the first Named Insured, in accordance with the timeframes shown in Paragraph **C.1**., to renew the policy under changed terms or conditions or at an increased premium rate, when the increase exceeds 25%.

All terms and conditions of this policy apply unless modified by this endorsement.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF CERTAIN COMPUTER-RELATED LOSSES

This endorsement modifies insurance provided under the following:

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

- A.** We will not pay for loss ("loss") or damage caused directly or indirectly by the following. Such loss ("loss") or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss ("loss") or damage.
- 1.** The failure, malfunction or inadequacy of:
 - a.** Any of the following, whether belonging to any insured or to others:
 - (1)** Computer hardware, including micro-processors;
 - (2)** Computer application software;
 - (3)** Computer operating systems and related software;
 - (4)** Computer networks;
 - (5)** Microprocessors (computer chips) not part of any computer system; or
 - (6)** Any other computerized or electronic equipment or components; or
 - b.** Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph **A.1.a.** of this endorsement;

due to the inability to correctly recognize, process, distinguish, interpret or accept one or more dates or times. An example is the inability of computer software to recognize the year 2000.
 - 2.** Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in Paragraph **A.1.** of this endorsement.
- B.** If an excluded Cause of Loss as described in Paragraph **A.** of this endorsement results:
- 1.** In a Covered Cause of Loss under the Crime and Fidelity Coverage Part, the Commercial Inland Marine Coverage Part or the Standard Property Policy; or
 - 2.** Under the Commercial Property Coverage Part:
 - a.** In a "Specified Cause of Loss", or in elevator collision resulting from mechanical breakdown, under the Causes of Loss – Special Form; or
 - b.** In a Covered Cause of Loss under the Causes Of Loss – Basic Form or the Causes Of Loss – Broad Form;

we will pay only for the loss ("loss") or damage caused by such "Specified Cause of Loss", elevator collision, or Covered Cause of Loss.
- C.** We will not pay for repair, replacement or modification of any items in Paragraphs **A.1.a.** and **A.1.b.** of this endorsement to correct any deficiencies or change any features.

All terms and conditions of this policy apply unless modified by this endorsement.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

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

A. Cap On Certified Terrorism Losses

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

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

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

B. Application Of Exclusions

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

All terms and conditions of this policy apply unless modified by this endorsement.

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
STANDARD PROPERTY POLICY

SCHEDULE

The Exception Covering Certain Fire Losses (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
Arizona, California, Georgia, Idaho, Illinois, Iowa, Missouri, North Carolina, North Dakota, Oregon, Virginia, Washington, West Virginia, Wisconsin	Commercial Property Coverage Part
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 "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. 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.

All terms and conditions of this policy apply unless modified by this endorsement.

CALIFORNIA INSURANCE GUARANTEE ASSOCIATION
IMPORTANT INFORMATION FOR CALIFORNIA POLICYHOLDERS

Companies writing property and casualty insurance business in California are required to participate in the California Insurance Guarantee Association. If a company becomes insolvent the California Insurance Guarantee Association settles unpaid claims and assesses each insurance company for its fair share.

California law requires all companies to surcharge policies to recover these assessments. If your policy is surcharged, "CA Surcharge" with an amount will be displayed on your premium notice.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

EXHIBIT “2”



Certification

I, Tim Calvert, as a duly authorized Nationwide Mutual Insurance Company associate entrusted with oversight of the system of record from which this copy was produced, based upon information and belief; certify under the penalty of perjury that this attached copy of ACP CPP 3057962330 effective 10/14/2019 to 10/14/2020 issued to Irvine Family Spa Inc. DBA: I Spa as made at or near the time of certification, as part of regularly conducted business activities, and is a true and accurate copy of the official record kept as part of regular business activities.

DocuSigned by:
Calvert, Tim
7F158AE61DA44B3...

8/14/2020

Tim Calvert

Date

CL Processing Supervisor

★★★★★★

IMPORTANT INSURANCE INFORMATION

★★★★★★

Please read this Notice carefully. No coverage is provided by this notice nor can it be construed to replace 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, the provisions of the policy shall prevail.

CONSUMER COMPLAINTS AND INFORMATION

Thank you for choosing Nationwide® to help you protect what's important to you. We value your business and want to ensure you have the current California service contact information if you need assistance.

What you need to do

Please keep this information with your insurance policy for reference.

IF YOU SHOULD HAVE ANY QUESTIONS OR CONCERNS RELATED TO YOUR INSURANCE POLICY, YOU MAY CONTACT YOUR AGENT OR A COMPANY REPRESENTATIVE. THE CONTACT INFORMATION FOR YOUR AGENT IS LOCATED IN YOUR POLICY DOCUMENTS, AND THE CONTACT INFORMATION FOR A COMPANY REPRESENTATIVE FOLLOWS:

**NATIONWIDE INSURANCE COMPANY
ATTN: CUSTOMER RELATIONS DEPARTMENT
ONE WEST NATIONWIDE BLVD
COLUMBUS OH 43215 -2220
TOLL FREE: 877-669-6877
WEB: WWW.NATIONWIDE.COM**

IF YOUR AGENT OR A COMPANY REPRESENTATIVE IS UNABLE TO RESOLVE YOUR CONCERN, YOU MAY ALSO CONTACT THE CALIFORNIA DEPARTMENT OF INSURANCE, CONSUMER SERVICES DIVISION AT:

**CALIFORNIA DEPARTMENT OF INSURANCE
CONSUMER SERVICES AND MARKET CONDUCT BRANCH
CONSUMER SERVICES DIVISION
300 SOUTH SPRING STREET, SOUTH TOWER
LOS ANGELES, CA 90013
1-800-927-HELP(4357)
1-800-482-4833 (TDD)
WEB: WWW.INSURANCE.CA.GOV**

You can always count on us to be there

We appreciate your business and look forward to continuing to serve you.

For use only in California, New Jersey, North Dakota, Washington

IMPORTANT FLOOD INSURANCE NOTICE

Thank you for the opportunity to provide your important insurance protection. As your insurance provider, we like to keep you informed of important issues that can potentially impact your property assets. This letter is to remind you of the importance of considering flood insurance and the importance of reviewing your policies on a regular basis.

Your Commercial Property (Premier Businessowners and/or Commercial Property) and Farmowners' policy does not cover damage from floods to any property resulting directly or indirectly from "water." Excluded "water" losses include, but are not limited to those caused by flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not. You will need to read your policy for all of the details about excluded water losses. This is just a summary of the excluded water losses to highlight some important flood-related issues.

In most communities, you can obtain flood insurance through your agent that is backed by the federal government's *National Flood Insurance Program*. In those qualifying communities, you can obtain flood insurance protection for your property regardless of your flood zone or flood risk.

Your agent can assist you in 1) determining if your community participates in the National Flood Insurance Program, 2) assessing your flood risk, and 3) understanding flood policy availability. To learn more about flood insurance and your risk of flooding access the National Flood Insurance Program's consumer website at www.FloodSmart.gov.

As you consider the risk of flooding in your area and consider your options for obtaining valuable protection, consider that:

- All property is in a flood zone, regardless of whether an area has been defined as high risk or low risk.
- Nearly 25% of all flood claims are for properties located in lower-risk flood areas or locations where flooding is not expected.
- Floods can happen anywhere, at any time, causing anguish, destruction, and financial damage.
- Changing weather patterns, as well as residential and business development, may increase your chance of experiencing a flood.
- Flooding can occur as a result of clogged, overloaded, or inadequate storm drains. You don't have to live near a body of water to be flooded.
- Federal disaster assistance is often a loan and must be repaid with interest.
- Your commercial property and/or farmowner policies exclude loss by flooding.

Ask your agent about obtaining flood insurance for commercial property today. Thank you for choosing us to meet your insurance needs. We value your business.



IMPORTANT INSURANCE INFORMATION



Please read this Notice carefully. No coverage is provided by this notice nor can it be construed to replace 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, the provisions of the policy shall prevail.

DATA BREACH & IDENTITY RECOVERY SERVICES

Data Breach Services Information:

Through a partnership with Hartford Steam Boiler, you have access to a data breach risk management portal called the eRiskHub®. The portal is designed to help you understand data information exposures, help you plan and be prepared for a data breach, and establish a response plan to manage the costs and minimize the effects of a data breach.

Key features of the portal include:

- Incident Response Plan Roadmap – suggested steps your business can take following data breach incident. Having an incident response plan prepared in advance of a breach can be useful for defense of potential litigation.
- Online Training Modules – ready-to-use training for your business on privacy best practices and Red Flag Rules.
- Risk Management Tools- assist your business in managing data breach exposures including self-assessments and state breach notification laws.
- eRisk Resources – a directory to quickly find external resources on pre and post-breach disciplines.
- News Center – cyber risk stories, security and compliance blogs, security news, risk management events, and helpful industry links.
- Learning Center – best practices and white papers written by leading authorities.

To access the eRiskHub® portal:

- Enter <https://www.eriskhub.com/nationwide> in your browser.
- Complete the information, including your name and company. Your User ID and Password are case-sensitive.
- Enter your assigned access code: **12116-73**.
- Enter the challenge word on the screen, and click “Submit” and follow the instructions to complete your profile setup.
- You can now login to the portal.

You also have access to a help-line to answer breach related questions. Insureds having questions pertaining to how to prepare for a breach, help in identifying a breach, or other questions pertaining to breach related best practices can call our breach preparedness help-line. Experienced professionals are able to provide insights to help insureds understand the complicated environment pertaining to breaches of personal information. The breach preparedness help-line is 877-800-5028.

In addition, you have the ability to purchase Data Compromise Insurance coverage and CyberOne Insurance coverage.

The Data Compromise coverage covers the costs incurred by an insured to respond to a data breach, including expenses related to forensic information technology review, legal review, notification to affected individuals, services to affected individuals, public relations services. Insureds will also have the ability to include Data Compromise Defense and Liability coverage which covers the liability from a suit brought by an individual affected by the data breach.

CyberOne coverage protects businesses against damage to electronic data and computer systems from a virus or other computer attack. It also protects a business's liability to third parties that may have suffered damage due to security weaknesses in the business's computer system.

Identity Recovery Services Information:

Through a partnership Hartford Steam Boiler, you will have access to a Toll-Free Identity Recovery Help Line designed to provide education about identity theft and identity theft risks. The toll-free Help Line is staffed by experienced identity theft counsellors who can answer questions and provide useful information and resources to identity theft victims. The Identity Recovery Help Line number is 877-800-5028.

In addition, you have the ability to buy Identity Recovery insurance coverage as an included element of Data Compromise coverage or separately, on its own. The Identity Recovery coverage insures against the theft of identities of the insured's key owners, officers, and resident family members. The coverage provides the services of an identity theft case manager and pays for various out-of-pocket expenses due to a covered identity theft, including:

- Legal fees for answer of civil judgments and defense of criminal charges
- Phone, postage, shipping fees
- Notary and filing fees
- Credit bureau reports
- Lost Wages and Child or Elder Care
- Mental Health Counseling costs (Not Available in NY)
- Miscellaneous Expense coverage

NATIONWIDE MUTUAL INSURANCE COMPANY
1100 LOCUST ST DEPT 1100
DES MOINES, IA 50391-2000

RENEWAL

DECLARATIONS

Policy Number: **ACP CPP 3057962330** **COMMERCIAL PROPERTY**

Named Insured: **IRVINE FAMILY SPA, INC - DBA
I SPA**

Mailing Address: **2332 BARRANCA PKWY
IRVINE
CA 92606-5017**

Agent: **ISU INS SVCS THE CHUN HA AGCY** **84-24332**
Address: **GARDEN GROVE CA 92844**
Producer: **KENNY MYEONGKEON YOON**

Policy Period: This policy is effective from **10/14/19** to **10/14/20** 12:01 A.M.
Standard time at the above mailing address.

This policy is subject to the following forms. Forms specific to a certain building or item can be found with the specific building and item information on the following pages.

<u>FORM</u>	<u>DATE</u>	<u>PREM</u>	<u>FORM</u>	<u>DATE</u>	<u>PREM</u>	<u>FORM</u>	<u>DATE</u>	<u>PREM</u>
CP0010	1012	0	CP0140	0706	0	CP7133	0416	0
CP1270	0996	0	CP7067	0194	0	IL0935	0702	0
IL0017	1198	0	IL0102	0505	0	CP7118	0917	0
IN7809	1115	0	CP7117	0917	0			
CP9993	1090	0	LI0995	0107	0			

Mortgagee and loss payee information - See schedules CP-DM and CP-DL

Replacement or
Renewal Number **ACP CPP 3047962330**

Countersigned _____ By _____
Date Authorized Representative

Premium for Certified Acts of Terrorism \$ **0.00**

Total Annual Premium \$ **3,855.00**

Total Policy Premium \$ **3,855.00**

CP-D (10-98)

NATIONWIDE MUTUAL INSURANCE COMPANY

MUTUAL COMPANY CONDITIONS ENDORSEMENT

POLICYHOLDER MEMBERSHIP IN THE COMPANY

(Applicable Only to Policies Issued by Nationwide Mutual Insurance Company in States other than the State of Texas)

Because this policy is issued by Nationwide Mutual Insurance Company (the "Company"), the first named insured listed on the declarations page ("named insured") is a member of the Company issuing the policy while this or any other policy issued by the Company is in force. While a member, the named insured is entitled to one vote only – regardless of the number of policies issued to the named insured – either in person or by proxy at meetings of members of the Company.

The annual meeting of members of the Company will be held each year at the Home Office of the Company in Columbus, Ohio, at 10 a.m. on the first Thursday of April. If the Board of Directors of Nationwide Mutual Insurance Company should elect to change the time or place of that meeting, the Company will mail notice of the change to the member's last known address. The Company will mail this notice at least 10 days in advance of the meeting date.

This policy is non-assessable, meaning that the named insured is not subject to any assessment beyond the premiums required for each policy term.

POLICYHOLDER DIVIDEND PROVISIONS

The named insured is entitled to any Dividends which are declared by the Board of Directors of the Company in accordance with law and which are applicable to coverages provided in this policy.

POLICYHOLDER MEMBERSHIP IN THE COMPANY IN TEXAS

(Applicable Only to Policies Issued by Nationwide Mutual Insurance Company in the State of Texas)

1. MUTUALS – MEMBERSHIP AND VOTING NOTICE. The named insured is notified that, by virtue of this policy, the named insured is a member of the Nationwide Mutual Insurance Company of Columbus, Ohio, (the "Company") and is entitled, as is lawfully provided in the charter, constitution, and by-laws to vote either in person or by proxy in any or all meetings of said Company. Each member is entitled to only one vote regardless of the number of policies owned. The annual meetings of the members of the Company are held in the Home Office, at Columbus, Ohio, on the first Thursday of April, in each year, at 10:00 o'clock a.m.

2. MUTUALS – PARTICIPATION CLAUSE WITHOUT CONTINGENT LIABILITY. No Contingent Liability: This policy is non-assessable. The named insured is a member of the Company and shall participate, to the extent and upon the conditions fixed and determined by the Board of Directors in accordance with the provisions of law, in the distribution of dividends so fixed and determined.

POLICYHOLDER DIVIDEND PROVISIONS

The named insured shall be entitled to participate in a distribution of the surplus of the Company, as determined by its Board of Directors from time to time, after approval in accordance with the provision of the Texas Insurance Code, of 1951, as amended.

IN WITNESS WHEREOF: Nationwide Mutual Insurance Company has caused this policy to be signed by its President and Secretary, and countersigned by a duly authorized representative of the Company.



Secretary



President

NATIONWIDE MUTUAL INSURANCE COMPANY

COMMERCIAL PROPERTY SCHEDULE REFERENCE PAGE

Policy Number: **ACP CPP 3057962330**

Policy Period: From **10/14/19** To **10/14/20**

Named Insured: IRVINE FAMILY SPA, INC - DBA

Loc.	Bld.	Item	Address/Description	Limit	Premium
			TOTAL POLICY PREMIUM		\$ 3,855.00
			POLICY WIDE OPTIONAL COVERAGES		
			PROTECTION PLUS		\$ 350.00
			EQUIPMENT BREAKDOWN		\$ 401.00
2			2332 BARRANCA PKWY		
			IRVINE CA		
			Protection Class: 02		
1			SPA		
	1		BUILDING	\$ 2,433,400	
		GROUP 1			\$ 968.00
		GROUP 2			\$ 248.00
		SPECIAL - CAUSE OF LOSS			\$ 670.00
	2		PERSONAL PROPERTY	\$ 173,300	
		GROUP 1			\$ 99.00
		GROUP 2			\$ 29.00
		SPECIAL - CAUSE OF LOSS			\$ 460.00
	3		BUSINESS INCOME INCLUDING	\$ 500,000	
		GROUP 1			\$ 130.00
		GROUP 2			\$ 40.00
		SPECIAL - CAUSE OF LOSS			\$ 460.00

NATIONWIDE MUTUAL INSURANCE COMPANY

COMMERCIAL PROPERTY SCHEDULE

Policy Number: **ACP CPP 3057962330**Policy Period: From **10/14/19** To **10/14/20**Named Insured: **IRVINE FAMILY SPA, INC - DBA****Policy Wide Declaration Coverage****Protection Plus Coverage-PLATINUM Premium \$ 350.00******** Premise No 02 **** Total Premium \$ 3,104.00****Address: 2332 BARRANCA PKWY
City: IRVINE****State: CA****Zip Code: 92606-5017****Description: SPA**

<u>FORM</u>	<u>DATE</u>	<u>PREM</u>	<u>FORM</u>	<u>DATE</u>	<u>PREM</u>	<u>FORM</u>	<u>DATE</u>	<u>PREM</u>
CP7100	0405	0	IL0104	0907	0	IL0270	0811	0
IL0952	0115	0	IN0001	0416	0	10940	0789	0
IN7406	0107	0						

**** Building No 01 ** Total Premium \$ 3,104.00****Rental Property****Occupancy Group - MERCANTILE****Description: SPA****Construction Type: JOISTED MASONRY**

<u>FORM</u>	<u>DATE</u>	<u>PREM</u>	<u>FORM</u>	<u>DATE</u>	<u>PREM</u>	<u>FORM</u>	<u>DATE</u>	<u>PREM</u>
CP0299	0607	0	CP1034	1012	0	CP7282	0917	0

Coverages Provided

<u>Item</u>	<u>Coverage</u>	<u>Limit of Insurance</u>	<u>Causes of Loss Form</u>	<u>Coinsurance</u>	<u>Deductible</u>	<u>Premium</u>
01	BUILDING	\$ 2,433,400	SPECIAL	90%	1000	1,886.00

Description: TIB**Optional Coverages:****Replacement Cost****Inflation Guard 4%**

<u>FORM</u>	<u>DATE</u>	<u>PREM</u>	<u>FORM</u>	<u>DATE</u>	<u>PREM</u>	<u>FORM</u>	<u>DATE</u>	<u>PREM</u>
CP0449	1205	0	CP1030	1012	0			

NATIONWIDE MUTUAL INSURANCE COMPANY

COMMERCIAL PROPERTY SCHEDULE

Policy Number: **ACP CPP 3057962330**

Policy Period: From **10/14/19** To **10/14/20**

Named Insured: **IRVINE FAMILY SPA, INC - DBA**

Item	Coverage	Limit of Insurance	Causes of Loss Form	Coinsurance	Deductible	Premium
02	PERS PROP	\$ 173,300	SPECIAL	90%	1000	588.00

Description: **BPP**

Optional Coverages:
Replacement Cost
Inflation Guard 4%

FORM	DATE	PREM	FORM	DATE	PREM	FORM	DATE	PREM
CP0449	1205	0	CP1030	1012	0	CP1218	1012	0

Item	Coverage	Limit of Insurance	Causes of Loss Form	Coinsurance	Deductible	Premium
03	BUS INCOME	\$ 500,000	SPECIAL	90%	72 HR	630.00

Description: **BUSINESS INCOME WITH EXTRA EXPENSE**

Optional Coverages:
Business Income Other Than Rental Value

FORM	DATE	PREM	FORM	DATE	PREM	FORM	DATE	PREM
CP0030	1012	0	CP1030	1012	0	CP1540	0607	0

NATIONWIDE MUTUAL INSURANCE COMPANY

COMMERCIAL PROPERTY SCHEDULE OF LOSS PAYEES

Policy Number: **ACP CPP 3057962330**

Policy Period: From **10/14/19** To **10/14/20**

Named Insured: IRVINE FAMILY SPA, INC - DBA

LOSS PAYEE INFORMATION

002 BANK OF HOPE
1655 W REDONDO BEACH BLVD # 101
GARDENA CA 902473241
Location: 002 Building: 001 Item: 002 D: Lender's Loss Payable Clause
Loan No.: 83550110
Interest: LOC 2-1-2

NATIONWIDE MUTUAL INSURANCE COMPANY

COMMERCIAL PROPERTY FORMS AND ENDORSEMENTS

Policy Number: **ACP CPP 3057962330**

Policy Period: From **10/14/19** To **10/14/20**

Named Insured: **IRVINE FAMILY SPA, INC - DBA**

Form	Date	Title
CP0010	1012	BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CP0030	1012	BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM
CP0140	0706	EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA
CP0299	0607	CANCELLATION CHANGES
CP0449	1205	CANCELLATION CHANGES
CP1030	1012	CAUSES OF LOSS - SPECIAL FORM
CP1034	1012	EXCLUSION OF LOSS DUE TO BY-PRODUCTS OF PRODUCTION OR PROCESSING OPERATIONS
CP1218	1012	LOSS PAYABLE PROVISIONS
CP1270	0996	JOINT OR DISPUTED LOSS AGREEMENT
CP1540	0607	CALIFORNIA - CIVIL AUTHORITY CHANGES
CP7067	0194	COMMERCIAL PROPERTY CONDITIONS
CP7100	0405	PROPERTY AMENDATORY ENDORSEMENT
CP7117	0917	EQUIPMENT BREAKDOWN COVERAGE
CP7118	0917	EQUIPMENT BREAKDOWN COVERAGE SCHEDULE
CP7133	0416	COMMERCIAL PROPERTY PLATINUM PROTECTION PLUS ENDORSEMENT
CP7282	0917	SPECIAL DEDUCTIBLE ENDORSEMENT MANUFACTURING
CP9993	1090	TENTATIVE RATE
IL0017	1198	COMMON POLICY CONDITIONS
IL0102	0505	CALIFORNIA CHANGES - ACTUAL CASH VALUE
IL0104	0907	CALIFORNIA CHANGES
IL0270	0811	CALIFORNIA CHANGES - CANCELLATION AND NONRENEWAL
IL0935	0702	EXCLUSION OF CERTAIN COMPUTER-RELATED LOSSES
IL0952	0115	CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM
IN0001	0416	CONSUMER COMPLAINTS AND INFORMATION
IN7406	0107	IMPORTANT FLOOD INSURANCE NOTICE
IN7809	1115	DATA BREACH & IDENTITY RECOVERY SERVICES
LI0995	0107	CONDITIONAL EXCLUSION OF TERRORISM
10940	0789	CA INSURANCE GUARANTEE ASSN

BUILDING AND PERSONAL PROPERTY COVERAGE FORM

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

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

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

A. Coverage

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

1. Covered Property

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

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

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

b. Your Business Personal Property

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

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

c. Personal Property Of Others that is:

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

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

2. Property Not Covered

Covered Property does not include:

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

This paragraph does not apply to:

 - (a) Vehicles or self-propelled machines or autos you manufacture, process or warehouse;

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

3. Covered Causes Of Loss

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

4. Additional Coverages

a. Debris Removal

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

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

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

(5) Examples

The following examples assume that there is no Coinsurance penalty.

Example 1

Limit of Insurance:	\$ 90,000
Amount of Deductible:	\$ 500
Amount of Loss:	\$ 50,000
Amount of Loss Payable:	\$ 49,500
	(\$50,000 – \$500)

Debris Removal Expense:	\$ 10,000
Debris Removal Expense Payable:	\$ 10,000
	(\$10,000 is 20% of \$50,000.)

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

Example 2

Limit of Insurance:	\$ 90,000
Amount of Deductible:	\$ 500
Amount of Loss:	\$ 80,000
Amount of Loss Payable:	\$ 79,500
	(\$80,000 – \$500)

Debris Removal Expense:	\$ 40,000
Debris Removal Expense Payable	

Basic Amount: \$ 10,500

Additional Amount: \$ 25,000

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

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

b. Preservation Of Property

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

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

c. Fire Department Service Charge

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

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

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

No Deductible applies to this Additional Coverage.

d. Pollutant Clean-up And Removal

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

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

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

e. Increased Cost Of Construction

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

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

- (a) The enforcement of or compliance with any ordinance or law which requires demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria; or
- (b) Any costs associated with the enforcement of or compliance with an ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungus", wet or dry rot or bacteria.

- (6) The most we will pay under this Additional Coverage, for each described building insured under this Coverage Form, is \$10,000 or 5% of the Limit of Insurance applicable to that building, whichever is less. If a damaged building is covered under a blanket Limit of Insurance which applies to more than one building or item of property, then the most we will pay under this Additional Coverage, for that damaged building, is the lesser of \$10,000 or 5% times the value of the damaged building as of the time of loss times the applicable Coinsurance percentage.

The amount payable under this Additional Coverage is additional insurance.

- (7) With respect to this Additional Coverage:

- (a) We will not pay for the Increased Cost of Construction:
 - (i) Until the property is actually repaired or replaced at the same or another premises; and
 - (ii) Unless the repair or replacement is made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.

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

f. Electronic Data

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

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

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

5. Coverage Extensions

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

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

a. Newly Acquired Or Constructed Property

(1) Buildings

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

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

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

(2) Your Business Personal Property

- (a) If this policy covers Your Business Personal Property, you may extend that insurance to apply to:

- (i) Business personal property, including such property that you newly acquire, at any location you acquire other than at fairs, trade shows or exhibitions; or
- (ii) Business personal property, including such property that you newly acquire, located at your newly constructed or acquired buildings at the location described in the Declarations.

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

- (b) This Extension does not apply to:

- (i) Personal property of others that is temporarily in your possession in the course of installing or performing work on such property; or
- (ii) Personal property of others that is temporarily in your possession in the course of your manufacturing or wholesaling activities.

(3) Period Of Coverage

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

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

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

b. Personal Effects And Property Of Others

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

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

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

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

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

d. Property Off-premises

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

e. Outdoor Property

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

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

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

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

f. Non-owned Detached Trailers

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

g. Business Personal Property Temporarily In Portable Storage Units

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

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

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

B. Exclusions And Limitations

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

C. Limits Of Insurance

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

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

CP 00 10 10 12

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

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

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

D. Deductible

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

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

Example 1

(This example assumes there is no Coinsurance penalty.)

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

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

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

$$\begin{array}{r} \$ 60,100 \\ - \quad 250 \\ \hline \end{array}$$

\$ 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 Coinsurance penalty.)

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

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

E. Loss Conditions

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

1. Abandonment

There can be no abandonment of any property to us.

2. Appraisal

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

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

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

3. Duties In The Event Of Loss Or Damage

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

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

- (2) Give us prompt notice of the loss or damage. Include a description of the property involved.
 - (3) As soon as possible, give us a description of how, when and where the loss or damage occurred.
 - (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.
 - (5) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.
 - (6) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.
Also, permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.
 - (7) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
 - (8) Cooperate with us in the investigation or settlement of the claim.
- b.** We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

4. Loss Payment

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

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

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

5. Recovered Property

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

6. Vacancy

a. Description Of Terms

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

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

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

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

b. Vacancy Provisions

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

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

7. Valuation

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

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

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

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

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

F. Additional Conditions

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

1. Coinsurance

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

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

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

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

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

Example 1 (Underinsurance)

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

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

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

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

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

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

Example 2 (Adequate Insurance)

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

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

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

Example 3

When:	The value of the property is:	
	Building at Location 1:	\$ 75,000
	Building at Location 2:	\$ 100,000
	Personal Property at Location 2:	\$ 75,000
		<u>\$ 250,000</u>
	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
		<u>\$ 50,000</u>

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

- The term mortgageholder includes trustee.
- 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.
- The mortgageholder has the right to receive loss payment even if the mortgageholder has started foreclosure or similar action on the building or structure.
- 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:
 - Pays any premium due under this Coverage Part at our request if you have failed to do so;

- Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
- 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.

- 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:
 - The mortgageholder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and
 - 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.

- If we cancel this policy, we will give written notice to the mortgageholder at least:
 - 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
 - 30 days before the effective date of cancellation if we cancel for any other reason.
- 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

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

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

2. Inflation Guard

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

Example

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

3. Replacement Cost

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

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

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

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

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

- (3) If the conditions in d.(1) and d.(2) above are not met, the value of tenants' improvements and betterments will be determined as a proportion of your original cost, as set forth in the Valuation Loss Condition of this Coverage Form; and
- (4) We will not pay for loss or damage to tenants' improvements and betterments if others pay for repairs or replacement.
- e. We will not pay more for loss or damage on a replacement cost basis than the least of (1), (2) or (3), subject to f. below:
 - (1) The Limit of Insurance applicable to the lost or damaged property;
 - (2) The cost to replace the lost or damaged property with other property:
 - (a) Of comparable material and quality; and
 - (b) Used for the same purpose; or
 - (3) The amount actually spent that is necessary to repair or replace the lost or damaged property.

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

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

4. Extension Of Replacement Cost To Personal Property Of Others

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

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

H. Definitions

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

BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM

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

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

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

A. Coverage

1. Business Income

Business Income means the:

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

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

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

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

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

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

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

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

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

2. Extra Expense

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

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

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

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

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

3. Covered Causes Of Loss, Exclusions And Limitations

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

4. Additional Limitation – Interruption Of Computer Operations

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

5. Additional Coverages

a. Civil Authority

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

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

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

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

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

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

b. Alterations And New Buildings

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

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

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

c. Extended Business Income**(1) Business Income Other Than "Rental Value"**

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

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

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

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

(2) "Rental Value"

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

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

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

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

d. Interruption Of Computer Operations

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

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

6. Coverage Extension

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

Newly Acquired Locations

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

- (2) 30 days expire after you acquire or begin to construct the property; or
- (3) You report values to us.

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

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

B. Limits Of Insurance

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

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

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

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

C. Loss Conditions

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

1. Appraisal

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

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

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

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

2. Duties In The Event Of Loss

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

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

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

- (6) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
- (7) Cooperate with us in the investigation or settlement of the claim.
- (8) If you intend to continue your business, you must resume all or part of your "operations" as quickly as possible.
- b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

3. Loss Determination

a. The amount of Business Income loss will be determined based on:

- (1) The Net Income of the business before the direct physical loss or damage occurred;
- (2) The likely Net Income of the business if no physical loss or damage had occurred, but not including any Net Income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses;
- (3) The operating expenses, including payroll expenses, necessary to resume "operations" with the same quality of service that existed just before the direct physical loss or damage; and
- (4) Other relevant sources of information, including:
 - (a) Your financial records and accounting procedures;
 - (b) Bills, invoices and other vouchers; and
 - (c) Deeds, liens or contracts.

b. The amount of Extra Expense will be determined based on:

- (1) All expenses that exceed the normal operating expenses that would have been incurred by "operations" during the "period of restoration" if no direct physical loss or damage had occurred. We will deduct from the total of such expenses:
 - (a) The salvage value that remains of any property bought for temporary use during the "period of restoration", once "operations" are resumed; and
 - (b) Any Extra Expense that is paid for by other insurance, except for insurance that is written subject to the same plan, terms, conditions and provisions as this insurance; and
- (2) Necessary expenses that reduce the Business Income loss that otherwise would have been incurred.

c. Resumption Of Operations

We will reduce the amount of your:

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

4. Loss Payment

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

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

D. Additional Condition**COINSURANCE**

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

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

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

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

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

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

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

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

Example 1 (Underinsurance)

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

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

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

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

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

Example 2 (Adequate Insurance)

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

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

This condition does not apply to Extra Expense Coverage.

E. Optional Coverages

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

1. Maximum Period Of Indemnity

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

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

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

2. Monthly Limit Of Indemnity

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

Example

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

The remaining \$10,000 is not covered.

3. Business Income Agreed Value

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

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

- (2) The Declarations must indicate that the Business Income Agreed Value Optional Coverage applies, and an Agreed Value must be shown in the Declarations. The Agreed Value should be at least equal to:

- (a) The Coinsurance percentage shown in the Declarations; multiplied by

- (b) The amount of Net Income and operating expenses for the following 12 months you report on the Work Sheet.

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

- (1) 12 months after the effective date of this Optional Coverage; or

- (2) The expiration date of this policy; whichever occurs first.

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

- (1) Within 12 months of the effective date of this Optional Coverage; or

- (2) When you request a change in your Business Income Limit of Insurance.

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

- (1) The Business Income Limit of Insurance; divided by

- (2) The Agreed Value.

Example

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

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

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

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

4. Extended Period Of Indemnity

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

F. Definitions

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

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

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

2. "Operations" means:
 - a. Your business activities occurring at the described premises; and
 - b. The tenantability of the described premises, if coverage for Business Income Including "Rental Value" or "Rental Value" applies.
3. "Period of restoration" means the period of time that:
 - a. Begins:
 - (1) 72 hours after the time of direct physical loss or damage for Business Income Coverage; or
 - (2) Immediately after the time of direct physical loss or damage for Extra Expense Coverage;

caused by or resulting from any Covered Cause of Loss at the described premises; and
 - b. Ends on the earlier of:
 - (1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
 - (2) The date when business is resumed at a new permanent location.

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

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

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

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

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

All terms and conditions of this policy apply unless modified by this endorsement.

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 micro-organism 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.

All terms and conditions of this policy apply unless modified by this endorsement.

© ISO Properties, Inc., 2006

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CANCELLATION CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART STANDARD PROPERTY POLICY

The following is added to the **Cancellation** Common Policy Condition:

If any one of the following conditions exists at any building that is Covered Property in this policy, we may cancel this Coverage Part by mailing or delivering to the first Named Insured written notice of cancellation at least five days before the effective date of cancellation.

A. The building has been vacant or unoccupied 60 or more consecutive days. This does not apply to:

1. Seasonal unoccupancy;
2. Buildings in the course of construction, renovation or addition; or
3. Buildings to which the Vacancy Permit endorsement applies.

Buildings with 65% or more of the rental units or floor area vacant or unoccupied are considered unoccupied under this provision.

B. After damage by a covered cause of loss, permanent repairs to the building:

1. Have not started; and
2. Have not been contracted for,
within 30 days of initial payment of loss.

C. The building has:

1. An outstanding order to vacate;
2. An outstanding demolition order;
3. Been declared unsafe by governmental authority.

D. Fixed and salvageable items have been or are being removed from the building and are not being replaced. This does not apply to such removal that is necessary or incidental to any renovation or remodeling.

E. Failure to:

1. Furnish necessary heat, water, sewer service or electricity for 30 consecutive days or more, except during a period of seasonal unoccupancy; or
2. Pay property taxes that are owing and have been outstanding for more than one year following the date due, except that this provision will not apply where you are in a bona fide dispute with the taxing authority regarding payment of such taxes.

All terms and conditions of this policy apply unless modified by this endorsement.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CALIFORNIA CHANGES – REPLACEMENT COST

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART

- A.** An "open policy" is a policy under which the value of Covered Property is not fixed at policy inception, but is determined at the time of loss in accordance with policy provisions on valuation. The term "open policy" does not apply to Covered Property that is subject to an Agreed Value clause or similar clause that establishes an agreed value prior to loss, unless such clause has expired.
- B.** Under an "open policy", when the Replacement Cost Optional Coverage (Replacement Cost) is shown as applicable in the Declarations, that Coverage is replaced by the following:

Replacement Cost

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

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

- 3.** We will not pay on a replacement cost basis for any loss or damage until the lost or damaged property is actually repaired or replaced. Prior to such repair or replacement, and in accordance with the terms of the applicable Loss Payment conditions in this policy, we will pay the actual cash value of the lost or damaged property as described in Paragraph 4. below. If the actual cash value does not exhaust the applicable Limit of Insurance, we will then pay the difference between the actual cash value and the replacement cost, provided that the repair or replacement is completed:

- a.** Within 12 months after our payment of the actual cash value; or
- b.** Within 24 months after our payment of the actual cash value if the loss or damage relates to a state of emergency as described in Section 8558 of the Government Code;

unless we extend the time period for good cause.

The foregoing provisions do not constitute a waiver of our right to deny the claim for any valid reason or to restrict payment in cases of suspected fraud.

- 4.** Actual cash value is determined as follows:
 - a.** In the event of a total loss to a building or structure, actual cash value is calculated as the Limit of Insurance applicable to that building or structure or the fair market value of the building or structure, whichever is less.

- b. In the event of a partial loss to a building or structure, actual cash value is calculated as **b.1.** or **b.2.**, whichever is less:
 - 1. The amount it would cost to repair, rebuild or replace the property less a fair and reasonable deduction for physical depreciation of the components of the building or structure that are normally subject to repair or replacement during its useful life. Physical depreciation is based upon the condition of the property at the time of the loss;
 - 2. The Limit of Insurance applicable to the property.
- c. In the event of a partial or total loss to Covered Property other than a building or structure, actual cash value is calculated as **c.1.** or **c.2.**, whichever is less:
 - 1. The amount it would cost to repair or replace the property less a fair and reasonable deduction for physical depreciation, based on the condition of the property at the time of loss;
 - 2. The Limit of Insurance applicable to the property.
- 5. With respect to tenants' improvements and betterments, the following also apply:
 - a. If the property is not repaired or replaced, the value of tenants' improvements and betterments will be determined as a proportion of your original cost, as set forth in the Valuation Condition of the applicable Coverage Form.
 - b. We will not pay for loss or damage to tenants' improvements and betterments if others pay for repair or replacement.
- 6. We will not pay more for loss or damage on a replacement cost basis than the least of **a.**, **b.** or **c.**, subject to **7.** below:
 - a. The Limit of Insurance applicable to the lost or damaged property;

- b. The cost to replace the lost or damaged property with other property:
 - 1. Of comparable material and quality; and
 - 2. Used for the same purpose; or

- c. 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 **6.b.** above is limited to the cost which would have been incurred if the building had been rebuilt at the original premises.

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

C. Extension Of Replacement Cost To Personal Property Of Others

- 1. Under an "open policy", when 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 **B.2.a.** 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.
- 2. 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.

All terms and conditions of this policy apply unless modified by this endorsement.

Includes copyrighted material of Insurance Services Office, Inc., with its permission.
© ISO Properties, Inc., 2005

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

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

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

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

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

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

This exclusion does not apply:

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

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

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

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

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

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

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

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

- b. Delay, loss of use or loss of market.
- c. Smoke, vapor or gas from agricultural smudging or industrial operations.
- d.(1) Wear and tear;
- (2) Rust or other corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;
- (3) Smog;
- (4) Settling, cracking, shrinking or expansion;

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

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

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

- (a) Dampness or dryness of atmosphere;
- (b) Changes in or extremes of temperature; or
- (c) Marring or scratching.

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

- e. Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control. But if explosion of steam boilers, steam pipes, steam engines or steam turbines results in fire or combustion explosion, we will pay for the loss or damage caused by that fire or combustion explosion. We will also pay for loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
- f. Continuous or repeated seepage or leakage of water, or the presence or condensation of humidity, moisture or vapor, that occurs over a period of 14 days or more.
- g. Water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air conditioning or other equipment (except fire protective systems) caused by or resulting from freezing, unless:
 - (1) You do your best to maintain heat in the building or structure; or

(2) You drain the equipment and shut off the supply if the heat is not maintained.

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

This exclusion:

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

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

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

- (a) To the extent that coverage is provided under the Additional Coverage, Collapse; or

- (b) To collapse caused by one or more of the following:

- (i) The "specified causes of loss";
- (ii) Breakage of building glass;
- (iii) Weight of rain that collects on a roof; or
- (iv) Weight of people or personal property.

- l.** Discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified causes of loss". But if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

This exclusion, **l.**, does not apply to damage to glass caused by chemicals applied to the glass.

- m.** Neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time of loss.

- 3.** We will not pay for loss or damage caused by or resulting from any of the following, **3.a.** through **3.c.** But if an excluded cause of loss that is listed in **3.a.** through **3.c.** results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

- a.** Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in Paragraph 1. above to produce the loss or damage.

- b.** Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.

- c.** Faulty, inadequate or defective:

- (1) Planning, zoning, development, surveying, siting;
- (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
- (3) Materials used in repair, construction, renovation or remodeling; or
- (4) Maintenance;

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

4. Special Exclusions

The following provisions apply only to the specified Coverage Forms:

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

We will not pay for:

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

This exclusion does not apply to Extra Expense.
- (2) Any loss caused by or resulting from direct physical loss or damage to radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers.
- (3) Any increase of loss caused by or resulting from:
 - (a) Delay in rebuilding, repairing or replacing the property or resuming "operations", due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or
 - (b) Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the "suspension" of "operations", we will cover such loss that affects your Business Income during the "period of restoration" and any extension of the "period of restoration" in accordance with the terms of the Extended Business Income Additional Coverage and the Extended Period Of Indemnity Optional Coverage or any variation of these.
- (4) Any Extra Expense caused by or resulting from suspension, lapse or cancellation of any license, lease or contract beyond the "period of restoration".

- (5) Any other consequential loss.

b. Leasehold Interest Coverage Form

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

c. Legal Liability Coverage Form

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

(a) Contractual Liability

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

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

(b) Nuclear Hazard

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

5. Additional Exclusion

The following provisions apply only to the specified property:

Loss Or Damage To Products

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

C. Limitations

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

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

However, this limitation does not apply to:

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

However, this limitation does not apply:

 - (1) If the property is located on or within 100 feet of the described premises, unless the premises is insured under the Builders Risk Coverage Form; or
 - (2) To Business Income Coverage or to Extra Expense Coverage.

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

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

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

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

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

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

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

D. Additional Coverage – Collapse

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

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

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

- a.** Building decay that is hidden from view, unless the presence of such decay is known to an insured prior to collapse;
- b.** Insect or vermin damage that is hidden from view, unless the presence of such damage is known to an insured prior to collapse;
- c.** Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs during the course of the construction, remodeling or renovation.
- d.** Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs after the construction, remodeling or renovation is complete, but only if the collapse is caused in part by:
 - (1) A cause of loss listed in **2.a.** or **2.b.**;
 - (2) One or more of the "specified causes of loss";
 - (3) Breakage of building glass;
 - (4) Weight of people or personal property; or
 - (5) Weight of rain that collects on a roof.

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

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

4. With respect to the following property:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

F. Additional Coverage Extensions

1. Property In Transit

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

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

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

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

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

3. Glass

- a. We will pay for expenses incurred to put up temporary plates or board up openings if repair or replacement of damaged glass is delayed.

- b. We will pay for expenses incurred to remove or replace obstructions when repairing or replacing glass that is part of a building. This does not include removing or replacing window displays.

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

G. Definitions

1. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
2. "Specified causes of loss" means the following: fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire-extinguishing equipment; sinkhole 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 man-made underground cavities.
 - b. Falling objects does not include loss or damage to:
 - (1) Personal property in the open; or
 - (2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.

c. Water damage means:

- (1) Accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of a plumbing, heating, air conditioning or other system or appliance (other than a sump system including its related equipment and parts), that is located on the described premises and contains water or steam; and
- (2) Accidental discharge or leakage of water or waterborne material as the direct result of the breaking apart or cracking of a water or sewer pipe that is located off the described premises and is part of a municipal potable water supply system or municipal sanitary sewer system, if the breakage or cracking is caused by wear and tear.

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.

All terms and conditions of this policy apply unless modified by this endorsement.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF LOSS DUE TO BY-PRODUCTS OF PRODUCTION OR PROCESSING OPERATIONS (RENTAL PROPERTIES)

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM
BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM
EXTRA EXPENSE COVERAGE FORM
STANDARD PROPERTY POLICY

SCHEDULE

Premises Number	Building Number	Description Of Rental Unit
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.		

- A.** The terms of this endorsement apply to the rental unit(s) described in the Schedule, and to the building(s) in which such unit(s) is located, including any contents of such unit(s) and building(s), all of which constitute the described premises for the purpose of this endorsement.
- B.** We will not pay for loss or damage to the described premises, caused by or resulting from smoke, vapor, gas or any substance released in the course of production operations or processing operations performed at the rental unit(s) described in the Schedule. This exclusion applies regardless of whether such operations are:
1. Legally permitted or prohibited;
 2. Permitted or prohibited under the terms of the lease; or
 3. Usual to the intended occupancy of the premises.

This exclusion does not apply to loss or damage by fire or explosion that results from the release of a by-product of the production or processing operation.

- C.** If the loss or damage described in Paragraph **B.** results in Business Income loss or Extra Expense, there is no coverage for such loss or expense under the business income and/or extra expense forms listed in this endorsement, or under any other business interruption insurance if provided under this policy.
- D.** The conduct of a tenant's production or processing operations will not be considered to be vandalism of the rental premises regardless of whether such operations are:
1. Legally permitted or prohibited;
 2. Permitted or prohibited under the terms of the lease; or
 3. Usual to the intended occupancy of the premises.

All terms and conditions of this policy apply unless modified by this endorsement.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

LOSS PAYABLE PROVISIONS

This endorsement modifies insurance provided under the following:

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

SCHEDULE

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

A. When this endorsement is attached to the Standard Property Policy **CP 00 99**, the term Coverage Part in this endorsement is replaced by the term Policy.

B. Nothing in this endorsement increases the applicable Limit of Insurance. We will not pay any Loss Payee more than their financial interest in the Covered Property, and we will not pay more than the applicable Limit of Insurance on the Covered Property.

C. The following is added to the **Loss Payment** Loss Condition, as indicated in the Declarations or in the Schedule:

1. Loss Payable Clause

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

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

2. Lender's Loss Payable Clause

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

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

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

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

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

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

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

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

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

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

c. If we cancel this policy, we will give written notice to the Loss Payee at least:

- (1) 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
- (2) 30 days before the effective date of cancellation if we cancel for any other reason.

d. If we elect not to renew this policy, we will give written notice to the Loss Payee at least 10 days before the expiration date of this policy.

3. Contract Of Sale Clause

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

4. Building Owner Loss Payable Clause

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

All terms and conditions of this policy apply unless modified by this endorsement.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**JOINT OR DISPUTED LOSS AGREEMENT**

This endorsement modifies insurance provided under the following:

**COMMERCIAL PROPERTY COVERAGE PART
STANDARD PROPERTY POLICY**

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

3. Payments by the insurers of the amounts that are in disagreement, as described in Paragraphs 1. and 2., do not alter, waive or surrender any rights of any insurer against any other with regard to the portion of the loss for which each insurer is liable.
4. The amount in disagreement to be paid by us under this endorsement shall not exceed the amount payable under the equivalent Loss Agreement(s) of the boiler and machinery policy.
5. The amount to be paid under this endorsement shall not exceed the amount we would have paid had no boiler and machinery policy been in effect at the time of loss. In no event will we pay more than the applicable Limit of Insurance shown in the Declarations.
6. Acceptance by you of sums paid under this endorsement does not alter, waive or surrender any other rights against us.

E. Arbitration

1. If the circumstances described in Paragraph C.2.a. exist and the boiler and machinery insurer(s) and we agree to submit our differences to arbitration, the boiler and machinery insurer(s) and we will determine the amount each will pay and will pay the insured within 90 days. Arbitration will then take place within 90 days after payment of the loss under the terms of this endorsement.
2. If any of the circumstances described in Paragraph C.2.b. exist, then the boiler and machinery insurer(s) and we agree to submit our

differences to arbitration within 90 days after payment of the loss under the terms of this endorsement.

3. You agree to cooperate with any arbitration procedures. There will be three arbitrators: one will be appointed by us, and another will be appointed by the boiler and machinery insurer(s). The two arbitrators will select a third arbitrator. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. A decision agreed to by two of the three arbitrators will be binding on both parties. Judgment on any award can be entered in any court that has jurisdiction.

F. Final Settlement Between Insurers

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

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CALIFORNIA - CIVIL AUTHORITY CHANGE(S)

This endorsement modifies insurance provided under the following:

BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM
BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM
EXTRA EXPENSE COVERAGE FORM

SCHEDULE

Prem. No.	Bldg. No.	Schedule Part A Radius	Schedule Part B Coverage Period
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.			

**A. Amendment of Radius To Three Miles And
Option For More Than Three Miles**

The Additional Coverage - Civil Authority includes a requirement that the described premises are not more than one mile from the damaged property. With respect to described premises located in California, such one-mile radius is replaced by three miles or by the number of miles indicated in Part **A** of the Schedule, subject to all other provisions of that Additional Coverage. If there is no entry in Part **A** of the Schedule, the three-mile radius applies, subject to all other provisions of the Additional Coverage - Civil Authority.

B. Coverage Period Option

Under the Additional Coverage - Civil Authority, the four-week coverage period is replaced by the number of days indicated in Part **B** of the Schedule, subject to all other provisions of that Additional Coverage. If there is no entry in Part **B** of the Schedule, the four-week coverage period continues to apply, subject to all other provisions of the Additional Coverage - Civil Authority.

**C. This endorsement does not increase the
applicable Limit of Insurance.**

All terms and conditions of this policy apply unless modified by this endorsement.

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 1 year after the date on which the direct physical loss or damage occurred.

E. LIBERALIZATION

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

F. NO BENEFIT TO BAILEE

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

G. OTHER INSURANCE

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

H. POLICY PERIOD, COVERAGE TERRITORY

Under this Coverage Part:

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

I. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

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

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

This will not restrict your insurance.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PROPERTY AMENDATORY ENDORSEMENT

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART

A. Removal Permit

In the BUILDING AND PERSONAL PROPERTY COVERAGE FORM, CP0010, under Section A. Coverage, paragraph 4. Additional Coverages, the following additional coverage is added:

If Covered Property is removed to a new location that is a described location in the Declarations, this insurance will apply at each location, effective the date the new location was added for up to 10 days. After that period, this insurance does not apply at the previous location, unless it remains a described location in the Declarations. During the period of removal, coverage at each location will apply in the proportion that the value at each location bears to the value of all Covered Property being removed.

B. Limit Of Insurance - Adjustment At Renewal

Whenever one of the following coverage forms:

1. BUILDING AND PERSONAL PROPERTY COVERAGE FORM;
2. CONDOMINIUM ASSOCIATION COVERAGE FORM; or
3. CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM;

is made part of the policy, then under Section . Coverage, paragraph 4. Additional Coverages, the following additional coverage is added:

The Limit of Insurance shown in the Declarations for scheduled items insured under A.1.a. Building and A.1.b. Your Business Personal Property may be increased to reflect an increase in value attributable to inflation. Any such change will be made effective on the renewal date. Payment of the renewal premium when due will constitute your acceptance of the amended Limits of Insurance offered by us at the renewal of the policy.

C. Debris Removal

Whenever one of the following coverage forms:

1. BUILDING AND PERSONAL PROPERTY COVERAGE FORM;
2. CONDOMINIUM ASSOCIATION COVERAGE FORM; or
3. CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM;

is made part of the policy, then under Section A. Coverage, 4. Additional Coverages, paragraph a.2) is replaced by the following:

2) This Additional Coverage does not apply to costs to:

- a) Extract "pollutants" from land, water or Covered Property; or
- b) Remove, restore or replace polluted land, water or Covered Property.

D. Pollutant Clean Up And Removal

Whenever one of the following coverage forms:

1. BUILDING AND PERSONAL PROPERTY COVERAGE FORM;
2. CONDOMINIUM ASSOCIATION COVERAGE FORM;
3. CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM; or
4. BUILDERS RISK COVERAGE FORM;

is made part of the policy, then under Section A. Coverage, 4. Additional Coverages, paragraph d. is replaced by the following:

d. Pollutant Clean Up and Removal

We will pay your expense to extract "pollutants" from land, water or Covered Property 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, water or Covered Property.

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

E. Loss Conditions

Under Section E. Loss Conditions, 4. Loss Payment, the following is added to the end of paragraph a.:

HOWEVER, we will not pay for loss or damage arising out of or resulting from

obsolescence, aesthetic differences, or any other consequential loss to that part of the property not directly damaged by a Covered Cause of Loss.

F. Definitions

In the Commercial Property Coverage Part, the "Pollutants" definition is replaced by the following:

"Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant including but not limited to smoke, vapor, soot, fumes, acids, alkalis, petroleum products and their derivatives, chemicals and waste. Such irritants or contaminants are "pollutants" whether or not they have any function in your business, operations, premises, sites or locations.

Waste includes but is not limited to materials to be recycled, reconditioned or reclaimed and livestock, poultry or other animal excrement.

All terms and conditions of this policy apply unless modified by this endorsement.

**Includes copyrighted material of ISO Properties, Inc., with its permission
Copyright, ISO Properties, Inc., 2001**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EQUIPMENT BREAKDOWN COVERAGE

(Including Electronic Circuitry Impairment)

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
 CONDOMINIUM ASSOCIATION COVERAGE FORM
 CONDOMINIUM UNIT-OWNERS COVERAGE FORM
 CAUSES OF LOSS-- BASIC FORM
 CAUSES OF LOSS-- BROAD FORM
 CAUSES OF LOSS-- SPECIAL FORM

- A. The following is added as an Additional Coverage to the Causes of Loss— Basic Form, Broad Form or Special Form.

Additional Coverage-- Equipment Breakdown

The term Covered Cause of Loss includes the Additional Coverage Equipment Breakdown as described and limited below. Without an “accident” or “electronic circuitry impairment”, there is no Equipment Breakdown Coverage.

1. We will pay for direct physical damage to Covered Property that is the direct result of an “accident” or “electronic circuitry impairment”. We will consider “electronic circuitry impairment” to be physical damage to “covered equipment”.
2. Unless otherwise shown in the “schedule,” the following coverages also apply to the direct result of an “accident” or “electronic circuitry impairment”. However, with respect to coverage 2.i. Service Interruption below and any Dependent Properties coverage provided by this coverage part, coverage will apply only to the direct result of an “accident” and will not apply to the direct result of an “electronic circuitry impairment”. These coverages do not provide additional amounts of insurance.
 - a. Business Income and Extra Expense
 - (1) Any insurance provided under the coverage part for Business Income or Extra Expense is extended to the coverage provided by this endorsement. However, if a deductible is shown in the “schedule” or Special Deductible Endorsement, then with respect to this endorsement only, the “period of restoration” will begin immediately after the “accident” or “electronic circuitry impairment”, and the deductible shown in the “schedule” or

Special Deductible Endorsement will apply.

- (2) The most we will pay for loss or expense under this coverage is the applicable limit for Business Income and Extra Expense, unless otherwise shown in the “schedule”.
- b. Data Restoration
 - (1) We will pay for your reasonable and necessary cost to research, replace and restore lost “data”.
 - (2) The most we will pay for loss or expense under this coverage, including actual loss of Business Income you sustain and necessary Extra Expense you incur, if shown as covered, is \$250,000 unless otherwise shown in the “schedule”.
- c. Expediting Expenses
 - (1) With respect to your damaged Covered Property, we will pay the reasonable extra cost to:
 - (a) Make temporary repairs; and
 - (b) Expedite permanent repairs or permanent replacement.
 - (2) The most we will pay for loss or expense under this coverage is \$250,000 unless otherwise shown in the “schedule.”
- d. “Fungus”, Wet Rot, Dry Rot and Bacteria
 - (1) We will pay your additional cost to repair or replace Covered Property because of contamination by “fungus”, wet rot, dry rot or bacteria. 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 Spoilage coverage.

- (2) As used in this coverage, additional costs mean those beyond what would have been payable under this Equipment Breakdown Coverage had no "fungus", wet rot, dry rot or bacteria been involved.
- (3) 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 "fungus", wet rot, dry rot or bacteria.
- (4) This coverage does not apply to lawns, trees, shrubs or plants which are part of a vegetated roof.
- (5) The most we will pay in any "one equipment breakdown" for loss, damage or expense under this coverage, including actual loss of Business Income you sustain and necessary Extra Expense you incur, if shown as covered, is \$15,000 unless otherwise shown in the "schedule" even if the "fungus", wet rot, dry rot or bacteria continues to be present or active or recurs in a later policy period.

e. Hazardous Substances

- (1) We will pay your 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.
- (2) This does not include contamination of "perishable goods" by refrigerant, including but not limited to ammonia, which is addressed in 2.j.(1)(b) below. 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) The most we will pay for loss, damage or expense under this coverage, including actual loss of Business Income you sustain and necessary Extra Expense you incur, if shown as covered, is \$250,000

unless otherwise shown in the "schedule."

f. Off Premises Equipment Breakdown

- (1) We will pay for physical damage to transportable "covered equipment" that, at the time of the "accident" or "electronic circuitry impairment", is not at a covered location. As respects this Off Premises Equipment Breakdown coverage only, the "accident" or "electronic circuitry impairment" may occur in any country except one in which the United States has imposed sanctions, embargoes or similar restrictions on the provision of insurance.
- (2) We will also pay for your reasonable and necessary cost to research, replace and restore lost "data" contained within "covered equipment" as described under (1) above. This amount may not exceed the limit applicable to Data Restoration coverage.
- (3) The most we will pay for loss, damage or expense under this coverage, including actual loss of Business Income you sustain and necessary Extra Expense you incur, if shown as covered, and Data Restoration as described in (2) above is the limit for Property Off-Premises coverage, shown in your policy, unless otherwise shown in the "schedule".

g. Public Relations

- (1) This coverage only applies if you have sustained an actual loss of Business Income covered under this endorsement.
- (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.
 - (4) The most we will pay for loss or expense under this coverage is \$5,000.
- h. Resultant Damage to Animals
- (1) Any insurance provided under the coverage part for "animals" is extended to the coverage provided by this endorsement.
 - (2) The most we will pay for loss, damage or expense under this coverage, including actual loss of Business Income you sustain and necessary Extra Expense you incur, if shown as covered, is \$25,000.
- i. Service Interruption
- (1) Any insurance provided for Business Income, Extra Expense, Data Restoration or Spoilage is extended to apply to your loss, damage or expense caused by a failure or disruption of service. The failure or disruption of service must be caused by an "accident" to equipment, including overhead transmission lines, that is owned by a utility, landlord, a landlord's utility or other supplier who provides you with any of the following services: electrical power, waste disposal, air conditioning, refrigeration, heating, natural gas, compressed air, water, steam, Internet access, telecommunications services, "cloud computing services", wide area networks or data transmission. The equipment must meet the definition of "covered equipment" except that it is not Covered Property.
 - (2) "Cloud computing services" must be provided by a professional provider with whom you have a contract.
 - (3) With respect to the Data Restoration portion of this Service Interruption coverage, coverage will also apply to "data" stored in the equipment of a provider of "cloud computing services".
 - (4) Unless otherwise shown in the "schedule" or Special Deductible

Endorsement, any insurance provided for Business Income or Data Restoration will not apply under this Service Interruption coverage unless the failure or disruption of service exceeds 24 hours immediately following the "accident". If the interruption exceeds 24 hours, coverage will begin at the time of the disruption, and the applicable deductible will apply.

- (5) The most we will pay in any "one equipment breakdown" for loss, damage or expense under this coverage is the applicable limit for Business Income, Extra Expense, Data Restoration or Spoilage, except that if a limit is shown in the "schedule" for Service Interruption, that limit will apply to Business Income and Extra Expense loss under this coverage.

j. Spoilage

- (1) We will pay:
 - (a) Physical damage to "perishable goods" due to spoilage;
 - (b) Physical damage to "perishable goods" due to contamination from the release of refrigerant, including but not limited to ammonia;
 - (c) Any necessary expenses you incur to reduce the amount of loss under this coverage to the extent that they do not exceed the amount of loss that otherwise would have been payable under this coverage.
- (2) If you are unable to replace the "perishable goods" before its anticipated sale, the amount of our payment will be determined on the basis of the sales price of the "perishable goods" at the time of the "accident," or "electronic circuitry impairment", less discounts and expenses you otherwise would have had. Otherwise our payment will be determined in accordance with the Valuation condition.
- (3) The most we will pay for loss, damage or expense under this

coverage is \$250,000 unless otherwise shown in the "schedule."

3. EXCLUSIONS

All exclusions in the applicable Causes of Loss form apply except as modified below and to the extent that coverage is specifically provided by this endorsement.

a. The following exclusions are modified:

- (1) If the Causes of Loss -- Basic Form or Causes of Loss -- Broad Form applies, the following is added to Exclusion B.2.:

Depletion, deterioration, corrosion, erosion, wear and tear, or other gradually developing conditions. However, if an "accident" or "electronic circuitry impairment" results, we will pay for the resulting loss, damage or expense caused by that "accident." or "electronic circuitry impairment".

- (2) If the Causes of Loss—Special Form applies, as respects this endorsement only, the last paragraph of Exclusion B.2.d. is deleted and replaced with the following:

But if an excluded cause of loss that is listed in 2.d.(1) through (7) results in an "accident," or "electronic circuitry impairment", we will pay for the loss, damage or expense caused by that "accident" or "electronic circuitry impairment".

b. The following exclusions are added:

- (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 an "accident" or "electronic circuitry impairment":

- (a) Fire, including smoke from a fire;
- (b) Explosion of gas or unconsumed fuel within the furnace of any boiler or fired vessel or within the passages from that furnace to the atmosphere;
- (c) Any other explosion, except as specifically covered under this endorsement;
- (d) Any earth movement, including but not limited to earthquake, subsidence, sinkhole collapse,

landslide, earth sinking, tsunami or volcanic action;

- (e) Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not; mudslide or mudflow; or 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 direct expenses of such drying out subject to the applicable Limit of Insurance and deductible for Building or Business Personal Property, whichever applies; or

- (f) Vandalism.

- (2) Coverage under this endorsement does not apply to an "accident" or "electronic circuitry impairment" caused by or resulting from:

- (a) Lightning;

- (b) Windstorm or hail. However, this exclusion does not apply when:

- i. "Covered equipment" located within a building or structure suffers an "accident" or "electronic circuitry impairment" that results from wind-blown rain, snow, sand or dust; and

- ii. 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) Smoke; aircraft or vehicles; riot or civil commotion; sprinkler leakage; elevator collision;

- (d) Breakage of glass; falling objects; weight of snow, ice or sleet; freezing (caused by cold weather); collapse or molten material;

- (e) A hydrostatic, pneumatic or gas pressure test of any boiler or pressure vessel, or an electrical insulation breakdown test of any type of electrical equipment; or

- (f) Water or other means used to extinguish a fire.

- (3) With respect to Business Income, Extra Expense and Service Interruption coverages, we will also not pay for:
 - (a) Loss caused by your failure to use due diligence and dispatch and all reasonable means to resume business; or
 - (b) Any increase in loss resulting from an agreement between you and your customer or supplier.
 - (4) Except as specifically provided under A.2.d. "Fungus," Wet Rot, Dry Rot And Bacteria coverage, we will not pay for loss, damage or expense caused directly or indirectly by the following, whether or not caused by or resulting from an "accident" or "electronic circuitry impairment". Any "fungus," wet rot, dry rot or bacteria, including any presence, growth, proliferation, spread or any activity of "fungus," wet rot, dry rot or bacteria. This includes, but is not limited to, costs arising from clean up, removal, or abatement of such "fungus," wet rot, dry rot or bacteria. However, this exclusion does not apply to spoilage of personal property that is "perishable goods," to the extent that such spoilage is covered under Spoilage coverage.
 - (5) Except as specifically provided under A.2.b., Data Restoration, or A.2.h., Resultant Damage to Animals, we will not pay for loss, damage or expense caused directly or indirectly by the following, whether or not caused by or resulting from an "accident" or "electronic circuitry impairment":
 - (a) Physical loss or damage to "animals";
 - (b) Loss, interruption or compromise of any research, test or study involving "animals"; or
 - (c) Loss of income or extra expense resulting from (a) or (b) above.
 - c. Exclusions b.(2)(a), b.(2)(b), b.(2)(c) and b.(2)(d) above shall not apply if:
 - (1) The excluded cause of loss occurs away from any covered location and causes an electrical surge or other electrical disturbance;
 - (2) Such surge or disturbance is transmitted through utility service transmission lines to the covered location and results in an "accident" or "electronic circuitry impairment"; and
 - (3) The loss, damage or expense caused by such surge or disturbance is not covered elsewhere under the policy.
 - d. Any cause of loss set forth in exclusion b.(2)(d) above that is not a Covered Cause of Loss in this coverage part shall be excluded only as respects Service Interruption coverage.
4. DEFINITIONS
- The following definitions are added with respect to this endorsement only:
- a. "Accident"
- (1) "Accident" means a fortuitous event that causes direct physical damage to "covered equipment". The event must be one of the following:
 - (a) Mechanical breakdown, including rupture or bursting caused by centrifugal force;
 - (b) Artificially generated electrical current, including electric arcing, that disturbs electrical devices, appliances or wires;
 - (c) Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control;
 - (d) Loss or damage to steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment; or
 - (e) Loss or damage to hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment.
 - (2) None of the following is an "accident":
 - (a) 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; or

- (b) Misalignment, miscalibration, tripping off-line, or any condition which can be corrected by resetting, tightening, adjusting or cleaning, or by the performance of maintenance.

However, if an "accident" results, we will pay for the resulting loss, damage or expense caused by that "accident".

- b. "Animal" means any creature of the kingdom Animalia. This includes, but is not limited to amphibians, birds, fish, insects, mammals, reptiles, and worms.

- c. "Boilers and vessels" means:

- (1) Any boiler, including attached steam, condensate and feedwater piping; and
- (2) Any fired or unfired pressure vessel subject to vacuum or internal pressure other than the static pressure of its contents.

This term does not appear elsewhere in this endorsement, but may appear in the "schedule."

- d. "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.

- e. "Covered equipment"

- (1) "Covered equipment" means, unless otherwise specified in the "schedule," Covered Property:
 - (a) That generates, transmits or utilizes energy; or
 - (b) 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) None of the following is "covered equipment":

- (a) Structure, foundation, cabinet or compartment;
- (b) Insulating or refractory material;
- (c) Sewer piping, buried vessels or piping, or piping forming a part of a sprinkler or fire suppression system;
- (d) Water piping other than:
 - i. Boiler feedwater piping;
 - ii. Boiler condensate return piping; or
 - iii. Water piping forming a part of a refrigerating or air conditioning system;

- (e) "Vehicle" or any equipment mounted on a "vehicle";

- (f) Satellite, spacecraft or any equipment mounted on a satellite or spacecraft;

- (g) Dragline, excavation or construction equipment; or

- (h) Equipment manufactured by you for sale.

- f. "Data" means information or instructions stored in digital code capable of being processed by machinery.

- g. "Electronic circuitry" means microelectronic components, including but not limited to circuit boards, integrated circuits, computer chips and disk drives.

- h. "Electronic circuitry impairment"

- (1) "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 (2), (3) and (4) below.

- (2) 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".

(3) The "covered equipment" must be owned or leased by you, or operated under your control.

(4) None of the following is an "electronic circuitry impairment":

(a) Any condition that can be reasonably remedied by:

- i. Normal maintenance, including but not limited to replacing expendable parts, recharging batteries or cleaning;
- ii. Rebooting, reloading or updating software or firmware; or
- iii. Providing necessary power or supply.

(b) Any condition caused by or related to:

- i. Incompatibility of the "covered equipment" with any software or equipment installed, introduced or networked within the prior 30 days; or
- ii. Insufficient size, capability or capacity of the "covered equipment".

(c) 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.

- i. "Hazardous substance" means any substance that is hazardous to health or has been declared to be hazardous to health by a governmental agency.
- j. "Media" means material on which "data" is recorded, such as solid state drives, hard disks, optical disks, flash drives, magnetic tapes or floppy disks.
- k. "One equipment breakdown" means: If an initial "accident" or "electronic circuitry

impairment" causes other "accidents," or "electronic circuitry impairments", All "accidents" or "electronic circuitry impairments" that are the result of the same "accidents" or "electronic circuitry impairment" will be considered "one equipment breakdown."

l. "Perishable goods" means personal property maintained under controlled conditions for its preservation, and susceptible to loss or damage if the controlled conditions change.

m. "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 endorsement, but may appear in the "schedule."

n. "Schedule" means the Equipment Breakdown Coverage Schedule.

o. "Vehicle" means, as respects this endorsement only, 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."

B. The Building and Personal Property Coverage Form, the Condominium Association Coverage Form and the Condominium Unit-Owners Coverage Form are modified as follows.

The definitions stated above also apply to section B. of this endorsement.

1. DEDUCTIBLE

The deductible in the Declarations applies unless a separate Equipment Breakdown deductible is shown in the "schedule" or Special Deductible Endorsement. If a separate Equipment Breakdown deductible is shown, the following applies.

Only as regards Equipment Breakdown Coverage, provision D. DEDUCTIBLE is deleted and replaced with the following:

a. Deductibles for Each Coverage

- (1) Unless the "schedule" or Special Deductible Endorsement indicates that your deductible is combined for all coverages, multiple deductibles may apply to any "one equipment breakdown."
- (2) We will not pay for loss, damage or expense under any coverage until the amount of the covered loss, damage or expense exceeds the deductible amount indicated for that coverage in the "schedule" or Special Deductible Endorsement. We will then pay the amount of loss, damage or expense in excess of the applicable deductible amount, subject to the applicable limit.
- (3) 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.

b. Direct and Indirect Coverages

- (1) Direct Coverages Deductibles and Indirect Coverages Deductibles may be indicated in the "schedule" or Special Deductible Endorsement.
- (2) Unless more specifically indicated in the "schedule or Special Deductible Endorsement":
 - (a) Indirect Coverages Deductibles apply to Business Income and Extra Expense loss; and
 - (b) Direct Coverages Deductibles apply to all remaining loss, damage or expense covered by this endorsement.

c. Application of Deductibles

(1) 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 shown in the "schedule" or Special Deductible Endorsement. We will

then pay the amount of loss, damage or expense in excess of the applicable Deductible or Deductibles, up to the applicable Limit of Insurance.

(2) Time Deductible

If a time deductible is shown in the "schedule" or Special Deductible Endorsement, we will not be liable for any loss occurring during the specified number of hours or days immediately following the "accident" or "electronic circuitry impairment". If a time deductible is expressed in days, each day shall mean twenty-four consecutive hours.

(3) Multiple of Average Daily Value (ADV)

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 (as defined in any Business Income coverage that is part of this policy) that would have been earned during the period of interruption of business had no "accident" or "electronic circuitry impairment" occurred, divided by the number of working days in that period. No reduction shall be made for the Business Income not being earned, or in the number of working days, because of the "accident" or "electronic circuitry impairment" or any other scheduled or unscheduled shutdowns during the period of interruption. 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 "schedule" or Special Deductible Endorsement will be multiplied by the ADV as determined above. The result shall be used as the applicable deductible.

(4) 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.

2. CONDITIONS

- a. The following conditions are in addition to the Conditions in the Building and Personal Property Coverage Form, the Condominium Association Coverage Form, the Condominium Unit-Owners Coverage Form, the Commercial Property Conditions and the Common Policy Conditions.

(1) 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 an "accident" or "electronic circuitry impairment" to that "covered equipment." This can be done by mailing or delivering 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.

(2) Jurisdictional Inspections

If any property that is "covered equipment" under this endorsement requires inspection to comply with state or municipal boiler and pressure vessel regulations, we agree to perform such inspection on your behalf. We do not warrant that conditions are safe or healthful.

(3) Coinsurance

If a coinsurance percentage is shown in the "schedule" for specified coverages, the following condition applies.

We will not pay for the full amount of your loss if the applicable limit is less than the product of the specified coinsurance percentage times the value of the property subject to the coverage at the time of the loss. Instead, we will determine what percentage this calculated product is compared to the applicable limit and apply that percentage to the gross amount of loss. We will then subtract the applicable deductible. The resulting amount, or the applicable limit, is the most we will pay. We will not pay for the remainder of the loss. Coinsurance applies separately to each insured location.

(4) Other Equipment Breakdown Coverage

If at the time of loss or damage:

- (a) Coverage Form IM 7200, IM 7201, IM 7202 or IM 7203 is part of your policy, providing coverage for loss or damage to Covered Property caused by or resulting from an "accident," the coverage afforded by such coverage form for such loss or damage is replaced by the coverage afforded by this endorsement to the extent that coverage for such loss or damage is also afforded by this endorsement, subject to all of the terms of this endorsement.

- (b) Coverage is afforded under another coverage form or endorsement other than those listed in (1) above, for loss or damage caused by or resulting from an "accident," the coverage afforded by the other coverage form or endorsement shall be excess of coverage provided under this Equipment Breakdown Coverage.

- b. As respects this endorsement only, the Valuation Condition in the Building and Personal Property

Coverage Form, the Condominium Association Coverage Form and the Condominium Unit-Owners Coverage is deleted and replaced with the following:

Valuation

We will determine the value of Covered Property as follows:

- (1) Except as specified otherwise, our payment for damaged Covered Property will be the smallest of:
 - (a) The cost to repair the damaged property;
 - (b) The cost to replace the damaged property on the same site; or
 - (c) The amount you actually spend that is necessary to repair or replace the damaged property.
- (2) 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.
- (3) Except as described in (4) 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.
- (4) Environmental, Safety and Efficiency Improvements

If "covered equipment" requires replacement due to an "accident" or "electronic circuitry impairment", we will pay your additional cost to replace with equipment that is better for the environment, safer for people or more energy or water efficient than the equipment being replaced. However, we will not pay to increase the size or capacity of the equipment and we will not pay more than 150% of what the cost would have been to replace with like kind and quality. This provision does not apply to the replacement of component parts or to any property to which Actual Cash Value applies and does not increase any of the applicable limits.
- (5) The following property will be valued on an Actual Cash Value basis:
 - (a) Any property that does not currently serve a useful or necessary function for you;
 - (b) Any Covered Property that you do not repair or replace within 24 months after the date of the "accident" or "electronic circuitry impairment"; and
 - (c) Any Covered Property for which Actual Cash Value coverage is specified in the "schedule",

Actual Cash Value includes deductions for depreciation.
- (6) 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:
 - (a) The property was manufactured by you;
 - (b) The sales price of the property is less than the replacement cost of the property; or
 - (c) You are unable to replace the property before its anticipated sale.
- (7) Except as specifically provided for under Data Restoration coverage, "data" and "media" will be valued on the following basis:
 - (a) For mass-produced and commercially available software, at the replacement cost.
 - (b) 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.

The most we will pay for loss, damage or expense under this endorsement arising from any "one equipment breakdown" is the applicable Limit of Insurance in the Declarations unless otherwise shown in the "schedule." Coverage provided under this endorsement does not provide an additional amount of insurance.

All terms and conditions of this policy apply unless modified by this endorsement.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EQUIPMENT BREAKDOWN COVERAGE SCHEDULE

This schedule provides supplementary information to be used with the following:

EQUIPMENT BREAKDOWN COVERAGE (including Electronic Circuitry Impairment)

LIMITS

Equipment Breakdown Coverage is subject to the Limits of Insurance shown in the Declarations, unless otherwise shown below.

COVERAGES	LIMITS
Equipment Breakdown Limit	\$
Business Income	\$
Extra Expense	\$
Off Premises Equipment Breakdown	\$
Services Interruption	\$

SUBLIMITS

The following coverages are subject to the limits of Insurance shown in the Equipment Breakdown Coverage, unless otherwise shown below.

COVERAGES	SUBLIMITS
Data Restoration	\$
Expediting Expenses	\$
"Fungus", Wet Rot, Dry Rot and Bacteria	\$
Hazardous Substances	\$
Spoilage	\$
@ _____ % Coinsurance	

DEDUCTIBLES

Combined, All Coverages	\$
Direct Coverages	\$
Indirect Coverages	\$
	or _____ hrs.
	or _____ times ADV
Spoilage	\$
	or _____ % of loss, \$ _____ minimum

LOCATIONS NOT APPLICABLE

Equipment Breakdown Coverage applies to all locations covered on the policy, unless otherwise shown below.

<u>Location No.</u>	<u>Building No.</u>	<u>Address/Description</u>
----------------------------	----------------------------	-----------------------------------

OTHER CONDITIONS

All terms and conditions of this policy apply unless modified by this endorsement.

CP 71 18 09 17

Includes copyrighted material of Insurance Services Office, Inc., with its permission.

Page 1 of 1

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

COMMERCIAL PROPERTY PLATINUM PROTECTION PLUS ENDORSEMENT

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM
CAUSES OF LOSS - SPECIAL FORM

- A. Throughout the BUILDING AND PERSONAL PROPERTY COVERAGE FORM, CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM, and the CAUSES OF LOSS - SPECIAL FORM, the phrase "within 100 feet" is replaced by "within 1,000 feet".
- B. Under the BUILDING AND PERSONAL PROPERTY COVERAGE FORM, or the CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM, the following amendments are made:
1. Under Section A. Coverage, 2. Property Not Covered, the following amendments are made:
 - a. Paragraph a. is deleted and is replaced by:

Accounts, bills, currency, food stamps or other evidences of debt, "money", notes, or "securities", except as provided in the Accounts Receivable, Employee Dishonesty, Money and Securities Coverage Extensions, Computer Fraud And Funds Transfer Fraud, Credit Card Invoice Coverage, Unauthorized Business Card Use and Forgery Or Alteration Additional Coverage in this endorsement.
 - b. Paragraphs g. and m. are deleted and replaced by:

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.
 2. Under Section A. Coverage, 4. Additional Coverages, the following amendments are made:
 - a. In Additional Coverage a. **Debris Removal**, paragraph 4), the \$25,000 amount, wherever it appears, is increased. The most we will pay for loss or damage under this Additional Coverage is subject to a \$250,000 blanket limit specific to this endorsement. See Section B. 10. Blanket Limit for additional information on this limit.
 - b. In Additional Coverage b. **Preservation of Property**, paragraph 2), 30 days is replaced by 90 days.
 - c. In Additional Coverage c. **Fire Department Service Charge**, the first paragraph is replaced by the following:

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay the actual cost of your liability for fire department service charges.
 - d. In Additional Coverage d. **Pollutant Clean Up and Removal**, the \$10,000 limit is increased to \$50,000.
 3. Under the BUILDING AND PERSONAL PROPERTY COVERAGE FORM, Section A. Coverage, 4. Additional Coverages, paragraph e. **Increased Cost of Construction** is deleted and replaced by the following:

Except as provided in the Foundations and Underground Pipes Coverage Extension in this endorsement.

e. Ordinance or Law Coverage**1) Coverage**

If a Covered Cause of Loss causes direct physical damage to a building that is Covered Property and as a result of such damage you are required to comply with the ordinance or law, we will pay the increased costs incurred to comply with the minimum standards of an ordinance or law that regulates the demolition, construction or repair of buildings, or establishes zoning or land use requirements at a covered property; and is in force at the time for loss for:

a) Coverage A – Loss to the Undamaged Portion of the Building

With respect to the building that has sustained covered direct physical damage; we will pay 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.

This Additional Coverage does not increase the applicable Building Limit of Insurance.

b) Coverage B – Demolition Cost Coverage

With respect to the building that has sustained covered direct physical damage, we will pay for 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.

c) Coverage C – Increased Cost of Construction

With respect to the building that has sustained covered direct physical damage; we will pay for the increased cost to:

- (1) Repair, rebuild, or reconstruct the 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) Additional 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.

When a building is damaged or destroyed and Coverage C – Increased Cost of Construction applies to that building, coverage for the increased cost of construction also applies to repair or reconstruction of the following:

- (a) The cost of excavations, grading, backfilling and filling;
- (b) Foundation of the building;
- (c) Pilings, and

- (d) Underground pipes, flues and drains.

The items listed in (a) through (d) above are

deleted from Property Not Covered, but only with respect to this additional coverage.

This Additional Coverage 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 Additional Coverage.

We will not pay under Coverage **A**, **B** or **C** of this Additional Coverage 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.
- (3) Any ordinance or law that:
 - (a) You were required to comply with before the loss, even if the building was undamaged; and
 - (b) You failed to comply with.

- 2) Limits of Insurance and Loss Payment

a) Coverage A – Loss to the Undamaged Portion of the Building

When there is a loss in value of an undamaged portion of a building to which Coverage A – Loss to the Undamaged Portion of the Building applies, the loss payment for that building, including damaged and undamaged portions, will be determined as follows:

- (1) If the Replacement Cost Coverage Option applies and the property is being repaired or replaced, we will not pay more than the lesser of:
 - (a) 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 at the same location and to the same height, floor area, style and comparable quality of the original property insured; or
 - (b) the Limit of Insurance shown in Declarations as applicable to the covered building.
- (2) 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:
 - (a) the actual cash value of the building at the time loss; or
 - (b) the Limit of Insurance shown in the Declarations as applicable to the covered building

b) Coverage B – Demolition Cost Coverage

For Demolition Cost, we will not pay more than the amount you actually spend to demolish and

clear the site of the described location, subject to a \$250,000 limit per location.

c) Coverage C – Increased Cost of Construction

With respect to 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 location; 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; and

(c) unless the Replacement Cost Optional Coverage applies to the building.

(2) If the building is repaired or replaced at the same location, or if you elect to rebuild at another location subject to a \$250,000 limit per location.

(3) If the ordinance or law requires relocation to another location, the most we will pay is the increased cost of construction at the new location subject to a \$250,000 limit per location. In the event that the buildings are insured on a blanket basis, then the limit per each building shall be determined by reference to the building limit or stated value as shown in the

Statement of Values or similar schedule on file with us, subject to a \$250,000 limit per building.

d) Coverage B and C – Demolition Cost and Increased Cost of Construction

For loss under Demolition and Increased Cost of Construction combined, the most we will pay is the lesser of 33% of the Building Limit as applicable to the covered building or \$250,000 as a Limit of Insurance at each location described in the Declarations.

4. Under Section A. Coverage, 4. Additional Coverages the following Additional Coverages are added:

a. Appurtenant Structures

1) We will pay for direct physical loss of or damage to any separate garages, storage buildings, swimming pools, tennis courts, spas, retaining walls and other appurtenant structures usual to your business at the described premises in the Declarations caused by or resulting from any Covered Cause of Loss.

2) The most we will pay for loss or damage under this Appurtenant Structures Additional Coverage in any one occurrence is 10 percent of the Building Limit of Insurance shown in the Declarations for that described building.

HOWEVER, if the value of any one garage, storage building, swimming pool, tennis court, spa, retaining wall or other appurtenant structure exceeds \$50,000, this Appurtenant Structures Additional Coverage does not apply to that structure.

3) The limit for this Appurtenant Structures Additional Coverage is in addition to the Limits of Insurance.

This Coverage Extension is subject to the deductible shown in the Commercial Property Declarations for the building.

b. Arson Reward for Conviction

- 1) In the event that a covered fire loss was the result of an act of arson, we will pay a reward to anyone, other

than paid investigators, who gives legal authorities information that leads to the conviction of anyone who committed such arson.

- 2) We will pay up to 10 percent of the amount of the insured fire loss or \$15,000, whichever is less. This payment is the most we will pay in any one occurrence, regardless of the number of persons providing information or convicted of arson.
- 3) The limit for this Arson Reward for Conviction Additional Coverage is in addition to the Limits of Insurance.
- 4) No deductible applies to this Arson Reward for Conviction Additional Coverage.

c. Brands and Labels

If branded or labeled merchandise that is Covered Property is damaged by a Covered Cause of Loss, we may take all or any part of the property at an agreed or appraised value. If so, you may:

- 1) Stamp '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.

We will pay reasonable costs you incur to perform the activity described from either of these two actions above.

The most we will pay for loss or damage under this Additional Coverage is \$50,000.

d. Business Income and Extra Expense from Dependent Properties

We will pay the actual loss of "business income" you sustain due to the necessary "suspension" of your

"operations" during the "dependent property" "period of restoration". The "suspension" must be caused by direct physical loss of or damage to "dependent property" caused by or resulting from any Covered Cause of Loss.

- 1) We will reduce the amount of your "business income" loss, other than "extra expense"; to the extent you can resume "operations" in whole or in part by using any other available:
 - a) Source of materials; or
 - b) Outlet for your products.
- 2) The most we will pay under this additional coverage is \$50,000 for loss you sustain from loss of or damage to "dependent property" at any one "dependent property" location. The amount payable under this Additional Coverage is additional insurance. This Additional Coverage does not apply to "dependent properties" for which you have more specific insurance either under this policy or another.

e. Business Income and Extra Expense from Newly Acquired Properties

We will pay the actual loss of "business income" you sustain due to the necessary "suspension" of your "operations" at a newly acquired location, other than at fairs or exhibitions. The "suspension" must be caused by direct physical loss of or damage to newly acquired property caused by or resulting from any Covered Cause of Loss. Insurance for this Additional Coverage will end when any of the following first occurs:

- 1) This policy expires;
- 2) 90 days expire after you acquire the property; or
- 3) You add the new location to your commercial property policy.

The most we will pay under this Additional Coverage is \$100,000. The amount payable under this Additional Coverage is additional insurance. This Additional Coverage does not apply to Business Income or Extra Expense for

which you have more specific insurance either under this policy or another.

f. Claim Data Expense, including Inventories and Appraisals

- 1) We will pay the reasonable expenses you incur in preparing claim data when we require it. This includes the cost of taking inventories, making appraisals, and preparing other documentation to show the extent of loss.
- 2) We will not pay for:
 - a) A higher cost of labor or lost time than is adequate to pay to perform the preparation work; or
 - b) Any expenses billed by and payable to insurance agents, claims adjusters, brokers or attorneys, or any costs as provided in the Loss Condition Appraisal.
- 3) The most we will pay for preparation of claim data under this Additional Coverage is \$10,000.

g. Computer Fraud And Funds Transfer Fraud

- 1) We will pay up to \$50,000 for:
 - a) Loss resulting from "fraudulent instruction" directing a financial institution to transfer, pay or deliver "money" or "securities" from your "transfer account"; or
 - b) Loss directly related to the use of any computer to fraudulently cause a transfer of covered property from inside the described premises to a person (other than a messenger) or place outside those premises.
- 2) The most we will pay under this Computer Fraud And Funds Transfer Fraud Additional Coverage for loss in any one occurrence is \$50,000.
- 3) All loss:
 - a) Caused by one or more persons; or
 - b) Involving a single act or series of related acts:

is considered one occurrence.

h. Contract Penalty Coverage

We will pay the cost of contractual penalties you are assessed or required to pay for non-delivery of finished "stock" in accordance with the provisions or conditions of a written contract. Your inability to deliver finished "stock" or otherwise complete the terms of the contract must be as a direct result of loss or damage to your property by a Covered Cause of Loss.

The most we will pay under this Additional Coverage is \$25,000 per occurrence of loss or damage.

i. Credit Card Invoices Coverage

We will pay amounts you are unable to collect due to loss of or damage to credit card invoices while located at the described premises as a result of a Covered Cause of Loss.

- 1) It is your responsibility to establish the amount of the loss under this Coverage Extension. If it is not possible, the amount of the loss will be determined as follows:
 - a) If you have been in the business for more than twelve months at the location of the loss, one-thirtieth (1/30) of the average monthly amount of credit card invoices will be considered an average daily credit invoices for that location. The twelve months immediately preceding the discovery of the loss will be used to determine the average monthly amount.
 - b) If you have been in the business for less than twelve months at the location of the loss, the average daily credit card invoices shall be one-thirtieth (1/30) of the average monthly amount of credit card invoices for the number of months you have been in business at that location.
 - c) The average daily credit card invoices will be multiplied by the

number of days for which credit card invoices are lost to determine the amount of the loss, subject to the maximum limit indicated below.

The most we will pay as a result of loss or damage to credit card slips

under this Additional Coverage is \$10,000.

j. Damaged Master Key/Key Card/Alternative Locking System Coverage

- 1) We will pay to cover any consequential loss you actually incur to replace keys or key-cards and adjust locks to accept new keys or key-cards or, if required, to replace locks, including the cost of installation, necessitated by the loss of or damage to master or grand master keys or key-cards.
- 2) We will also pay for loss or damage from a covered Cause of Loss to alternative locking systems including card programmers, card readers, computers, related alarms, trans-receivers, power supplies and any other electronic or mechanical apparatus required to make such locking systems operate. We will also pay for reprogramming such systems when necessitated by a covered loss.
- 3) The most we will pay under this Additional Coverage for all loss or damage in any one policy year is \$50,000.

k. Discharge from Sewer, Drain or Sump (Not Flood-Related)

- 1) We will pay for direct physical loss or damage to Covered Property caused by or resulting from discharge of water or waterborne material from a sewer, drain or sump located on the described premises, provided such discharge is not induced by "flood" or "flood" related conditions.

HOWEVER, we will not pay for such loss or damage that occurs if:

- a) The discharge results from an insured's failure to perform routine maintenance or repair necessary to keep a sewer or drain or a sump, sump pump or related equipment free from obstruction and in proper working condition. This limitation does not apply to sudden mechanical breakdown of a sump pump or its related equipment, provided the breakdown is not the result of an insured's negligence; or
- b) Sump pump failure is caused by or results from failure of power, or
- c) Discharge is due to a roof drain and related fixtures.

We will not pay the cost of repairing or replacing a sewer, drain, sump, sump pump or any related parts or equipment.

- 2) Under this Discharge from Sewer, Drain or Sump (Not Flood-Related) Additional Coverage, the most we will pay in any one occurrence for loss or damage to Covered Property at each described building is \$100,000.

HOWEVER, regardless of the number of occurrences or buildings, the most we will pay in any one policy period is \$100,000.

- 3) The limit of insurance that applies to coverage under this Discharge from Sewer, Drain or Sump (Not Flood-Related) Additional Coverage includes any loss arising from any "Business Income" and/or "Extra Expense" coverages.
- 4) Under the CAUSES OF LOSS - SPECIAL FORM B. Exclusions, exclusion 1.g.(3) does not apply to this Additional Coverage.

l. Fine Arts Coverage

- 1) We will pay for direct physical loss or damage to fine arts caused by a covered cause of loss, whether owned by:
 - a) You; or

- b) Others, and in your care, custody or control.
- 2) Fine arts includes, but is not limited to, antiques, paintings, etchings, drawings, tapestries, sculptures and fragile property such as porcelains, china and marble.
- 3) The most we will pay for loss under this Additional Coverage is subject to a \$250,000 blanket limit specific to this endorsement. See Section B.10 for additional information on this limit. Our payment for loss of or damage to personal property of others will only be for the account of the owner of the property. The amount payable under this Additional Coverage is additional insurance over the insurance available for Business Personal Property.
- 4) The value of fine arts will be the least of the following amounts:
 - a) The actual cash value of that property;
 - b) The cost of reasonably restoring that property to its condition immediately before loss; or
 - c) The cost of replacing that property with substantially identical property.
- 5) In the event of a loss, the value of property will be determined as of the time of loss.

The following are added to the Additional Conditions Section:

- 1) In case of loss 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
 - b) Pay the difference between the value of the pair or set before and after the loss.
- 2) You must arrange for fine arts to be packed and unpacked by competent packers.

m. Fire and Security Alarm System Upgrade

For loss or damage by a Covered Cause of Loss to a fire or security system we will pay up to 25% of the cost, up to \$25,000, to upgrade such a system to current standards for the occupancy of the building when required by any regulation, ordinance or law.

We will not pay for the increased cost under this Additional Coverage:

- 1) Until the system is actually repaired or replaced and upgraded at the same premises or elsewhere, and
- 2) Unless the repairs or replacement and upgrades are made as soon as reasonably possible after the loss or damage, not to exceed 2 years. We may extend this period in writing during the 2 year period.

n. Fire Extinguisher Recharge

- 1) We will pay up to \$50,000 for the cost of recharging an automatic extinguishing system that protects your cooking equipment. This coverage also applies to your Underwriters Laboratories listed portable or Factory Mutual approved fire extinguishers or fixed pipe kitchen fire extinguishing systems after being used in fighting a fire on your premises or on adjoining premises.
- 2) We will pay up to \$5,000 for your necessary expenses to clean up described premises after an accidental discharge of an automatic extinguishing system that protects cooking equipment. The cleanup expenses must relate directly to such discharge.
- 3) We will pay up to \$5,000 for actual loss of Business Income you sustain due to a suspension of your normal business "operations" during the period of time normally required to clean up and recharge your automatic extinguishing system that protects cooking equipment as a result of its accidental discharge at the described premises.

- 4) No deductible shall apply to this Additional Coverage.

o. Forgery Or Alteration

- 1) 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:
 - a) Made or drawn by or drawn upon you; or
 - b) Made or drawn by one acting as your agent,
 or that are purported to have been so made or drawn.
- 2) If you are sued for refusing to pay any instrument covered in Paragraph 1) above, 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.
- 3) The most we will pay for any loss, including legal expenses, under this Additional Coverage is \$100,000.
- 4) We will treat mechanically reproduced facsimile signatures the same as handwritten signatures.

p. Ingress Or Egress Coverage

We will pay the actual loss of "business income" you sustain as a result of the necessary "suspension" of your "operations" due to the prevention of ingress to, or egress from, a premises described in the Declarations, for a period of time not to exceed 30 days provided that such prevention of ingress or egress is:

- 1) A direct result of physical damage caused by or resulting from a Covered Cause of Loss to property located within a radius of 1 mile of the insured premises; and
- 2) A direct result of physical damage to property not excluded by this policy.

The most we will pay under this Additional Coverage is \$25,000 in any one occurrence. The amount payable under this Additional Coverage is

additional insurance. This coverage does not apply if ingress to or egress from your premises is prohibited by order of civil or military authority.

q. Limited Business Income

- 1) We will pay up to \$250,000 for the actual loss of "Business Income", including "rental value", 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. 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 includes the area within 1,000 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 1,000 feet of the building or within 1,000 feet of the premises described in the Declarations, whichever distance is greater (with respect to loss 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) We will only pay for loss of "Business Income" that you sustain during the "period of restoration" and that occurs within 12 consecutive months after the date of direct physical loss or damage.
 - 3) Additional Limitation - Interruption of Computer Operations. 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. Electronic data has the meaning set forth in paragraph A.2.n. of the BUILDING AND PERSONAL PROPERTY COVERAGE FORM or paragraph A.2.h. of the CONDOMINIUM COMMERCIAL

UNIT-OWNERS COVERAGE FORM.

r. Limited Extra Expense

- 1) "Extra Expense" coverage is provided at the premises described in the Declarations.
- 2) We will pay up to \$250,000 for the actual and necessary "Extra Expense" (other than the expense to repair or replace property) to:
 - a) 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.
 - b) 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 Additional Coverage.

- 3) We will only pay for "Extra Expense" that occurs within 12 consecutive months after the date of direct physical loss or damage.
- 4) Additional Limitation - Interruption of Computer Operations. 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. Electronic data has the meaning set forth in paragraph A.2.n. of the BUILDING AND PERSONAL PROPERTY COVERAGE FORM or paragraph A.2.h. of the CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM.

s. Spoilage Of Perishable Goods

- 1) We will pay for loss or damage to "perishable stock" owned by you which spoil as a direct result of the following causes of loss:
 - a) an on-premises power failure, meaning change in temperature or humidity resulting from complete or partial interruption of electrical power, at the described premises, due to conditions beyond your control,
 - b) mechanical breakdown, meaning a change in temperature or humidity resulting from mechanical breakdown or mechanical failure of refrigerating, cooling or humidity control apparatus or equipment, only while such equipment or apparatus is at the described premises; or
 - c) malfunction of coolers.
- 2) Exclusions - Only the following Exclusions contained in Paragraph B.1. of the Causes of Loss Form applicable to this Coverage Part apply to Spoilage Coverage:
 - a) Earth Movement;
 - b) Governmental Action;
 - c) Nuclear Hazard;
 - d) War And Military Action; and
 - e) Water.
- 3) The following Exclusions are added:
We will not pay for loss or damage caused by or resulting from:

- a) The disconnection of any refrigerating, cooling or humidity control system from the source of power.
 - b) The deactivation of electrical power caused by the manipulation of any switch or other device used to control the flow of electrical power or current.
 - c) The inability of an Electrical Utility Company or other power source to provide sufficient power due to:
 - (1) Lack of fuel; or
 - (2) Governmental order.
 - d) The inability of a power source at the described premises to provide sufficient power due to lack of generating capacity to meet demand.
 - e) Breaking of any glass that is a permanent part of any refrigerating, cooling or humidity control unit.
- 4) With reference to this coverage, the following additional conditions apply:
- a) This coverage does not apply to loss if, at the time of loss or damage, there is other valid and collectible insurance except that this coverage shall, in such case, apply only as excess and in no event as contributing insurance, and then only after all other insurance has been exhausted.
 - b) We shall not be liable under this coverage for more than the actual cash value of the property lost or damaged, nor in any event for more than the cost to replace the property insured with property of like kind and quality.
 - c) No one other than you, your "employees", or repairmen shall be permitted within the cooler during the time the refrigeration equipment or its motivating power is not in operation either

because of breakdown or otherwise.

- d) You shall maintain in good working condition such protective safeguards and equipment as were present in or on your premises at the inception of this policy, as well as those subsequently added and approved by us.
- e) In the event of any loss which might result in a claim under this coverage, you will make every effort to save and preserve the

property insured under this coverage, and any "extra expense" you incur in doing so shall represent a valid claim against us to the extent that the loss otherwise collectible was reduced by your efforts, but not exceeding the amount of insurance provided by this coverage.

- 5) The most we will pay for loss or damage under this Additional Coverage is \$50,000 in any one policy period, regardless of the number of claims.

t. Unauthorized Business Card Use

- 1) We will pay up to \$25,000 for the legal obligation you have because of the theft or unauthorized use of your business credit, debit or charge cards issued to you or registered in your name or the name of your business.
- 2) The most we will pay under this Unauthorized Business Card Use Additional Coverage for loss in any one occurrence is \$25,000.
- 3) All loss:
 - a) Caused by one or more persons; or
 - b) Involving a single act or series of related acts;
 is considered one occurrence.

u. Utility Services – Direct Damage

We will pay up to \$100,000 for the loss of or damage to Covered Property at the described premises caused by an interruption in utility service to the described premises. The interruption in utility service must result from direct physical loss or damage by a Covered Cause of Loss to the following property, not on the described premises:

- 1) Water Supply Property, meaning the following types of property supplying water to the described premises:
 - a) Pumping stations; and
 - b) Water mains.
- 2) Communication Supply Property, meaning property supplying communication services, including telephone, radio, microwave or television services to the described premises, such as:
 - a) Communication transmission lines, including optic fiber transmission lines;
 - b) Coaxial cables; and
 - c) Microwave radio relays, except satellites.

This does not include overhead communication lines.

- 3) Power Supply Property, meaning the following types of property supplying electricity, steam or gas to the described premises:
 - a) Utility generating plants;
 - b) Switching stations;
 - c) Substations;
 - d) Transformers; and
 - e) Transmission lines.

This does not include overhead transmission lines.

The term transmission lines includes all lines which serve to transmit communication service or power, including lines which may be identified as distribution lines.

Coverage under this endorsement does not apply loss or damage to electronic data, including destruction or corruption of electronic data. Electronic data has the meaning set forth in paragraph A.2.n. of the BUILDING AND PERSONAL PROPERTY COVERAGE FORM or paragraph A.2.h. of the CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM.

This coverage does not apply to loss if, at the time of loss or damage, there is other valid and collectible insurance except that this coverage shall, in such case, apply only as excess and in no event as contributing insurance, and

then only after all other insurance has been exhausted.

v. Utility Services – Time Element

We will pay up to \$100,000 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 the interruption in utility service to the described premises. The interruption in utility service must result from direct physical loss or damage by a Covered Cause of Loss to the following property located outside of a covered building described in the Declarations.

- 1) Water Supply Property, meaning the following types of property supplying water to the described premises:
 - a) Pumping Stations; and
 - b) Water Mains.

- 2) Wastewater Removal Property meaning a utility system for removing wastewater and sewage from the described premises, 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 endorsement does not apply to interruption of service caused by or resulting from a discharge of water or sewage due to heavy rainfall or flooding.

3) Communication Supply Property, meaning property supplying communication services, including telephone, radio, microwave or television services to the described premises, such as:

- a) Communication transmission lines, including optic fiber transmission lines;
- b) Coaxial cables; and
- c) Microwave radio relays, except satellites.

This does not include overhead communication lines.

4) Power Supply Property, meaning the following types of property supplying electricity, steam or gas to the described premises:

- a) Utility generating plants;
- b) Switching stations;
- c) Substations;
- d) Transformers; and
- e) Transmission lines.

This does not include overhead transmission lines.

The term transmission lines includes all lines which serve to transmit communication service or power, including lines which may be identified as distribution lines.

Coverage under this endorsement does not apply to "Business Income" loss or "Extra Expense" related to interruption in utility service which causes loss or damage to electronic data, including destruction or corruption of electronic data. Electronic data has the meaning set forth in paragraph A.2.n. of the BUILDING AND PERSONAL PROPERTY COVERAGE FORM or paragraph A.2.h. of the CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM.

This coverage does not apply to loss if, at the time of loss or damage, there is other valid and collectible insurance except that this coverage shall, in such case, apply only as excess and in no event as contributing insurance, and then only after all other insurance has been exhausted.

5. Under Section A. Coverage, 5. Coverage Extensions of the BUILDING AND PERSONAL PROPERTY COVERAGE FORM, the following amendments are made:

a. Coverage Extension a. **Newly Acquired Or Constructed Property:**

- 1) In paragraph 1) Buildings, the limit of \$250,000 is increased to \$2,000,000.
- 2) In paragraph 2) Your Business Personal Property, the limit of \$100,000 is increased to \$1,000,000.
- 3) In paragraph 3) Period of Coverage, in paragraph b), 30 days is replaced by 45 days.

b. Coverage Extensions d. Property Off-Premises, paragraph 3), the limit of \$10,000 is increased to \$100,000.

6. Under Section A. Coverage, 5. Coverage Extensions of the CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM, the following amendments are made:

a. Coverage Extension a. **Newly Acquired Property:**

- 1) In paragraph 1) Business personal property, the limit of \$100,000 is increased to \$1,000,000.
- 2) In paragraph 3) Period of Coverage, in paragraph b), 30 days is replaced by 45 days.

b. Coverage Extensions d. **Property Off-Premises**, paragraph 3), the limit of \$10,000 is replaced by \$100,000.

7. Under Section A. Coverage, 5. Coverage Extensions, paragraph b. Personal Effects And Property Of Others in the BUILDING AND PERSONAL PROPERTY COVERAGE FORM or the CONDOMINIUM COMMERCIAL UNIT-OWNERS

COVERAGE FORM is 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, your partners or members, your managers or your "employees".
- 2) Personal property of others used in your business that is in your care, custody or control. Coverage under this extension does not apply to personal effects or property of others that is located within a private residential unit.

- 3) The most we will pay for loss or damage under this Coverage Extension is subject to a \$250,000 blanket limit specific to this endorsement. See Section B.10. for additional information on this limit.

Our payment for loss of or damage to personal effects or personal property of others will only be for the account of the owner of such effects or property.

HOWEVER, the most we will pay for loss or damage caused by theft is \$500 for the property of any one individual.

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

This coverage is excess over any other valid and collectible insurance.

8. Under Section A. Coverage, 5. Coverage Extensions, paragraph e. Outdoor Property is replaced by the following:

e. Outdoor Property

You may extend the insurance provided by this Coverage Form to apply to your:

- 1) Outdoor trees, shrubs, and plants (other than trees, shrubs, or plants which are "stock" or are part of a vegetated roof), for loss or damage caused by a Covered Cause of

Loss. HOWEVER, we will not pay for loss or damage resulting from the following causes of loss:

- a) Windstorm or Hail;
- b) Vehicles; or
- c) Disease.

The most we will pay for loss or damage, including debris removal expense, under this Extension is subject to a blanket limit specific to a \$250,000 blanket limit specific to this endorsement. See Section B.10 for additional information on this limit.

HOWEVER, we will not pay more than \$2,500 for any one tree, shrub, or plant.

Subject to all aforementioned terms and limitations of coverage, this

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

- 2) Outdoor Signs that are:

- a) on described premises and not attached to a covered Building; or
- b) away from described premises whether attached to a building or not,

for loss or damage caused by a Covered Cause of Loss. The most we will pay for loss or damage, including debris removal expense, under this Coverage Extension is subject to a \$250,000 blanket limit specific to this endorsement. See Section B.10. for additional information on this limit.

- 3) Outdoor fences, light poles, radio and television antennas (including satellite dishes) for loss or damage caused by a Covered Cause of Loss.

HOWEVER, we will not pay for loss or damage resulting from the following causes of loss:

- a) Windstorm or Hail;
- b) Rain, Sleet, or Snow; or
- c) Ice or Weight of Ice.

The most we will pay for loss or damage, including debris removal expenses, under this Extension is \$250,000 blanket limit specific to this endorsement. See Section B.10. for additional information on this limit.

9. Under Section A. Coverage, 5. Coverage Extensions the following Coverage Extensions are added:

a. Accounts Receivable

You may extend the insurance that applies to Covered Property to apply to your Accounts Receivable to cover:

- 1) All sums due you from customers, provided you are unable to effect collection;
- 2) Interest charges on any loan to offset impaired collections pending repayment of such sums made uncollectible by loss or damage;
- 3) Collection expenses in excess of normal collection costs made necessary because of loss or damage; or
- 4) Other reasonable expenses incurred by you in reestablishing records of accounts receivable, other than the cost to replace or restore electronic data or the information on valuable papers and records, following such loss or damage

which are the direct result of loss or damage by a Covered Cause of Loss to accounts receivable records.

This extension applies at each described location.

The most we will pay for loss or damage under this Coverage Extension is subject to a \$250,000

blanket limit specific to this endorsement. See Section 10. Blanket Limit, for additional information on this limit.

This coverage does not apply to loss if, at the time of loss or damage, there is other valid and collectible insurance except that this coverage shall, in such case, apply only as excess and in no event as contributing insurance, and then only after all other insurance has been exhausted. This Coverage Extension is subject to the deductible shown in the Commercial Property Declarations for the building.

b. Artificially Generated Electrical Current Damage

- 1) You may extend the insurance that applies to Your Business Personal Property to apply to loss or damage resulting from artificially generated electrical current, including electric arcing, that disturbs electrical devices, appliances or wires, but only to the following types of property:
 - a) facsimile machines;
 - b) copier machines;
 - c) telephone equipment; and
 - d) "equipment" that processes electronic data. Electronic data has the meaning set forth in paragraph A.2.n. of the BUILDING AND PERSONAL PROPERTY COVERAGE FORM or paragraph A.2.h. of the CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM.

HOWEVER, coverage under this Coverage Extension does not apply to loss or damage to electronic data, or the impairment of the ability to access or manipulate such data.

Under the CAUSES OF LOSS - SPECIAL FORM B. Exclusions, exclusion 2.a. does not apply to this Coverage Extension.

The most we will pay under this Coverage Extension is \$50,000 per occurrence.

This Coverage Extension is subject to the Business Personal Property deductible in the Commercial Property Declarations

c. Computers and Media

You may extend the insurance that applies to Your Business Personal Property to apply to direct physical loss or damage caused by a Covered Cause of Loss to computer "equipment" and replaceable "media" that you own, lease, rent, or for which you are otherwise legally responsible.

This Coverage Extension applies to property located on a premises designated in the Commercial Property Declarations. However, we will not pay for loss or damage caused by or resulting from interruption of power supply, power surge, blackout or brownout.

We will not pay for loss, damage, or expense including actual loss of

business income and necessary extra expense in any one occurrence until the amount of loss or damage exceeds the \$500 Deductible. We will then pay the amount of loss or damage in excess of that \$500 Deductible, up to the applicable Limit of Insurance.

The most we will pay for loss, damage, or expense including actual loss of business income and necessary extra expense under this Coverage Extension is subject to a \$250,000 blanket limit specific to this endorsement. See Section B. 10 Blanket Limit for additional information on this limit.

d. Computers and Media – Laptop and Off-Premises Coverage

You may extend the insurance that applies to Your Business Personal Property to apply to direct physical loss or damage caused by a Covered Cause of Loss to computer "equipment" including laptops and replaceable "media" that you own in the course of transit or temporarily at a location you do not own, lease or operate.

However, we will not pay for loss or damage caused by or resulting from interruption of power supply, power surge, blackout or brownout.

We will not pay for loss, damage, or expense including actual loss of business

income and necessary extra expense in any one occurrence until the amount of loss or damage exceeds the \$500 Deductible. We will then pay the amount of loss or damage in excess of that \$500 Deductible, up to the applicable Limit of Insurance,

The most we will pay for loss or damage under this Coverage Extension is \$10,000.

e. Employee Dishonesty

1) You may extend the insurance provided by this Coverage Form to apply to:

a) Your Business Personal Property, and "money" and "securities".

b) The legal obligation you have because of the theft or unauthorized use of your business credit, debit or charge cards issued to you or registered in your name or the name of your business.

c) Loss resulting from "fraudulent instruction" directing a financial institution to transfer, pay or deliver "money" or "securities" from your "transfer account"; or

d) Loss directly related to the use of any computer to fraudulently cause a transfer of covered property from inside the described premises to a person (other than a messenger) or place outside those premises.

2) The loss or damage to such property must result from dishonest acts committed by any of your "employees" acting alone or in collusion with other persons (except you or your partner) with the manifest intent to:

- a) Cause you to sustain a loss or damage; and also
- b) Obtain financial benefit (other than salaries, commissions, fees, bonuses, promotions, awards, profit sharing, pensions or other "employee" benefits earned in the normal course of employment) for:
 - (1) Any "employee"; or
 - (2) Any other person or organization intended by the "employee" to receive that benefit.
- 3) We will not pay for loss or damage:
 - a) Resulting from any dishonest or criminal act that you or any of your partners commit whether acting alone or in collusion with other persons; or
 - b) The only proof of which as to its existence or amount is:
 - (1) An inventory computation; or
 - (2) A profit and loss computation.
- 4) We will pay only for loss or damage you sustain through acts committed or events occurring during the Policy Period. Regardless of the number of years this policy remains in force or the number of premiums paid, no Limit of Insurance cumulates from year to year or period to period.
- 5) This coverage does not apply to any "employee" immediately upon discovery by you or any of your partners, officers or directors, not in collusion with the "employee", of any dishonest act committed by that "employee" before or after being hired by you.
- 6) We will pay only for covered loss or damage discovered not later than one year from the end of the Policy Period.
- 7) If you (or any predecessor in interest) sustained loss or damage

during the period of any prior insurance that you could have recovered under that insurance except that the time within which to discover loss or damage has expired, we will pay for it under this Coverage Extension provided:

- a) This Coverage Extension became effective at the time of cancellation or termination of the prior insurance; and
- b) The loss or damage would have been covered by this Coverage Extension had it been in effect when the acts or events causing the loss or damage were committed or occurred.
- 8) The insurance under the preceding paragraph is part of, not in addition to, the Limit of Insurance applying to this Coverage Extension and is limited to the lesser of the amount recoverable under:
 - a) This Coverage Extension as of its effective date; or
 - b) The prior insurance had it remained in effect.
- 9) All loss or damage is considered one occurrence if it:
 - a) Is caused by one or more persons; or
 - b) Involves a single act or series of related acts.
- 10) The most we will pay under this Coverage Extension is \$100,000 per occurrence.
- f. Foundations and Underground Pipes**
You may extend the insurance that applies to Your Building to apply to loss or damage to:
 - 1) Foundations of buildings, structures, machinery or boilers if their foundations are below:
 - a) The lowest basement floor; or
 - b) The surface on the ground, if there is no basement;
 - 2) Underground pipes, flues, and drains and;

- 3) The cost of excavating, grading, back-filling or filling.

Payments under this Coverage Extension will not increase the Building applicable Limit of Insurance.

The most we will pay for loss under this Coverage Extension is subject to the Applicable Limit of Insurance for the Building.

This Coverage Extension is subject to the deductible shown in the Commercial Property Declarations for the Building.

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

g. Money and Securities

- 1) You may extend the insurance that applies to Your Business Personal Property to apply to "money" and "securities" used in your business while at a bank or savings institution, within your living quarters or the living quarters of your partners or any "employee" having use and custody of the property, at the described premises, or in transit between any of these places.

The loss or damage to "money" and "securities" must result directly from:

- a) Theft, meaning any act of stealing;
 - b) Disappearance; or
 - c) Destruction.
- 2) In addition to the Limitations and Exclusions applicable, we will not pay for loss:
- a) Resulting from accounting or arithmetical errors or omissions;
 - b) Due to the giving or surrendering of property in any exchange or purchase; or
 - c) Of property contained in any money-oriented device unless the amount of "money" deposited in it is recorded by a continuous recording instrument in the device.

- d) From an unattended motor vehicle.

- e) That is covered under the Unauthorized Business Card Use or Computer Fraud And Funds Transfer Fraud Additional Coverages.

HOWEVER, in the CAUSE OF LOSS - SPECIAL FORM, the Limitation C.1.e. does not apply to this Coverage Extension.

- 3) You must keep records of all "money" and "securities" so we can verify the amount of any loss or damage.
- 4) In the event of loss or damage we will determine the value as follows:
- a) "Money" at its face value; and
 - b) "Securities" at their value at the close of business on the day the loss is discovered.
- 5) All loss:
- a) Caused by one or more persons; or
 - b) Involving a single act or series of related acts;
- is considered one occurrence.
- 6) The most we will pay under this Money and Securities Additional Coverage for loss in any one occurrence is:
- a) **Inside the Premises**, \$25,000 for "money" and "securities" while:
 - (1) In or on the described premises; or
 - (2) Within a bank or savings institution;
 unless a higher Limit of Insurance for "money" and "securities" inside the premises is shown in the Declarations; and
 - b) **Outside the Premises** (Limited – loss from an unattended motor vehicle is excluded), \$25,000 for "money" and "securities" while anywhere else, unless a higher Limit of

Insurance for "money" and "securities" outside the premises is shown in the Declarations.

- 7) This Coverage Extension is subject to the Business Personal Property deductible in the Commercial Property Declarations.

h. Pairs Or Sets Coverage

You may extend the insurance that applies to Your Business Personal Property to direct loss or damage to an item that is part of a pair or set. If one item in a pair or set is broken and cannot be replaced, we will replace the entire set.

The value of a lost or damaged article which is part of a pair or set is based on a reasonable proportion of the value of the entire pair or set. The loss is not considered a total loss of the pair or set.

Pairs or sets of articles are covered for either the:

- 1) Cost to repair or replace any part to restore the pair or set to its original value; or
- 2) Difference between the Actual Cash Value of the property before and

after the loss. However, for jewelry and fine arts, when there is a loss to a pair or set, the scheduled amount will be paid for the pair or set if the insured surrenders the remaining of the pair or set to the insurance company.

This Coverage Extension is subject to the Business Personal Property deductible in Commercial Property Declarations.

The most we will pay for loss or damage to pairs or sets under this

Coverage Extension is subject to a \$250,000 blanket limit specific to this endorsement. See Section B.10. for additional information on this limit.

i. Property While Airborne or Waterborne

You may extend the insurance that applies to Your Business Personal

Property to apply to your property while it is airborne or waterborne, including loading and unloading, on or away from described premises. Coverage under this extension is provided only while the covered property is in the United States of America, its territories and possessions, Canada and Puerto Rico. We do not cover airborne or waterborne property when it has been placed in the care, custody or control of a common or contract carrier.

Paragraph A.2.i in the BUILDING AND PERSONAL PROPERTY COVERAGE FORM., Property not Covered does not apply to coverage provided by this Coverage Extension.

j. Salespersons Samples

You may extend the insurance that applies to Your Business Personal Property to apply to salespersons samples while away from described premises.

The most we will pay under this Extension is \$25,000 per occurrence.

This Coverage Extension is subject to the Business Personal Property deductible in the Commercial Property Declarations.

k. Tenant's Building Glass Liability

If you are a tenant and no Limit of Insurance is shown in the Declarations for Building coverage you may extend the insurance provided for Your Business Personal Property to cover direct physical loss of or damage to building glass that is part of the exterior or interior walls, floors or ceilings of the building or structure occupied by you at the premises shown in the declarations.

We will also pay for necessary:

- 1) Expenses incurred to put up temporary plates or board up openings;
- 2) Repair or replacement of encasing frames; and
- 3) Expenses incurred to remove or replace obstructions.

This extension only applies to glass owned by you or glass owned by

others in your care, custody or control and for which you are legally, or have contractually agreed to be, responsible. Our payment for glass owned by others will only be for the account of the owner of the glass.

Payments under this Extension will not increase the applicable Limit of Insurance for Your Business Personal Property.

We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds the \$500 deductible. We will then pay the amount of loss or damage in excess of that \$500 Deductible, up to the applicable Limit of Insurance.

I. Valuable Papers and Records including Cost of Research

You may extend the insurance that applies to Your Business Personal Property to apply to your costs of research, replace or restore the lost information on lost or damaged valuable papers and records that you own or that are in your care, custody or control caused by a Covered Cause of Loss.

This Coverage Extension includes your costs to research lost information but

this Extension does not apply to valuable papers and records which exist as electronic data. When duplicates exist, we will determine the value of Valuable Papers and Records, excluding those which exist on electronic or magnetic "media" (other than prepackaged software programs) at the cost of:

- 1) Blank materials for reproducing the records; and
- 2) Labor to transcribe or copy the records.

We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds the \$500 Deductible. We will then pay the amount of loss or damage in excess of that \$500 Deductible, up to the applicable Limit of Insurance,

The most we will pay for loss or damage under this Coverage Extension is subject to a \$250,000 blanket limit specific to this endorsement. See Section B. 10. Blanket Limit, for additional information on this limit.

m. Your Business Personal Property Limit-Seasonal Increase

- 1) The Limit of Insurance for Your Business Personal Property will automatically increase by 25 percent to provide for seasonal variations.
- 2) This increase will apply only if the Limit of Insurance shown for Your Business Personal Property in the Declarations is at least 100 percent of your average monthly values during the lesser of:
 - a) The 12 month period immediately preceding the date the loss or damage occurs; or
 - b) The period of time you have been in the business as of the date the loss or damage occurs

The most we will pay under this extension is \$250,000 in any one occurrence.

This Coverage Extension is subject to the Business Personal Property deductible in the Commercial Property Declarations

10. **Blanket Limit** - The most we will pay for loss or damage under all the following coverages is \$250,000 in an annual policy period. This limit is Blanket Insurance and applies to the sum of all claims for loss or damage under these coverages.

This blanket limit applies to the following coverages in this endorsement:

- a. Additional Coverage **Debris Removal** coverage per Section B. 2. a. in this endorsement.
- b. Additional Coverage **Fine Arts** coverage per Section B. 4. I. in this endorsement.
- c. Coverage Extension **Personal Effects And Property of Others** coverage per Section B. 7. b. in this endorsement.

- d. Coverage Extension **Accounts Receivable** coverage per Section B. 9. a. in this endorsement.
 - e. Coverage Extension **Outdoor Property** coverage per Section B. 8. e. in this endorsement.
 - f. Coverage Extension **Valuable Papers and Records including Cost or Research** coverage per B. 9. l. in this endorsement.
 - g. Coverage Extension **Computers and Media** coverage per Section B. 9. c. in this endorsement.
 - h. Coverage Extension **Pairs Or Sets Coverage** per Section B. 9. h. in this endorsement.
11. Under Section C. Limits of Insurance, the following amendments are made:
- a. The Limits of Insurance for each coverage included in this endorsement apply to Each Occurrence at Each Location shown in the Declarations, unless otherwise specified.
 - b. The limits applicable to the Appurtenant Structures, Arson Reward for Conviction, Brands and Labels, Business Income and Extra Expense from Dependent Properties, Business Income and Extra Expense from Newly Acquired Properties, Claim Data Expense, including Inventories and Appraisals, Computer Fraud And Funds Transfer Fraud, Contract Penalty Coverage, Credit Card Invoices Coverage, Damaged Master Key/Key Card/Alternative Locking System Coverage, Discharge from Sewer, Drain or Sump (Not Flood-Related), Fine Arts Coverage, Fire and Security Alarm System Upgrade, Fire Extinguisher Recharge, Forgery Or Alteration, Ingress Or Egress Coverage, Limited Business Income, Limited Extra Expense, Spoilage Of Perishable Goods, Unauthorized Business Card Use, Utility Services – Direct Damage, Utility Services – Time Element are Additional Coverages and are in addition to the Limits of Insurance unless stated otherwise.

- c. The second paragraph, relating to outdoor signs attached to buildings, is deleted.

12. Under Section D. Deductible, a deductible does not apply to the following Additional Coverages:

- a. Arson Reward for Conviction;
- b. Credit Card Invoices Coverage;
- c. Fire Extinguisher Recharge;
- d. Limited Business Income; and
- e. Limited Extra Expense

All other coverages provided under this endorsement are subject to a \$1,000 deductible unless otherwise specified.

Except as provided below, if two or more coverages of this policy apply to loss or damage arising out of one occurrence, we will pay for loss or damage that exceeds the largest single deductible of any coverage that applies to that loss or damage. We will not pay more than the actual loss or damage.

This provision does not apply to Causes Of Loss – Earthquake Form, its separate deductible will apply to loss or damage under that form.

This provision does not apply to loss or damage caused by Windstorm or Hail when a separate Windstorm or Hail, Named Storm or Hurricane deductible applies. That separate deductible will apply instead.

- C. In the CAUSES OF LOSS - SPECIAL FORM, under Section F. Additional Coverage Extensions, paragraph 1. Property in Transit is deleted and replaced by:

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 1,000 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) A Covered Cause of Loss.
- 2) Vehicle collision, upset or overturn. Collision means accidental contact of your vehicle with another vehicle or object. It does not mean your vehicle's contact with the road bed.
- 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 forced entry.
- 4) "Flood".
- 5) Collapse of bridges, culverts, docks, or wharves.
- 6) Earthquake.
- c. The most we will pay in any one occurrence for loss or damage under this Extension is \$50,000.
- d. We will also cover your Business Personal Property while it is in transit under this Additional Coverage Extension that is shipped:
 - 1) By any common carrier,
 - 2) Free on Board (FOB) if you cannot collect the loss from the consignee. However, we will pay only the amount of your interest in the property shipped on this basis.

The most we will pay for all loss or damage to Business Personal Property shipped by common carrier or on a FOB basis is \$20,000 in any one occurrence.

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

D. Definitions

1. "Business Income" means the:

- a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred; but not including any Net Income that would likely have been earned as a result of an increase in the volume of business conditions caused by the impact of the Covered Cause of

Loss on customers or on other businesses; and

- b. Continuing normal operating expenses incurred; including payroll.

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

2. "Dependent Property" means property operated by others you depend on to:

- a. Deliver materials or services to you, or to others for your account (Contributing Locations). But any property which delivers any of the following services is not a Contributing Location with respect to such services: Water Supply Services, Power Supply Services, or Communication Supply Services, including services relating to internet access or access to any electronic network.
- b. Accept your products or services (Recipient Locations);
- c. Manufacture products for delivery to your customers under contract of sale (Manufacturing Locations); or
- d. Attract customers to your business (Leader Locations)

3. "Employee" means any natural person:

- a. "you" have the right to direct and control while performing services, whom "you" compensate directly by salary, wages, or commissions; or
- b. employed by an employment contractor while that person is subject to "your" direction and control and performing services for "you"; however such a person is not an "employee" while such a person has care and custody of property outside a described building; or
- c. who is a trustee, an officer, an "employee", an administrator, or a manager who is an independent contractor, of any employee benefit plan; or
- d. who is "your" director or trustee while that person is handling funds or other property of any employee benefit plan.

Any person who is an "employee", as described in a. through d. above, is an

"employee" for 30 days after termination of service.

"Employee" does not mean any agent, broker, contractor, commission merchant, consignee, independent contractor, or representative of the same general character; or any director or trustee, except while performing acts falling within the scope of the usual duties of an "employee" or while performing duties in the management of any employee benefit plan.

4. "Equipment" means a network of machine components that accepts information, processes it according to a plan and produces a desired result. This includes programmable electronic devices that can

store, retrieve, and process data and associated peripheral devices that provide communication, including input and output functions such as printing, or auxiliary functions such as data transmission.

5. "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.
6. "Flood" meaning a general and temporary condition of partial or complete inundation of normally dry land areas due to:
 - a. Overflow of inland or tidal waters, waves, tidal waves or tsunamis, or spray resulting from any of these, all whether driven by wind or not, including but not limited to inundation due to storm surge;
 - b. Unusual and rapid accumulation or runoff of surface waters due to rain, ice, sleet, snow or other weather conditions;
 - c. Mudslides or mudflows if caused by flooding as defined in b. above or by the flow of water exceeding its anticipated or expected cyclical levels;
 - d. Water under the ground surface pressing on, or flowing or seeping through:
 - 1) Foundations, walls, floors or paved surfaces;
 - 2) Basements, whether paved or not; or
 - 3) Doors, windows or other openings;

whether or not a., b., c. or d. above arise as the result of human or animal forces or by an act of nature; or

- e. Water or other material that backs up or overflows from any sewer, septic tank or drain if such back-up is caused by any of the conditions in a., b. or c. above regardless of the proximity of the back-up to such condition.
7. "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.
8. "Fraudulent instruction" means:
 - a. An electronic, telegraphic, cable, teletype, telefacsimile or telephone instruction which purports to have been transmitted by you, but which was in fact fraudulently transmitted by someone else without your knowledge or consent;
 - b. A written instruction (other than those described in the Forgery or Alterations Additional Coverage) issued by you, which was forged or altered by someone other than you without your knowledge or consent or which purports to have been issued by you, but was in fact fraudulently issued without your knowledge or consent; or
 - c. An electronic, telegraphic, cable, teletype, telefacsimile, telephone or written instruction initially received by you which purports to have been transmitted by an "employee" but which was in fact fraudulently transmitted by someone else without your or the "employee's" knowledge or consent.
9. "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.
10. "Media" means the material on which data is recorded, such as magnetic tapes, disk packs, floppy disks, drums, paper tapes, cards, and programs. This includes the data stored on the "media".
11. "Money" means:

- a. Currency, coins and bank notes whether or not in current use and having a face value; and
- b. Travelers checks, register checks and money orders held for sale to the public.

12. "Operations" means:

- a. Your business activities occurring at the described premises; and
- b. The tenantability of the described premises.

13. "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 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:

- a. Regulates the construction, use or repair, or requires the tearing down of any property; or
- b. 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".

14. "Perishable Stock" means personal property:

- a. Maintained under controlled conditions for its preservation; and
- b. Susceptible to loss or damage if the controlled conditions change.

15. "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.

16. "Rental Value" means the:

- a. Total anticipated rental income from tenant occupancy of the premises described in the Declarations as furnished and equipped by you, and
- b. Amount of all charges which are the legal obligation of the tenant(s) and which would otherwise be your obligations, and
- c. Fair "rental value" of any portion of the described premises which is occupied by you.

17. "Securities" means negotiable and nonnegotiable 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) whether or not in current use; and
- b. Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you;

It does not include "money" or lottery tickets held for sale

18. "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.

19. "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.

20. "Transfer account" means an account maintained by you at a financial institution from which you can initiate the transfer, payment or delivery of "money" and "securities":

- a. By means of electronic, telegraphic, cable, teletype, telefacsimile or telephone instructions communicated

- directly through an electronic funds transfer system; or
- b. By means of written instructions establishing the conditions under which

such transfers are to be initiated by such financial institution through an electronic funds transfer system.

All terms and conditions of this policy apply unless modified by this endorsement.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SPECIAL DEDUCTIBLE ENDORSEMENT MANUFACTURING

This endorsement modifies insurance provided under the following:

EQUIPMENT BREAKDOWN COVERAGE (including Electronic Circuitry Impairment)
EQUIPMENT BREAKDOWN COVERAGE SCHEDULE

MANUFACTURING DEDUCTIBLES

With respect to an "accident" or "electronic circuitry impairment", the Deductible shown in the Declarations or the "schedule" is modified to the Deductible amount shown below:

	<u>Deductible</u>
Direct Damage	<p>The greater of: The dollar deductible shown in the Declarations; or The dollar deductible shown in the "schedule" for Direct Coverages; or \$2,500</p>
Indirect Damage	<p>The greater of: The multiple of ADV shown in the "schedule" for Indirect Coverages; or 1 times ADV</p>

All terms and conditions of this policy apply unless modified by this endorsement.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TENTATIVE RATE

The rates used in the development of the premium for the Commercial Property Coverage Part are tentative. We will adjust the premium effective from the inception date of this Coverage Part once the rates are promulgated. If this is a renewal of a policy previously issued by us, we will adjust the premium effective from the renewal date of this Coverage Part once the rates are promulgated.

COMMON POLICY CONDITIONS

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

A. Cancellation

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

B. Changes

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

C. Examination Of Your Books And Records

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

D. Inspections And Surveys

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

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

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

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

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

E. Premiums

The first Named Insured shown in the Declarations:

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

F. Transfer Of Your Rights And Duties Under This Policy

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

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

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CALIFORNIA CHANGES – ACTUAL CASH VALUE

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
 COMMERCIAL INLAND MARINE COVERAGE PART
 COMMERCIAL PROPERTY COVERAGE PART
 FARM COVERAGE PART
 STANDARD PROPERTY POLICY

With respect to an "open policy", the following are added to any provision which uses the term actual cash value:

- A.** In the event of a total loss to a building or structure, actual cash value is calculated as the lesser of the following:
 - 1. The Limit of Insurance applicable to that building or structure; or
 - 2. The fair market value of the building or structure.
- B.** In the event of a partial loss to a building or structure, actual cash value is calculated as the lesser of the following:
 - 1. The amount it would cost to repair, rebuild or replace the property less a fair and reasonable deduction for physical depreciation of the components of the building or structure that are normally subject to repair or replacement during its useful life. Physical depreciation is based upon the condition of the property at the time of the loss; or
 - 2. The Limit of Insurance applicable to the property.
- C.** In the event of a partial or total loss to Covered Property other than a building or structure, actual cash value is calculated as the lesser of the following:
 - 1. The amount it would cost to repair or replace the property less a fair and reasonable deduction for physical depreciation, based on the condition of the property at the time of loss; or
 - 2. The Limit of Insurance applicable to the property.
- D.** An "open policy" is a policy under which the value of Covered Property is not fixed at policy inception, but is determined at the time of loss in accordance with policy provisions on valuation. The term "open policy" does not apply to Covered Property that is subject to an Agreed Value clause or similar clause that establishes an agreed value prior to loss, unless such clause has expired.

All terms and conditions of this policy apply unless modified by this endorsement.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CALIFORNIA CHANGES

This endorsement modifies insurance provided under the following:

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
 STANDARD PROPERTY POLICY

- A.** When this endorsement is attached to the Standard Property Policy **CP 00 99** the term Coverage Part in this endorsement is replaced by the term Policy.
- B.** The **Concealment, Misrepresentation Or Fraud** Condition is replaced by the following with respect to loss ("loss") or damage caused by fire:
- We do not provide coverage to the insured ("insured") who, whether before or after a loss ("loss"), has committed fraud or intentionally concealed or misrepresented any material fact or circumstance concerning:
1. This Coverage Part;
 2. The Covered Property;
 3. That insured's ("insured's") interest in the Covered Property; or
 4. A claim under this Coverage Part or Coverage Form.
- C.** The **Concealment, Misrepresentation Or Fraud** Condition is replaced by the following with respect to loss ("loss") or damage caused by a Covered Cause of Loss other than fire:
- This Coverage Part is void if any insured ("insured"), whether before or after a loss ("loss"), has committed fraud or intentionally concealed or misrepresented any material fact or circumstance concerning:
1. This Coverage Part;
 2. The Covered Property;
 3. An insured's ("insured's") interest in the Covered Property; or
 4. A claim under this Coverage Part or Coverage Form.
- D.** Except as provided in **E.**, the **Appraisal** Condition is replaced by the following:
- If we and you disagree on the value of the property or the amount of loss ("loss"), either may make written request for an appraisal of the loss ("loss"). If the request is accepted, each party will select a competent and impartial appraiser. Each party shall notify the other of the appraiser selected within 20 days of the request. The two appraisers will select an umpire. If they cannot agree within 15 days, 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 ("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.
- E.** The Appraisal Condition in:
1. Business Income (And Extra Expense) Coverage Form **CP 00 30**; and
 2. Business Income (Without Extra Expense) Coverage Form **CP 00 32**;

IL 01 04 09 07

is replaced by the following:

If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either may make written request for an appraisal of the loss. If the request is accepted, each party will select a competent and impartial appraiser. Each party shall notify the other of the appraiser selected within 20 days of the request. The two appraisers will select an umpire. If they cannot agree within 15 days, 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.

All terms and conditions of this policy apply unless modified by this endorsement.

© ISO Properties, Inc., 2006

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CALIFORNIA CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
 COMMERCIAL AUTOMOBILE COVERAGE PART
 COMMERCIAL GENERAL LIABILITY COVERAGE PART
 COMMERCIAL INLAND MARINE COVERAGE PART
 COMMERCIAL PROPERTY COVERAGE PART
 CRIME AND FIDELITY COVERAGE PART
 EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
 EQUIPMENT BREAKDOWN COVERAGE PART
 FARM COVERAGE PART
 LIQUOR LIABILITY COVERAGE PART
 MEDICAL PROFESSIONAL LIABILITY COVERAGE PART
 POLLUTION LIABILITY COVERAGE PART
 PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

A. Paragraphs 2., 3. and 5. of the Cancellation Common Policy Condition are replaced by the following:

2. All Policies In Effect For 60 Days Or Less

If this policy has been in effect for 60 days or less, and is not a renewal of a policy we have previously issued, we may cancel this policy by mailing or delivering to the first Named Insured, at the mailing address shown in the policy, and to the producer of record, advance written notice of cancellation, stating the reason for cancellation, at least:

a. 10 days before the effective date of cancellation if we cancel for:

- (1)** Nonpayment of premium; or
- (2)** Discovery of fraud by:
 - (a)** Any insured or his or her representative in obtaining this insurance; or
 - (b)** You or your representative in pursuing a claim under this policy.

b. 30 days before the effective date of cancellation if we cancel for any other reason.

3. All Policies In Effect For More Than 60 Days

a. If this policy has been in effect for more than 60 days, or is a renewal of a policy we issued, we may cancel this policy only upon the occurrence, after the effective date of the policy, of one or more of the following:

- (1)** Nonpayment of premium, including payment due on a prior policy we issued and due during the current policy term covering the same risks.
- (2)** Discovery of fraud or material misrepresentation by:
 - (a)** Any insured or his or her representative in obtaining this insurance; or
 - (b)** You or your representative in pursuing a claim under this policy.
- (3)** A judgment by a court or an administrative tribunal that you have violated a California or Federal law, having as one of its necessary elements an act which materially increases any of the risks insured against.

- (4) Discovery of willful or grossly negligent acts or omissions, or of any violations of state laws or regulations establishing safety standards, by you or your representative, which materially increase any of the risks insured against.
 - (5) Failure by you or your representative to implement reasonable loss control requirements, agreed to by you as a condition of policy issuance, or which were conditions precedent to our use of a particular rate or rating plan, if that failure materially increases any of the risks insured against.
 - (6) A determination by the Commissioner of Insurance that the:
 - (a) Loss of, or changes in, our reinsurance covering all or part of the risk would threaten our financial integrity or solvency; or
 - (b) Continuation of the policy coverage would:
 - (i) Place us in violation of California law or the laws of the state where we are domiciled; or
 - (ii) Threaten our solvency.
 - (7) A change by you or your representative in the activities or property of the commercial or industrial enterprise, which results in a materially added, increased or changed risk, unless the added, increased or changed risk is included in the policy.
 - b. We will mail or deliver advance written notice of cancellation, stating the reason for cancellation, to the first Named Insured, at the mailing address shown in the policy, and to the producer of record, at least:
 - (1) 10 days before the effective date of cancellation if we cancel for nonpayment of premium or discovery of fraud; or
 - (2) 30 days before the effective date of cancellation if we cancel for any other reason listed in Paragraph 3.a.
 - 5. If this policy is cancelled, we will send the first Named Insured any premium refund due. The refund, if any, will be computed on a pro rata basis. However, the refund may be less than pro rata if we made a loan to you for the purpose of payment of premiums for this policy.
- The cancellation will be effective even if we have not made or offered a refund.

- B. The following provision is added to the **Cancellation** Common Policy Condition:

7. Residential Property

This provision applies to coverage on real property which is used predominantly for residential purposes and consisting of not more than four dwelling units, and to coverage on tenants' household personal property in a residential unit, if such coverage is written under one of the following:

Commercial Property Coverage Part

Farm Coverage Part – Farm Property – Farm Dwellings, Appurtenant Structures And Household Personal Property Coverage Form

- a. If such coverage has been in effect for 60 days or less, and is not a renewal of coverage we previously issued, we may cancel this coverage for any reason, except as provided in b. and c. below.
- b. We may not cancel this policy solely because the first Named Insured has:
 - (1) Accepted an offer of earthquake coverage; or
 - (2) Cancelled or did not renew a policy issued by the California Earthquake Authority (CEA) that included an earthquake policy premium surcharge.

However, we shall cancel this policy if the first Named Insured has accepted a new or renewal policy issued by the CEA that includes an earthquake policy premium surcharge but fails to pay the earthquake policy premium surcharge authorized by the CEA.

- c. We may not cancel such coverage solely because corrosive soil conditions exist on the premises. This restriction (c.) applies only if coverage is subject to one of the following, which exclude loss or damage caused by or resulting from corrosive soil conditions:
 - (1) Commercial Property Coverage Part – Causes Of Loss – Special Form; or
 - (2) Farm Coverage Part – Causes Of Loss Form – Farm Property, Paragraph D. Covered Causes Of Loss – Special.

- C. The following is added and supersedes any provisions to the contrary:

Nonrenewal

1. Subject to the provisions of Paragraphs **C.2.** and **C.3.** below, if we elect not to renew this policy, we will mail or deliver written notice, stating the reason for nonrenewal, to the first Named Insured shown in the Declarations, and to the producer of record, at least 60 days, but not more than 120 days, before the expiration or anniversary date.

We will mail or deliver our notice to the first Named Insured, and to the producer of record, at the mailing address shown in the policy.

2. Residential Property

This provision applies to coverage on real property used predominantly for residential purposes and consisting of not more than four dwelling units, and to coverage on tenants' household property contained in a residential unit, if such coverage is written under one of the following:

Commercial Property Coverage Part

Farm Coverage Part – Farm Property – Farm Dwellings, Appurtenant Structures And Household Personal Property Coverage Form

- a. We may elect not to renew such coverage for any reason, except as provided in **b.**, **c.** and **d.** below.
- b. We will not refuse to renew such coverage solely because the first Named Insured has accepted an offer of earthquake coverage.

However, the following applies only to insurers who are associate participating insurers as established by Cal. Ins. Code Section 10089.16. We may elect not to renew such coverage after the first Named Insured has accepted an offer of earthquake coverage, if one or more of the following reasons applies:

- (1) The nonrenewal is based on sound underwriting principles that relate to the coverages provided by this policy and that are consistent with the approved rating plan and related documents filed with the Department of Insurance as required by existing law;

- (2) The Commissioner of Insurance finds that the exposure to potential losses will threaten our solvency or place us in a hazardous condition. A hazardous condition includes, but is not limited to, a condition in which we make claims payments for losses resulting from an earthquake that occurred within the preceding two years and that required a reduction in policyholder surplus of at least 25% for payment of those claims; or

- (3) We have:

- (a) Lost or experienced a substantial reduction in the availability or scope of reinsurance coverage; or
- (b) Experienced a substantial increase in the premium charged for reinsurance coverage of our residential property insurance policies; and

the Commissioner has approved a plan for the nonrenewals that is fair and equitable, and that is responsive to the changes in our reinsurance position.

- c. We will not refuse to renew such coverage solely because the first Named Insured has cancelled or did not renew a policy, issued by the California Earthquake Authority, that included an earthquake policy premium surcharge.
- d. We will not refuse to renew such coverage solely because corrosive soil conditions exist on the premises. This restriction (**d.**) applies only if coverage is subject to one of the following, which exclude loss or damage caused by or resulting from corrosive soil conditions:
 - (1) Commercial Property Coverage Part – Causes Of Loss – Special Form; or
 - (2) Farm Coverage Part – Causes Of Loss Form – Farm Property, Paragraph **D.** Covered Causes Of Loss – Special.
3. We are not required to send notice of nonrenewal in the following situations:
 - a. If the transfer or renewal of a policy, without any changes in terms, conditions or rates, is between us and a member of our insurance group.

IL 02 70 08 11

- b.** If the policy has been extended for 90 days or less, provided that notice has been given in accordance with Paragraph **C.1**.
- c.** If you have obtained replacement coverage, or if the first Named Insured has agreed, in writing, within 60 days of the termination of the policy, to obtain that coverage.
- d.** If the policy is for a period of no more than 60 days and you are notified at the time of issuance that it will not be renewed.
- e.** If the first Named Insured requests a change in the terms or conditions or risks covered by the policy within 60 days of the end of the policy period.
- f.** If we have made a written offer to the first Named Insured, in accordance with the timeframes shown in Paragraph **C.1**, to renew the policy under changed terms or conditions or at an increased premium rate, when the increase exceeds 25%.

All terms and conditions of this policy apply unless modified by this endorsement.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF CERTAIN COMPUTER-RELATED LOSSES

This endorsement modifies insurance provided under the following:

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

- A.** We will not pay for loss ("loss") or damage caused directly or indirectly by the following. Such loss ("loss") or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss ("loss") or damage.
- 1.** The failure, malfunction or inadequacy of:
 - a.** Any of the following, whether belonging to any insured or to others:
 - (1)** Computer hardware, including micro-processors;
 - (2)** Computer application software;
 - (3)** Computer operating systems and related software;
 - (4)** Computer networks;
 - (5)** Microprocessors (computer chips) not part of any computer system; or
 - (6)** Any other computerized or electronic equipment or components; or
 - b.** Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph **A.1.a.** of this endorsement;

due to the inability to correctly recognize, process, distinguish, interpret or accept one or more dates or times. An example is the inability of computer software to recognize the year 2000.
 - 2.** Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in Paragraph **A.1.** of this endorsement.
- B.** If an excluded Cause of Loss as described in Paragraph **A.** of this endorsement results:
- 1.** In a Covered Cause of Loss under the Crime and Fidelity Coverage Part, the Commercial Inland Marine Coverage Part or the Standard Property Policy; or
 - 2.** Under the Commercial Property Coverage Part:
 - a.** In a "Specified Cause of Loss", or in elevator collision resulting from mechanical breakdown, under the Causes of Loss – Special Form; or
 - b.** In a Covered Cause of Loss under the Causes Of Loss – Basic Form or the Causes Of Loss – Broad Form;

we will pay only for the loss ("loss") or damage caused by such "Specified Cause of Loss", elevator collision, or Covered Cause of Loss.
- C.** We will not pay for repair, replacement or modification of any items in Paragraphs **A.1.a.** and **A.1.b.** of this endorsement to correct any deficiencies or change any features.

All terms and conditions of this policy apply unless modified by this endorsement.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

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

A. Cap On Certified Terrorism Losses

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

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

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

B. Application Of Exclusions

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

All terms and conditions of this policy apply unless modified by this endorsement.

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
STANDARD PROPERTY POLICY

SCHEDULE

The Exception Covering Certain Fire Losses (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
Arizona, California, Georgia, Idaho, Illinois, Iowa, Missouri, North Carolina, North Dakota, Oregon, Virginia, Washington, West Virginia, Wisconsin	Commercial Property Coverage Part
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 "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. 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.

All terms and conditions of this policy apply unless modified by this endorsement.

CALIFORNIA INSURANCE GUARANTEE ASSOCIATION
IMPORTANT INFORMATION FOR CALIFORNIA POLICYHOLDERS

Companies writing property and casualty insurance business in California are required to participate in the California Insurance Guarantee Association. If a company becomes insolvent the California Insurance Guarantee Association settles unpaid claims and assesses each insurance company for its fair share.

California law requires all companies to surcharge policies to recover these assessments. If your policy is surcharged, "CA Surcharge" with an amount will be displayed on your premium notice.