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Attorneys for Plaintiffs

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

R&J ENTERTAINMENT LLC D/B/A TRAPPED
ESCAPE ROOM, a California limited liability
company, and TRAPPED! LLC, a Nevada limited
liability company, individually and on behalf of
themselves and all others similarly situated,

Plaintiffs,

vs.

HCC SPECIALTY INSURANCE COMPANY,
an Oklahoma Corporation, and HOUSTON
CASUALTY COMPANY, a Texas Corporation,

Defendants.

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Case No.

**CLASS ACTION COMPLAINT
DEMAND FOR JURY TRIAL**

1. Declaratory Judgment – Business
Income Coverage
2. Declaratory Judgment – Civil
Authority Coverage
3. Declaratory Judgment – Extra
Expense Coverage

1 Plaintiffs, R& J Entertainment LLC d/b/a Trapped Escape Room (“R&J”) and Trapped!
2 LLC (“Trapped!”) (together, “Trapped Escape Room” or “Plaintiff”), by and through their
3 undersigned attorneys, bring this action on behalf of themselves and all others similarly situated
4 against Defendants, HCC Specialty Insurance Company (“HCC Insurance”), and Houston
5 Casualty Company (“Houston Casualty”) (together, “Defendant”).

6 **INTRODUCTION**

7 1. This is a class action brought by Plaintiff Trapped Escape Room against
8 Defendant, related to insurance policies that insure Plaintiff’s properties, business operations,
9 and potential liability in connection with Plaintiff’s business operations. These insurance
10 policies include Business Income coverage, Extra Expense coverage, and coverage for loss due
11 to the actions of a Civil Authority, but do not contain any exclusions for viruses such as
12 COVID-19.

13 2. Plaintiff is a small business that purchased Defendant’s insurance policy and
14 made premium payments for a policy that, in the event of a catastrophe requiring a shutdown of
15 business operations, would require Defendant to honor its contractual obligation to provide
16 coverage. In March 2020, such a catastrophe took place when Plaintiff was forced to close its
17 retail businesses due to the COVID-19 pandemic. All across the country, including in California
18 and Nevada, government authorities issued closure orders to retail establishments, including the
19 business operated by Trapped Escape Room, in an effort to stop the rapid spread of the deadly
20 COVID-19 virus. Orders from Civil Authorities requiring businesses to close have resulted in
21 massive losses to businesses throughout the country. As a result, many insureds, including
22 Plaintiff, filed claims for Business Income coverage, Extra Expense coverage, and coverage for
23 losses due to the actions of a Civil Authority.

24 3. In response to the business interruption claims filed by Plaintiff and thousands of
25 other class members resulting from the COVID-19 pandemic, Defendant has systematically
26 denied and continues to deny and refuses to provide payment for insurance claims for coverage
27 for similar losses and expenses by insureds holding policies that are, in all material respects,
28 identical. Defendant’s decision to not provide coverage and/or its decision to refuse to pay

1 claims under the common policy forms issued to Plaintiff and the putative class members
2 constitutes a breach of contract and provides them with the right to seek a declaratory judgment
3 pursuant to 28 U.S.C. § 2201(a) on behalf of itself and the class members establishing that they
4 are entitled to receive the benefit of the insurance coverage it purchased and for indemnification
5 of the businesses losses it has sustained.

6 **PARTIES, JURISDICTION AND VENUE**

7 4. R&J is a limited liability company organized under California law with its
8 principal place of business located in Upland, California. R&J operates two “escape room”
9 game businesses in Upland, CA and San Dimas, CA.

10 5. Trapped! is a limited liability company organized under Nevada law with its
11 principal place of business located in Henderson, Nevada. Trapped! operates an “escape room”
12 game business in Las Vegas, Nevada.

13 6. Defendant HCC Insurance is an Oklahoma business corporation with its
14 principal place of business in Houston, Texas. HCC Insurance is an insurance company engaged
15 in the business of selling insurance contracts to commercial entities such as Plaintiff in
16 California and across the country. HCC Insurance is listed as an insurer for Plaintiff’s insurance
17 Policy with Defendant.

18 7. Defendant Houston Casualty is a Texas business corporation with its principal
19 place of business in Houston, Texas. Houston Casualty is an insurance company engaged in the
20 business of selling insurance contracts to commercial entities such as Plaintiff in California and
21 across the country. Houston Casualty is is listed as an insurer for Plaintiff’s insurance Policy
22 with Defendant

23 8. At all times material, Defendant engaged in substantial and not isolated activity
24 on a continuous and systematic basis in the state of California by issuing and selling insurance
25 policies in California and by contracting to insure property located in California.

26 9. This Court has subject matter jurisdiction over this action under 28 U.S.C. §
27 1332(a) because it involves citizens of different states and the amount in controversy exceeds
28 \$75,000.

10. This Court has subject matter jurisdiction under 28 U.S.C. § 1332(d) because there is diversity between Defendant and at least one member of each class; there are more than one hundred members of each class; and the amount in controversy exceeds \$5,000,000 exclusive of interest and costs. This Court also has subject matter jurisdiction under 28 U.S.C. §§ 2201 and 2202 and is authorized to grant declaratory relief under these statutes.

11. Venue is proper in the San Francisco Division of this District pursuant to 28 U.S.C. § 1391(b)(2) because a substantial part of the events and/or omissions giving rise to the claim occurred in this District and/or a substantial party of the property that is the subject of the action is situated in this District.

12. This Court has personal jurisdiction over Defendant because Plaintiff's claims arise out of, among other things, Defendant conducting, engaging in, and/or carrying on business in California; Defendant breaching a contract in this state by failing to perform acts required by contract to be performed in this state; and Defendant contracting to insure property in California. Defendant also purposefully availed themselves of the opportunity of conducting activities in the state of California by marketing its insurance policies and services within the state, and intentionally developing relationships with brokers, agents, and customers within the state to insure property within the state, all of which resulted in the policy at issue in this action.

FACTUAL BACKGROUND

A. Insurance Coverage

13. On December 30, 2019, Trapped Escape Room obtained the commercial property policy, with a policy period of November 1, 2019 to November 1, 2020, a property insurance policy issued and underwritten by the Defendant (the "Policy"). The insured premises under the policy are: (a) 4760 Polaris Avenue, Las Vegas, NV 89103; (b) 600 N Mountain Ave Suite B204 Upland CA 91786; and (c) 173 Village Ct Ste 105, San Dimas CA 91773. A copy of the Policy is attached as Exhibit A.

14. The Policy is part of a Master Policy written on behalf of all members of the Association for Room Escapes of North America ("ARENA") who elect to purchase coverage through ARENA. The unique certificate number for Plaintiff's specific Policy is S187007423056.

1 15. The Policy uses standard common forms that contain the same and/or
2 substantially similar provisions at issue in this action as those issued by Defendant to the
3 members of the putative class as defined herein.

4 16. The Policy is an all-risk insurance policy. In an all-risk insurance policy, all risks
5 of loss are covered unless they are specifically excluded.

6 17. In accordance with the all-risk nature of the Policy, Defendant agreed to pay for
7 all losses caused by a “Covered Cause of Loss.”

8 18. The Policy provides “Business Income” coverage, pursuant to which Defendant
9 will pay certain amounts “for the actual loss of Business Income you sustain due to the
10 necessary ‘suspension’ of your ‘operations’ during the ‘period of restoration.’ The ‘suspension’
11 must be caused by direct physical loss of or damage to property at the described premises.”

12 19. The Policy also provided to “Extended Business Income” under certain
13 circumstances when there is a loss of Business Income.

14 20. The Policy also provides “Extra Expense” coverage, which “means reasonable
15 and necessary expenses you incur during the ‘period of restoration’ that you would not have
16 incurred if there had been no direct physical loss of or damage to property caused by or
17 resulting from a Covered Cause of Loss.”

18 21. Defendant agreed to pay Extra Expense (other than the expense to repair or
19 replace property) to (1) Avoid or minimize the “suspension” of business and to continue
20 “operations” at the described premises or at replacement premises or temporary locations,
21 including relocation expenses and costs to equip and operate the replacement premises or
22 temporary locations; or (2) Minimize the “suspension” of business if you cannot continue
23 “operations.”

24 22. The terms of the Policy also provide the insured with insurance coverage for
25 Business Income, along with any necessary extra expenses incurred, when access to the
26 Insured’s properties is specifically prohibited by Civil Authority Orders. This additional
27 coverage is identified as coverage under “Civil Authority” and states in part as follows:
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1 We will pay for the actual loss of Business Income you sustain and necessary Extra
2 Expense caused by action of civil authority that prohibits access to the described
3 premises due to direct physical loss of or damage to property, other than at the described
premises, caused by or resulting from any Covered Cause of Loss.

4 The coverage for will apply for a period of up to three consecutive weeks after coverage
5 begins.

6 23. The Civil Authority coverage is an independent basis for business interruption
7 coverage that can be triggered even when the standard business interruption coverage is not.

8 24. Defendant's standardized language in the Policy regarding coverage for loss of
9 Business Income coverage, Extra Expenses coverage, and coverage for loss due to the actions of
10 a Civil Authority is present in every policy issued by Defendant to Plaintiff and the putative
11 class members that provides coverage for Business Income, Extra Expenses, and coverage for
12 loss due to the actions of a Civil Authority.

13 25. The Policy utilizes, in part, policy forms and language published by the
14 Insurance Services Office, Inc. ("ISO"), which publishes policy forms for use by the insurance
15 industry—as evidenced by the ISO copyright designation at the bottom of some pages of the
16 Policy.

17 26. Despite the fact that, prior to the effective date of the Policy, ISO published and
18 made available for use a standard virus exclusion form, Defendant chose *not* to include the ISO
19 standard virus exclusion form in the Policy. Indeed, the word "virus" does not appear in the
20 Policy.

21 27. The Policy does not contain any exclusion which would apply to allow
22 Defendant to completely deny coverage for losses caused by COVID-19 and related actions of
23 civil authorities taken in response to COVID-19.

24 28. Because the Policy is an all-risk policy and does not exclude Plaintiff's losses,
25 Plaintiff's losses are covered up to the applicable limits of insurance.

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B. *The COVID-19 Pandemic*

29. COVID-19 is a novel coronavirus that originated in Wuhan, China at the end of 2019 and rapidly spread around the world, infecting millions of people, including over 2.15 million Americans. Over 118,000 Americans have died due to COVID-19.

30. COVID-19 is a physical substance that can cause lethal illness. COVID-19 can be present outside the body in viral fluid particles. COVID-19 is highly contagious and easily communicable through droplets in the air and on surfaces.

31. The scientific community, and those personally affected by the virus, recognize COVID-19 as a cause of real physical loss and damage. Contamination of the Insured Property would be a direct physical loss requiring remediation to clean the surfaces within the Insured Property.

32. COVID-19 remains capable of being transmitted on a variety of inert physical surfaces for various periods of time. For example, reports issued by the National Institute of Health (“NIH”) indicates that COVID-19 remains stable and transmittable in airborne aerosols for up to three hours, on copper for up to four hours, on cardboard for up to 24 hours, and on plastic and stainless steel for up to two to three days. Moreover, the COVID-19 pandemic has been exacerbated by the fact that the virus physically infects and stays on surfaces of some objects or materials for up to 28 days.

33. The Center for Disease Control (“CDC”) has issued guidance recommending people not to gather in groups larger than 10. Pursuant to CDC guidelines, people face increased danger of contracting COVID-19 in places where people congregate and are in close proximity to one another, and especially in indoor environments.

34. COVID-19 has been transmitted in a variety of ways, including transmission (a) by way of human contact with surfaces and items of physical property; (b) by human to human contact and interaction, including places like bars and restaurants, retail stores, and hair and beauty salons, and the like; and (c) through airborne particles emitted into the air and even recirculated through air conditioning units.

1 35. The presence of COVID-19 particles renders physical property unsafe and
2 impairs its value, usefulness, and/or normal function, causing direct physical harm to property
3 and resulting in direct physical loss and physical damage to property.

4 36. The presence of COVID-19 particles and/or the presence of persons infected
5 with COVID-19 or carrying COVID-19 particles at premises renders the premises unsafe,
6 thereby impairing the premises' value, usefulness, and/or normal function, and resulting in
7 direct physical loss to and of the premises and property.

8 ***C. The Covered Cause of Loss***

9 37. The presence of COVID-19 has caused civil authorities throughout the country to
10 issue order requiring the suspension of business at a wide range of establishments, including
11 civil authorities with jurisdiction over Plaintiff's business (the "Closure Orders").

12 38. As of the date this complaint is filed, California had over 471,000 confirmed
13 COVID-19 cases, and over 8,633 deaths, while Nevada had over 44,982 cases and over 760
14 deaths.

15 39. In response to the public health emergency caused by the COVID-19 pandemic,
16 civil authorities across the United States, including the civil authorities with jurisdiction over
17 Plaintiff in California, have issued Closure Order restricting and prohibiting access to Plaintiff's
18 insured property and the insured properties of other putative class members.

19 40. On March 4, 2020, Governor Newsom of the State of California proclaimed the
20 existence of a disaster emergency in the State of California due to the COVID-19 pandemic.

21 41. Notably, on March 19, 2020, California Governor Newsom issued Executive
22 Order N033-20 which ordered all individual living in the State of California to stay at home or
23 at their place of residence, except as needed to maintain continuity of operations of the federal
24 critical infrastructure sectors as defined in the Order.

25 42. Nevada Governor Sisolak declared a state of emergency due to COVID-19 on
26 March 12, 2020.

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1 43. On March 31, 2020, Governor Sisolak issued Emergency Directive 010 Stay at
2 Home Order. With limited exceptions, all Nevadans were ordered to stay at home in their
3 residences.

4 44. Governor Newsom's and Governor Sisolak's "Stay At Home" orders, like other
5 similar orders entered by Civil Authorities across the United States, were partially entered to
6 stop physical damage and physical loss of property caused by COVID-19's presence.

7 45. State courts such as the Pennsylvania Supreme Court have already entered
8 rulings adopting Plaintiff's position that physical loss and damage exists resulting in coverage
9 here. *See Friends of DeVito, et. al v. Wolf*, No. 68 MM 2020 (Pa. April 13, 2020). Furthermore,
10 orders issued in states such as New York, Colorado, Washington, Indiana, New Mexico, North
11 Carolina, Missouri, and Illinois have all recognized that COVID-19 poses a specific threat to
12 property and can cause property loss and damage.

13 46. Furthermore, in the City of Los Angeles, the Mayor issued a Public Order on
14 March 19, 2020 ordering people to stay at home and explaining that the "Order is given
15 because, among other reasons, the COVID-19 virus can spread easily from person to person *and*
16 *it is physically causing property loss or damage due to its tendency to attach to surfaces for*
17 *prolonged periods of time.*"

18 47. The Closure Orders issued by California authorities covering California non-
19 essential businesses (such as Plaintiff's) are similar to Closure Orders that have been issued
20 nationwide by state and local civil authorities.

21 48. The presence of COVID-19 caused direct physical loss of and/or damage to the
22 Insured Property under the Policy by, among other things, damaging the property, denying
23 access to the property, preventing customers and patients from physically occupying the
24 property, causing the property to be physically uninhabitable by customers and patients, causing
25 its function to be nearly eliminated or destroyed, and/or causing a suspension of business
26 operations on the premises.

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49. The Closure Orders of civil authorities prohibited access to Plaintiff and other class members' Insured Properties, and the areas immediately surrounding the Insured Properties, in response to dangerous physical conditions resulting from a covered cause of loss.

50. As a result of the presence of COVID-19 and the Closure Orders, Plaintiff and other class members sustained a suspension of business operations, sustained losses of business income, and incurred extra expenses.

51. Plaintiff's losses and expenses have continued through the date of filing this action.

52. Plaintiff's losses and expenses are not excluded from coverage under the Policy. Because the Policy is an all-risk policy and Plaintiff has complied with its contractual obligations, Plaintiff is entitled to payment for these losses and expenses.

53. Consistent with the terms and procedures of the Policy, Plaintiff submitted a claim for loss to Defendant under the Policy due to the presence of COVID-19 and the shutdown Civil Authority orders.

54. In violation of the Policy's plain language and its own contractual obligations, Defendant denied Plaintiff's claim and refuses to pay for Plaintiff's losses and expenses.

CLASS ACTION ALLEGATIONS

55. Plaintiff brings this action pursuant to Rules 23(a), 23(b)(1), 23(b)(2), 23(b)(3), and 23(c)(4) of the Federal Rules of Civil Procedure, individually and on behalf of all others similarly situated. This action satisfies the numerosity, commonality, typicality, adequacy, predominance, and superiority requirements of those provisions.

56. Plaintiff seeks to represent nationwide classes defined as:

- a. All persons and entities with Business Income coverage under a property insurance policy issued by Defendant that suffered a suspension of business due to COVID-19 at the premises covered by the business income coverage (the "Business Income Declaratory Judgment Class").

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b. All persons and entities with Civil Authority coverage under a property insurance policy issued by Defendant that suffered loss of Business Income and/or Extra Expense caused by a Closure Order (the “Civil Authority Declaratory Judgment Class”).

c. All persons and entities with Extra Expense coverage under a property insurance policy issued by Defendant that sought to minimize the suspension of business in connection with COVID-19 at the premises covered by their HCC property insurance policy (the “Extra Expense Declaratory Judgment Class”).

57. Excluded from each defined Class is Defendant and any of its members, affiliates, parents, subsidiaries, officers, directors, employees, successors, or assigns; governmental entities; and the Court staff assigned to this case and their immediate family members. Plaintiff reserves the right to modify or amend each of the Class definitions, as appropriate, during the course of this litigation.

58. This action has been brought and may properly be maintained on behalf of each Class proposed herein under the criteria of Rule 23 of the Federal Rules of Civil Procedure.

59. **Numerosity—Federal Rule of Civil Procedure 23(a)(1).** The members of each defined Class are so numerous that individual joinder of all Class Members is impracticable. While Plaintiff is informed and believes that there are thousands of members of each Class, the precise number of Class Members is unknown to Plaintiff but may be ascertained from Defendant’s books and records. Class Members may be notified of the pendency of this action by recognized, Court- approved notice dissemination methods, which may include U.S. Mail, electronic mail, internet postings, and/or published notice.

60. **Commonality and Predominance—Federal Rule of Civil Procedure 23(a)(2) and 23(b)(3).** This action involves common questions of law and fact, which predominate over any questions affecting only individual Class Members, including, without limitation:

a. Defendant issued all-risk policies to the members of the Class in exchange for payment of premiums by the Class Members;

- b. whether the Class suffered a covered loss based on the common policies issued to members of the Class;
- c. whether Defendant wrongfully denied all claims based on COVID-19;
- d. whether Defendant's Business Income coverage applies to a suspension of business caused by COVID-19;
- e. whether Defendant's Civil Authority coverage applies to a loss of Business Income caused by the orders of state governors requiring the suspension of business as a result of COVID-19;
- f. whether Defendant's Extra Expense coverage applies to efforts to minimize a loss caused by COVID-19;
- g. whether Defendant has breached its contracts of insurance through a blanket denial of all claims based on business interruption, income loss or closures related to COVID-19 and the related closures; and
- h. whether Plaintiff and the class are entitled to an award of reasonable attorney fees, interest and costs.

61. **Typicality—Federal Rule of Civil Procedure 23(a)(3).** Plaintiff's claims are typical of the other Class Members' claims because Plaintiff and the other Class Members are all similarly affected by Defendant's refusal to pay under its Business Income, Civil Authority, and Extra Expense coverages. Plaintiff's claims are based upon the same legal theories as those of the other Class Members. Plaintiff and the other Class Members sustained damages as a direct and proximate result of the same wrongful practices in which Defendant engaged.

62. **Adequacy of Representation—Federal Rule of Civil Procedure 23(a)(4).** Plaintiff is an adequate Class representative because its interests do not conflict with the interests of the other Class Members who it seeks to represent, Plaintiff has retained counsel competent and experienced in complex class action litigation, including successfully litigating class action cases similar to this one, where insurers breached contracts with insureds by failing to pay the amounts owed under its policies, and Plaintiff intends to prosecute this action vigorously. The interests of the above-defined Classes will be fairly and adequately protected by

1 Plaintiff and its counsel.

2 63. **Inconsistent or Varying Adjudications and the Risk of Impediments to**
3 **Other Class Members' Interests—Federal Rule of Civil Procedure 23(b)(1).** Plaintiff seeks
4 class-wide adjudication as to the interpretation, and resultant scope, of Defendant's Business
5 Income, Civil Authority, and Extra Expense coverages. The prosecution of separate actions by
6 individual members of the Classes would create an immediate risk of inconsistent or varying
7 adjudications that would establish incompatible standards of conduct for the Defendant.
8 Moreover, the adjudications sought by Plaintiff could, as a practical matter, substantially impair
9 or impede the ability of other Class Members, who are not parties to this action, to protect their
10 interests.

11 64. **Declaratory and Injunctive Relief—Federal Rule of Civil Procedure**
12 **23(b)(2).** Defendant acted or refused to act on grounds generally applicable to Plaintiff and the
13 other Class Members, thereby making appropriate final injunctive relief and declaratory relief,
14 as described below, with respect to the Class Members.

15 65. **Superiority—Federal Rule of Civil Procedure 23(b)(3).** A class action is
16 superior to any other available means for the fair and efficient adjudication of this controversy,
17 and no unusual difficulties are likely to be encountered in the management of this class action.
18 Individualized litigation creates a potential for inconsistent or contradictory judgments and
19 increases the delay and expense to all parties and the court system. By contrast, the class action
20 device presents far fewer management difficulties, and provides the benefits of single
21 adjudication, economy of scale, and comprehensive supervision by a single court.

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CAUSES OF ACTION

COUNT I

DECLARATORY JUDGMENT –BUSINESS INCOME COVERAGE

(Claim Brought on Behalf of the Business Income Declaratory Judgment Class)

66. Plaintiff repeats and realleges Paragraphs 1-65 as if fully set forth herein.

67. Plaintiff brings this Count individually and on behalf of the other members of the Business Income Declaratory Judgment Class.

68. Plaintiff's HCC policy, as well as those of the other Business Income Declaratory Judgment Class Members, are contracts under which Defendant was paid premiums in exchange for its promise to pay Plaintiff and the other Business Income Declaratory Judgment Class Members' losses for claims covered by the policy.

69. Plaintiff and the other Business Income Declaratory Judgment Class Members have complied with all applicable provisions of the policies and/or those provisions have been waived by Defendant, or Defendant is estopped from asserting them, and yet Defendant has abrogated its insurance coverage obligations pursuant to the policies' clear and unambiguous terms and has wrongfully and illegally refused to provide coverage to which Plaintiff and the other Business Income Declaratory Judgment Class Members are entitled.

70. Defendant has denied claims related to COVID-19 on a uniform and class wide basis, without individual bases or investigations, such that the Court can render declaratory judgment irrespective of whether members of the Class have filed a claim.

71. An actual case or controversy exists regarding Plaintiff and the other Business Income Declaratory Judgment Class Members' rights and Defendant's obligations under the policies to reimburse Plaintiff for the full amount of Business Income losses incurred by Plaintiff and the other Business Income Declaratory Judgment Class Members in connection with suspension of their businesses stemming from the COVID-19 pandemic.

72. Pursuant to 28 U.S.C. § 2201, Plaintiff and the other Business Income Declaratory Judgment Class Members seek a declaratory judgment from this Court declaring the following:

- 1 a. Plaintiff and the other Business Income Declaratory Judgment Class Members’
2 Business Income losses incurred in connection with the Closure Orders and the
3 necessary interruption of their businesses stemming from the COVID-19
4 pandemic are insured losses under their policies; and
5 b. Defendant is obligated to pay Plaintiff and the other Business Income
6 Declaratory Judgment Class Members for the full amount of the Business
7 Income losses incurred and to be incurred in connection with the Closure Orders
8 during the relevant time period and the necessary interruption of their businesses
9 stemming from the COVID-19 pandemic.

10 **COUNT II**

11 **DECLARATORY JUDGMENT – CIVIL AUTHORITY COVERAGE**
12 **(Claim Brought on Behalf of the Civil Authority Declaratory Judgment Class)**

13 73. Plaintiff repeats and realleges Paragraphs 1-65 as if fully set forth herein.

14 74. Plaintiff brings this Count individually and on behalf of the other members of the
15 Civil Authority Declaratory Judgment Class.

16 75. Plaintiff’s HCC insurance policy, as well as those of the other Civil Authority
17 Declaratory Judgment Class Members, are contracts under which Defendant was paid premiums
18 in exchange for its promise to pay Plaintiff and the other Civil Authority Declaratory Judgment
19 Class Members’ losses for claims covered by the policy.

20 76. Plaintiff and the other Civil Authority Declaratory Judgment Class Members
21 have complied with all applicable provisions of the policies and/or those provisions have been
22 waived by Defendant, or Defendant is estopped from asserting them, and yet Defendant has
23 abrogated its insurance coverage obligations pursuant to the policies’ clear and unambiguous
24 terms and has wrongfully and illegally refused to provide coverage to which Plaintiff and the
25 other Class Members are entitled.

26 77. Defendant has denied claims related to COVID-19 on a uniform and class wide
27 basis, without individual bases or investigations, such that the Court can render declaratory
28 judgment irrespective of whether members of the Class have filed a claim.

78. An actual case or controversy exists regarding Plaintiff and the other Civil Authority Declaratory Judgment Class Members' rights and Defendant's obligations under the policies to reimburse Plaintiff and the other Civil Authority Declaratory Judgment Class Members for the full amount of covered Civil Authority losses incurred by Plaintiff and the other Civil Authority Declaratory Judgment Class Members in connection with Closure Orders and the necessary interruption of their businesses stemming from the COVID-19 pandemic.

79. Pursuant to 28 U.S.C. § 2201, Plaintiff and the other Civil Authority Declaratory Judgment Class Members seek a declaratory judgment from this Court declaring the following:

- a. Plaintiff and the other Civil Authority Declaratory Judgment Class Members' Civil Authority losses incurred in connection with the Closure Orders and the necessary interruption of their businesses stemming from the COVID-19 pandemic are insured losses under their policies; and
- b. Defendant is obligated to pay Plaintiff and the other Civil Authority Declaratory Judgment Class Members the full amount of the Civil Authority losses incurred and to be incurred in connection with the covered losses related to the Closure Orders and the necessary interruption of their businesses stemming from the COVID-19 pandemic.

COUNT III

DECLARATORY JUDGMENT – EXTRA EXPENSE COVERAGE

(Claim Brought on Behalf of the Extra Expense Declaratory Judgment Class)

80. Plaintiff repeats and realleges Paragraphs 1-65 as if fully set forth herein.

81. Plaintiff brings this Count individually and on behalf of the other members of the Extra Expense Declaratory Judgment Class.

82. Plaintiff's HCC insurance policy, as well as those of the other Extra Expense Declaratory Judgment Class Members, are contracts under which Defendant was paid premiums in exchange for its promise to pay Plaintiff and the other Extra Expense Declaratory Judgment Class Members' losses for claims covered by the policy.

1 83. Plaintiff and the other Extra Expense Declaratory Judgment Class Members have
2 complied with all applicable provisions of the policies and/or those provisions have been
3 waived by Defendant, or Defendant is estopped from asserting them, and yet Defendant has
4 abrogated its insurance coverage obligations pursuant to the policies clear and unambiguous
5 terms and has wrongfully and illegally refused to provide coverage to which Plaintiff and the
6 other Class Members are entitled.

7 84. Defendant has denied claims related to COVID-19 on a uniform and class wide
8 basis, without individual bases or investigations, such that the Court can render declaratory
9 judgment irrespective of whether members of the Class have filed a claim.

10 85. An actual case or controversy exists regarding Plaintiff and the other Extra
11 Expense Declaratory Judgment Class Members' rights and Defendant's obligations under the
12 policies to reimburse Plaintiff and the other Extra Expense Declaratory Judgment Class
13 Members for the full amount of Extra Expense losses incurred by Plaintiff in connection with
14 Closure Orders and the necessary interruption of their businesses stemming from the COVID-19
15 pandemic.

16 86. Pursuant to 28 U.S.C. § 2201, Plaintiff and the other Extra Expense Declaratory
17 Judgment Class Members seek a declaratory judgment from this Court declaring the following:

- 18 a. Plaintiff and the other Extra Expense Declaratory Judgment Class Members'
19 Extra Expense losses incurred in connection with the Closure Orders and the
20 necessary interruption of their businesses stemming from the COVID-19
21 pandemic are insured losses under their policies; and
22 b. Defendant is obligated to pay Plaintiff and the other Extra Expense Declaratory
23 Judgment Class Members for the full amount of the Extra Expense losses
24 incurred and to be incurred in connection with the covered losses related to the
25 Closure Orders during the relevant time period and the necessary interruption of
26 their businesses stemming from the COVID-19 pandemic.

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REQUEST FOR RELIEF

WHEREFORE, Plaintiff, individually and on behalf of the other Class Members, respectfully requests that the Court enter judgment in its favor and against Defendant as follows:

- a. Entering an order certifying the proposed nationwide Classes, as requested herein, designating Plaintiff as Class representative, and appointing Plaintiff's undersigned attorneys as Counsel for the Classes;
- b. Entering declaratory judgments on Counts I–IV in favor of Plaintiff and the members of the Business Income Declaratory Judgment Class, the Civil Authority Declaratory Judgment Class, and the Extra Expense Declaratory Judgment Class, as follows:
 - i. Business Income, Civil Authority, and Extra Expense losses incurred in connection with the Closure Orders and the necessary interruption of their businesses stemming from the COVID-19 pandemic are insured losses under their policies; and
 - ii. Defendant is obligated to pay for the full amount of the Business Income, Civil Authority, and Extra Expense losses incurred and to be incurred related to COVID-19, the Closure Orders and the necessary interruption of their businesses stemming from the COVID-19 pandemic.
- c. Ordering Defendant to pay both pre- and post-judgment interest on any amounts awarded;
- d. Ordering Defendant to pay attorneys' fees and costs of suit; and
- e. Ordering such other and further relief as may be just and proper.

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JURY DEMAND

Plaintiff hereby demands a trial by jury on all claims so triable.

Dated: August 27, 2020

Respectfully submitted,

By: /s/ William F. "Chip" Merlin

William F. "Chip" Merlin, Jr.
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2 Alhambra Plaza, Suite 601
Coral Gables, FL 33134
Telephone: (305) 740-1423

EXHIBIT A

BINDER CERTIFICATE

25201 Paseo De Alicia
Suite 265
Laguna Hills, CA 92653
Ph: 800-856-7035
Fax: 714-542-7931
CA License #0F82757

Reference: 1517879A

25201 Paseo De Alicia
Suite 265
Laguna Hills, CA 92653

Contact:
E-mail:
Phone:
Fax:
Date

Scott Carroll
scott@usrisk.com
(714) 285-4090
(714) 542-7931
December 2, 2019

Commercial Package Policy

INSURED:

Trapped! Escape Room
2648 Smooth Blend Pl
Henderson, NV 89052

PRODUCER:

Contact:
Agents Alliance Services, Ltd.
830 S Interstate 35E
Denton, TX 76205
Phone: (940) 382-9691
Fax: (940) 243-1050

DESCRIPTION OF OPERATIONS:

Entertainment - Events

CARRIER:

Houston Casualty Company
A+ (rated with AM Best Co)

TERM:

12 Months

MASTER POLICY NUMBER:

S18/7007423

POLICY PERIOD:

12/30/2019 TO 12/30/2020

YOUR UNIQUE CERTIFICATE NO:

S187007423056

TERMS AND CONDITIONS:

Limits

General Liability
2,000,000 General Aggregate
1,000,000 Products / Completed Ops
1,000,000 Personal & Advertising Injury
1,000,000 Each Occurrence
1,000,000 Damage - Premises Rented Aggregate
Excluded Med Pay
Included Hired Auto Liability Limit

Property

See below Business Personal Property
See below Business Interruption Insurance / Extra Expense

Endorsements / Notable Exclusions:

Endorsements / Notable Exclusions:

CG00011207 CGL Coverage Form
 CG21351001 Coverage C - Medical Payment Exclusion
 CG21440798 Limitation of Coverage to Designated Premises or Project
 CG21460798 Abuse or Molestation Exclusion
 CG21471207 Employment Related Practices Exclusion
 CG21700115 Cap on Losses from Certified Acts of Terrorism
 H FW PT EX Fireworks Pyrotechnics Exclusion
 HCGL40001 (0411) Field of Entertainment Exclusion
 HCGL40002 (0411) Hired Auto and Non-Owned Liability Endorsement
 HCGL40003 (0411) Asbestos and Silica Exclusion
 HCGL40005 (0411) Total Lead Exclusion
 HCGL40006 (0411) Exclusion - Violation of Statutes
 HCGL40007 (0411) Securities and Financial Interest Exclusion
 HCGL40008 (0412) Limited Participant Exclusion
 HCGL40011 (0411) Fungi, Mold, Mildew, Yeast, Microbe Exclusion - Non Contractors
 HCGL40012 (0411) Pollution Exclusion Endorsement
 HCGL40013 (0411) Service of Suit Clause
 HCGL40015 (0411) Aircraft, Auto, or Watercraft Amendment (HNO included)
 HCGL40017 (0911) Audit Provision Agreement
 HCGL40019 (1114) Exclusion - Selected Activities
 HCGL40020 (0117) AI - Managers or Lessors of Premises
 IL00210504 Nuclear Energy Liab. Exclusion - Broad Form
 HC-CP-00-001 (09/11) Building and Personal Property Coverage Form
 HC-CP-00-002 (04/11) Business Income and Extra Expense Coverage Form
 HC-CP-40-004 (04/11) Adulteration or Contamination to Stock Exclusion
 HC-CP-40-009 (05/11) Exterior Insulation and Finish Systems Exclusion
 HC-CP-40-010 (05/11) Windstorm or Hail Exclusion
 HC-CP-40-017 (04/13) Earthquake and Volcanic Eruption Endorsement
 CP 00 90 07 88 Commercial Property Conditions
 CP 10 32 08 08 Water Exclusion Endorsement
 CP 10 36 10 12 Limitations on Coverage for Roof Surfacing
 CP 12 18 06 07 Loss Payable Provisions
 CP 12 70 09 96 Joint or Disputed Loss Agreement
 CP 15 10 06 07 Ordinary Payroll Limitation or Exclusion
 IL 04 15 04 98 Protective Safeguards

Attachments / Subject To:**ALL OTHER TERMS AND CONDITIONS APPLY PER FORM****PREMIUM AND FEES:**

Policy Premium:	\$4,600.00
Surplus Lines Tax	\$223.10
Stamping Office Fee	\$6.90
TRIA Premium:	
TOTAL:	\$4,830.00

Commission: 11%**AUTHORIZED REPRESENTATIVE**
Randall G. Goss Chairman/CEO

DATE ISSUED: Dec 02, 2019

As a member of ARENA, we are binding these insurance coverages that you have elected to purchase, for you. They are not available from us by non-members.

Your coverage is part of a Master Policy written on behalf of all ARENA members who elect to purchase coverage through us. There is a MASTER POLICY NUMBER which is the same for all ARENA members who elect to purchase coverage through us and that is unique to this insurance program. Your certificate no. of **S187007423056**, obviates the unique coverages you have elected to purchase on behalf of your business (es). Please always refer to your unique certificate no. (and not the master policy number) when referring to your policy.



TOKIO MARINE
HCC

POLICY NUMBER: S18/7007423

This insurance effected on behalf of:

Association for Room Escapes
of North America
3429 Buckingham Lane
Highland Village, TX 75077

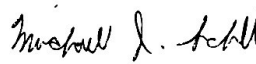
provided for:


PROPERTY) INSURANCE
GENERAL LIABILITY INSURANCE

As per attached terms and conditions

by:

HCC Specialty Insurance Company
13403 Northwest Freeway
Houston, Texas 77040
Telephone: (713) 462-1000
Facsimile: (713) 462-4210


MICHAEL J. SCHEN
President and CEO


KENNETH J. SMITH
Secretary

In Witness Whereof, the Company has executed and attested these presents but this policy shall not be valid unless signed by a duly authorized representative of the Company.

ALL CLAIMS TO BE REPORTED IMMEDIATELY TO HCC SPECIALTY INSURANCE COMPANY



TOKIO MARINE
HCC

Policy Number	S18/7007423
Policy Period	11/01/18-11/01/19

At 12:01 A.M. Standard time at your mailing address shown

Common Policy Declarations

In return for the payment of premium, and subject to all the terms of the policy, we agree with you to provide the insurance as stated in this policy.

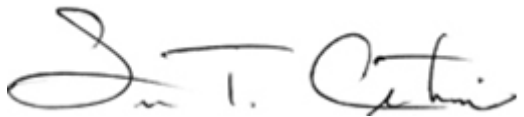
Named Insured	Mailing Address	Business Description
Association for Room Escapes of North America	3429 Buckingham Lane Highland Village, TX 75077	Escape Rooms

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

Coverage Part	Bound Premium
General Liability	To be endorsed hereon
Property	To be endorsed hereon
TRIA: General Liability	To be endorsed hereon
TRIA: Property	To be endorsed hereon
TX Surplus Lines Tax	To be endorsed hereon
TX Stamping Fee	To be endorsed hereon
TOTAL	To be endorsed hereon

These declarations, together with the common policy conditions and coverage form(s) and any endorsements, complete the above numbered policy.

HCC Specialty Insurance Company

By: 
(Authorized Representative)



TOKIO MARINE
HCC

Policy Number	S18/7007423
Policy Period	11/01/18-11/01/19

At 12:01 A.M. Standard time at your mailing address shown

Named Insured & Location Schedule

Named Insureds:

- Subscribed Members of Association for Room Escapes of North America
 - Per schedule on file with company

Locations:

- Per schedule on file with company

These declarations, together with the common policy conditions and coverage form(s) and any endorsements, complete the above numbered policy.



TOKIO MARINE
HCC

Policy Number	S18/7007423
Policy Period	11/01/18-11/01/19

At 12:01 A.M. Standard time at your mailing address shown

TRIA Included/Excluded Locations

TRIA Accepted & Included

CG 21 70 01 15	Cap on Losses from Certified Acts of Terrorism
IL 09 52 01 15	Cap on Losses from Certified Acts of Terrorism

- TRIA Accepted & Included for the subscribed members designated with a TRIA premium value per schedule on file with company

TRIA Rejected & Excluded

CG 21 73 01 15	Exclusion of Certified Acts of Terrorism
IL 09 53 01 15	Exclusion of Certified Acts of Terrorism

- TRIA Rejected & Excluded for the subscribed members not designated with a TRIA premium value per schedule on file with company

These declarations, together with the common policy conditions and coverage form(s) and any endorsements, complete the above numbered policy.



HCC Specialty

401 Edgewater Place, Suite 400 Wakefield, Massachusetts 01880
main 781-994-6000 fax 781-994-6001

CLAIM REPORTING PROCEDURES

All claims regardless of severity or location should be reported directly to **American Claims Management (ACM)**. Losses can be reported 24 hours a day/seven days a week, at:

- ❖ **Email:** NewLosses@acmclaims.com or
- ❖ **Telephone:** 888-799-2919

Claims correspondence can be sent to ACM's Claim Department Mailing address:

**ACM Claims
P.O. Box 9060
Carlsbad, CA 92018-9060**

IMPORTANT

- ❖ Please include your policy number and insured name, on all correspondence.
- ❖ If you have any video of the incident, please be sure to preserve the ORIGINAL and make a copy to provide to ACM.

HCC Specialty Insurance Company
Policy No: S18/7007423

Effective: 11/01/18-11/01/19
At 12:01 A.M. Standard time

Commercial Property Declarations

In return for the payment of premium, and subject to all the terms of the policy, we agree with you to provide the insurance as stated in the above numbered policy

Named Insured	Business Description
Association for Room Escapes of North America	Escape Rooms

Location	Coverage	Limit	Deductible
1	Business Personal Property	As submitted to company per location	\$1,000
1	Business Income w/ EE	As submitted to company per location	72 Hours

Coverage Notes:

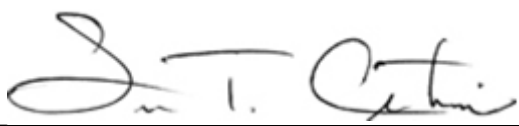
Valuation: Replacement Cost

Co-insurance - Building: 80%

Co-insurance - BPP: 80%

Co-insurance - BI w/ EE: 80%

HCC Specialty Insurance Company

By: 
(Authorized Representative)

These declarations, together with the common policy conditions and coverage form(s) and any endorsements, complete the above numbered policy.

HCC Specialty Insurance Company
Policy No: S18/7007423

Effective: 11/01/18-11/01/19
At 12:01 A.M. Standard time

Commercial Property Form Schedule

Form Number	Form Name
HC-CP-00-001 (09/11)	Building and Personal Property Coverage Form
HC-CP-00-002 (04/11)	Business Income and Extra Expense Coverage Form
HC-CP-33-111 (04/11)	Causes of Loss – Special Form
HC-CP-40-004 (04/11)	Adulteration or Contamination to Stock Exclusion
HC-CP-40-009 (05/11)	Exterior Insulation and Finish Systems Exclusion
HC-CP-40-010 (05/11)	Windstorm or Hail Exclusion
HC-CP-40-017 (04/13)	Earthquake and Volcanic Eruption Endorsement
CP 00 90 07 88	Commercial Property Conditions
CP 10 32 08 08	Water Exclusion Endorsement
CP 10 36 10 12	Limitations on Coverage for Roof Surfacing
CP 12 18 06 07	Loss Payable Provisions
CP 12 70 09 96	Joint or Disputed Loss Agreement
CP 15 10 06 07	Ordinary Payroll Limitation or Exclusion
IL 04 15 04 98	Protective Safeguards

These declarations, together with the common policy conditions and coverage form(s) and any endorsements, complete the above numbered policy.



HCC Specialty

401 Edgewater Place, Suite 400 Wakefield, Massachusetts 01880
main 781-994-6000 fax 781-994-6001

CLAIM REPORTING PROCEDURES

All claims regardless of severity or location should be reported directly to **American Claims Management (ACM)**. Losses can be reported 24 hours a day/seven days a week, at:

- ❖ **Email:** NewLosses@acmclaims.com or
- ❖ **Telephone:** 888-799-2919

Claims correspondence can be sent to ACM's Claim Department Mailing address:

**ACM Claims
P.O. Box 9060
Carlsbad, CA 92018-9060**

IMPORTANT

- ❖ Please include your policy number and insured name, on all correspondence.
- ❖ If you have any video of the incident, please be sure to preserve the ORIGINAL and make a copy to provide to ACM.

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;
 - (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;
- (5) Building glass, including all lettering and ornamentation; we will also pay for necessary:
 - (a) Expenses incurred to put up temporary plates or to board up openings;
 - (b) Repair or replacement of encasing frames;
 - (c) Expenses incurred to remove or replace obstructions;
- (6) 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 1,000 feet of the described premises, used for making additions, alterations or repairs to the building or structure.

b. Your Business Personal Property located in or on the building described in the Declarations or in the open (or in a vehicle) within 1,000 feet of the described premises, consisting of the following unless otherwise specified in the Declarations or on the Your Business Personal Property – Separation of Coverage form:

- (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;

(8) Your leasehold interest in improvements and betterments which are not damaged or destroyed, but which you lose because your lease is cancelled by the lessor as a result of damage to the building from a Covered Cause of Loss. When this occurs, we will calculate the value of your interest in the improvements and betterments as though they had been damaged or destroyed and not repaired or replaced promptly, as provided in the Valuation Loss Condition;

(9) Building glass (including all lettering and ornamentation):

(a) Owned by others;

(b) In your care, custody or control; and

(c) Not otherwise provided for in the definition of Covered Property under your Building or Business Personal Property Coverages; for which you have a contractual responsibility to insure; and

(10) Outdoor signs, antennae, towers not otherwise provided for in the definition of Covered Property under your Building or Business Personal Property coverages; and

(11) Electronic data processing equipment, including recording and storage media such as hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories, and your "stock" of pre-packaged software; and

(12) Personal Property of Others that is:

(a) In your care, custody or control; and

(b) Located in or on the building described in the Declarations or in the open (or in a vehicle) within 1,000 feet of the described premises.

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

2. Property Not Covered

Covered Property does not include:

a. "Money" or "securities," except as provided in the Coverage Extensions;

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. Contraband, or property in the course of illegal transportation or trade;

e. The cost of excavations, grading, backfilling or filling, unless such cost is necessarily incurred in the repair or replacement of covered loss or damage to Covered Property below the surface of the ground;

f. 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;

g. Land (including land on which the property is located), water, growing crops or lawns;

h. Personal property while airborne or waterborne, except with respect to the property in transit coverages provided in the Coverage Extensions;

i. Bulkheads, pilings, piers, wharves or docks;

j. 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;

k. Underground pipes, flues or drains;

l. The cost to replace or restore lost "electronic data," except as provided in the Coverage Extensions –

Restoration of Electronic Data;

m. 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 Restoration of Valuable Papers And Records (Other Than Electronic Data) for limited coverage for valuable papers and records other than those which exist as "money," "securities," or "electronic data."

n. 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; or
 - (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.
- o. The following property while outside of buildings:
- (1) Grain, hay, straw or other crops;
 - (2) Trees, shrubs, bushes or plants (other than "stock" of trees, shrubs, bushes or plants), except as provided in the Coverage Extensions.

3. Covered Causes Of Loss

See Causes of Loss - Special Form and any endorsements which modify that form.

4. Additional Coverages

Except as otherwise provided, the following Additional Coverages apply separately to each covered location.

a. Debris Removal

- (1) Subject to Paragraphs (3) and (4), we will pay your expense to remove debris of Covered Property caused by or resulting 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) Extract "pollutants" from land or water; or
 - (b) 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.
 - (4) We will pay up to an additional \$50,000 (unless a different amount is shown in the Declarations for Debris Removal Additional Amount) 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) apply, 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 \$50,000. (If a different amount is shown in the Declarations for Debris Removal Additional Amount, then that corresponding limit will apply instead of the \$50,000 limit.)

(5) Examples

The following examples assume that there is no coinsurance penalty and the Debris Removal Additional Amount limit has not been changed from the \$50,000 limit.

Example #1

Limit of Insurance \$ 90,000

Page 4 of 24

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 \$ 30,000

Debris Removal Expense

Payable

Basic Amount \$ 10,500

Additional Amount \$ 19,500

The basic amount payable for debris removal expense under the terms of Paragraph (3) is calculated

as follows: $\$80,000 (\$79,500 + \$500) \times .25 = \$20,000$; capped at \$10,500. The cap applies because

the sum of the loss payable (\$79,500) and the basic amount payable for debris removal expense (\$10,500) cannot exceed the Limit of Insurance (\$90,000).

The additional amount payable for debris removal expense is provided in accordance with the terms of

Paragraph (4), because the debris removal expense (\$30,000) exceeds 25% of the loss payable plus the deductible (\$30,000 is 37.5% of \$80,000), and because the sum of the loss payable and debris removal expense (\$79,500 + \$30,000 = \$109,500) would exceed the Limit of Insurance (\$90,000). The additional amount of covered debris removal expense is \$19,500, which is less than the \$50,000 maximum payable under Paragraph (4). Thus the total payable for debris removal expense in this example is \$30,000.

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 \$25,000 unless a different limit is shown in the Declarations for 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.

For each described premises, the most we will pay for the sum of all covered expenses arising out of Covered Causes of Loss occurring during each separate 12 month period of this policy is \$25,000 unless a different limit is shown in the Declarations.

e. Manufacturers Consequential Loss Assumption

We will pay the reduction in value of the remaining parts of "stock" in process of manufacture, including any part of a pair or set, that are undamaged but are unmarketable as a complete product because of direct physical loss or damage from a Covered Cause of Loss to other parts of covered "stock" in process of manufacture at the described premises.

In case of loss to a pair or set, we may repair or replace such part to restore the pair to its value before the loss or pay the difference between the values of the pair or set before and after the loss. In no event shall such loss or damage be construed to mean total loss of the pair or set. In the application of the Coinsurance Additional Condition, the value of "stock" in process of manufacture at any of the described premises includes the additional value that it represents at other locations.

f. Theft Damage to Unowned Building Property

(1) We will pay for damage to:

(a) That part of any unowned building containing Your Business Personal Property; or
(b) Unowned Equipment within that building used to maintain or service the building; caused directly by theft or attempted theft.

(2) This Additional Coverage is primary and applies only to premises where you are a tenant and are required in your lease to cover this exposure. This Additional Coverage does not apply to damage by fire or explosion.

(3) This Additional Coverage is included within the Limit of Insurance applicable to Your Business Personal Property at the location of loss, and does not increase that Limit of Insurance.

g. Inventory and Appraisals

In the event of covered loss or damage under this Coverage Part, we will pay for reasonable expenses incurred by you, at our request, to assist us in the determination of the amount of loss, such as taking inventory and appraisals.

We will **not** pay the following:

(1) Expenses incurred in connection with the Appraisal Loss Condition in Section E.2.; or
(2) Public adjusters' fees.

The most we will pay under this Additional Coverage is \$25,000 unless a different Limit of Insurance is shown in the Declarations.

No deductible applies to this Additional Coverage.

h. Recharge of Fire Protection Equipment

(1) We will pay expenses you incur to recharge automatic fire protection equipment due to the leakage or discharge of the fire suppressant within the automatic fire protection equipment. The insurance provided under this Additional Coverage applies regardless of how the discharge or leakage is caused. But if the leakage or discharge is caused by or results from a Covered Cause of Loss, no deductible applies.

(2) The most we will pay in any one occurrence under this Additional Coverage is:

(a) The applicable Covered Property Limit of Insurance when the leakage or discharge is caused by or results from a Covered Cause of Loss; or

(b) \$25,000 at each described premises, unless a different limit is shown in the Declarations, when the leakage or discharge is caused by or results from a cause of loss other than a Covered Cause of Loss.

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

But, if needed, an additional Recharge of Fire Protection Equipment limit may be available, as provided in the Limits of Insurance section.

i. Increased Cost Of Construction

(1) This Additional Coverage does not apply if a valuation option other than Replacement Cost is elected.

(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 enforcement 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 **i.(3)** through **i.(9)** of this Additional Coverage.

(3) The ordinance or law referred to in **i.(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 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 "fungi," wet or dry rot, "microbes" or bacteria; or

(b) Any costs associated with the enforcement of 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," "fungi," wet or dry rot, "microbes" or bacteria.

(6) The most we will pay under this Additional Coverage, for each described building insured under this Coverage Form, is \$50,000 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: \$50,000 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 repairs or replacement are 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 **i.(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 **i.(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 in this Coverage Form, do not include the increased cost attributable to enforcement of an ordinance or law. The amount payable under this Additional Coverage, as stated in **i.(6)** of this Additional Coverage, is not subject to such limitation.

j. Fine Arts – Extended Coverage and Additional Covered Causes of Loss

(1) As used in this Additional Coverage, Fine Arts means paintings, etchings, pictures, tapestries, art glass windows, valuable rugs, statuary, marbles, bronzes, antiques, porcelains, bric-a-brac and similar property of rarity, historical value or artistic merit.

(2) The insurance provided under this Coverage Form for Your Business Personal Property is extended to apply to direct physical loss or damage to newly acquired Fine Arts at the described premises caused by or resulting from RISKS OF DIRECT PHYSICAL LOSS OR DAMAGE, except as excluded in provision **(4)** below. This coverage for newly acquired Fine Arts will end when any of the following first occurs:

- (a)** This policy expires;
- (b)** 180 days expire after you acquire the Fine Arts; or
- (c)** You report values to us.

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

(3) With respect to the insurance otherwise provided under this Coverage Form for direct physical loss of or damage to Fine Arts, including the insurance provided under the Coverage Extensions for such property at newly acquired locations, off premises locations or in transit, Covered Causes of Loss are extended to include RISKS OF DIRECT PHYSICAL LOSS OR DAMAGE, except as excluded in provision **(4)** below.

(4) This Additional Coverage does not apply to loss or damage caused by or resulting from:

- (a)** Any of the following to the extent these causes of loss are excluded under Section **B**.

EXCLUSIONS in the Causes of Loss – Special Form:

- (i)** Governmental Action;
- (ii)** Nuclear Hazard; or
- (iii)** War and Military Action.
- (b)** Dishonest or criminal act by you, any of your partners, members, officers, managers, "employees," directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose (other than a carrier or other bailee for hire):
 - (i)** Acting alone or in collusion with others; or
 - (ii)** Whether or not occurring during the hours of employment.

This exclusion does not apply to acts of destruction by your "employees." However, if the employee(s) committing the act of destruction is also you, any of your partners or an officer, the exclusion applies. In addition, theft by "employees" is not covered.

- (c)** Any repairing, restoration or retouching process.
- (d)** Any of the following, but if loss or damage by a cause of loss not otherwise excluded under this Additional Coverage results, we will pay for that resulting loss or damage:

- (i)** Wear and Tear;
- (ii)** Gradual deterioration, hidden or latent defect or any quality in the property that causes it to damage or destroy itself; or
- (iii)** Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals.

No other exclusions in this policy apply to this Additional Coverage.

(5) The most we will pay in any one occurrence under this Additional Coverage for loss or damage to:

- (a)** Newly acquired Fine Arts at the described premises is \$25,000. This is additional insurance.
- (b)** All other Fine Arts caused by or resulting from any Covered Cause of Loss under this Additional Coverage that is not otherwise insured against under this Coverage Part is:
 - (i)** The Limit of Insurance that applies to the lost or damaged Fine Arts; or
 - (ii)** \$25,000; whichever is less. This is not additional insurance.

k. Lost Key Replacement

If a master key is lost or damaged due to the occurrence of a covered cause of loss, we will pay the cost of replacing the master key and individual lock keys and the repair or replacement of door locks, as required.

The most we will pay for any one loss under this additional coverage is \$10,000 unless a different limit is shown in the Declarations.

I. Architects & Engineers Fees

We will pay for architect and engineering fees that are necessarily incurred in the repairing or replacing of the Building property as a direct result of a covered loss. These fees do not include those incurred by you in the preparation of a claim. Also, the architects and engineers used will be at our discretion.

This Additional Coverage is included within the Building Limit of Insurance applicable at the location of loss, and does not increase that Limit of Insurance.

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 1,000 feet of the described premises.

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.

The most we will pay for loss or damage to this property in any one occurrence under this Extension is \$1,000,000 unless a different Limit of Insurance is shown in the Declarations.

(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;
- (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; or
- (iii)** Business personal property, other than "stock," that you newly acquire, located at the described premises.

The most we will pay for loss or damage under this Extension is \$500,000 unless a different Limit of Insurance is shown in the Declarations.

(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 on or at each newly acquired or constructed property, coverage will end when any of the following first occurs:

- (a)** This policy expires;
- (b)** 180 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

(1) You may extend the insurance that applies to Your Business Personal Property to apply to personal effects owned by you, your officers, your partners or members, your managers or your "employees"; while such property is at or within 1,000 feet of the described premises. But

insurance under this Extension does not apply to any property that is excluded under Section **A.2. Property Not Covered.**

(2) The most we will pay in any one occurrence under this Extension \$25,000 unless a different Limit of Insurance is shown in the Declarations.

c. Restoration of Electronic Data

(1) You may extend the insurance provided by this Coverage Form to apply to your costs to replace or restore lost or damaged "electronic data" for which duplicates do not exist. 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.

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.

(2) This Extension applies only to loss or damage to "electronic data":

(a) At or within 1,000 feet of the described premises;

(b) At new locations you acquire during the policy period, but only for the period of time Your Business Personal Property is covered at such locations under the Newly Acquired or Constructed Property Coverage Extension;

(c) Temporarily at locations you do not own, lease or operate; or

(d) In transit.

(3) The most we will pay in any one occurrence under this Extension for your costs to replace or restore lost or damaged "electronic data" while:

(a) At or within 1,000 feet of each described premises is \$100,000 unless a different Limit of Insurance is shown in the Declarations for Restoration of Electronic Data – On Premises;

(b) At each newly acquired or temporary location, or in transit, is \$25,000 unless a different Limit of Insurance is shown in the Declarations for Restoration of Electronic Data – Off Premises.

d. Restoration of Valuable Papers and Records (Other than Electronic Data)

(1) You may extend the insurance provided by this Coverage Form to apply to your costs to replace or restore lost information on lost or damaged valuable papers and records for which duplicates do not exist.

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. But this

Extension does not apply to valuable papers and records which exist as "money," "securities" or "electronic data."

(2) This Extension applies only to loss or damage to valuable papers and records:

(a) At or within 1,000 feet of the described premises;

(b) At new locations you acquire during the policy period, but only for the period of time Your Business Personal Property is covered at such locations under the Newly Acquired or Constructed Property Coverage Extension;

(c) Temporarily at locations you do not own, lease or operate; or

(d) In transit.

(3) The most we will pay in any one occurrence under this Extension for your costs to replace or restore the lost information on lost or damaged valuable papers and records while:

(a) At or within 1,000 feet of each described premises is \$100,000 unless a different Limit of Insurance is shown in the Declarations for Valuable Papers and Records – On Premises;

(b) At each newly acquired or temporary location, or in transit, is \$25,000 unless a different Limit of Insurance is shown in the Declarations for Valuable Papers and Records – Off Premises.

e. Property Off-Premises

(1) Property At Temporary Locations

You may extend the insurance provided by this Coverage Form to apply to 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, including Covered Property:
 - (i)** In the care, custody or control of a salesperson; or
 - (ii)** At any fair or exhibition.
- (b)** In storage at a location you lease, provided the lease was executed after the beginning of the current policy term.

This Extension does not apply to Covered Property in the due course of transit.

The most we will pay for loss or damage in any one occurrence under this Extension is \$25,000 unless a different Limit of Insurance is shown in the Declarations.

(2) Personal Property in Transit

- (a)** You may extend the insurance provided by this Coverage Form to apply to Covered Property in the due course of transit more than 1,000 feet from the described premises.

This Extension includes coverage for loss or damage to Covered Property in transit:

- (i)** For your interest in loss or damage for property shipped Free On Board (FOB), if loss or damage cannot be collected from the consignee;
- (ii)** For refused or undelivered property while it is being returned to you but is being held temporarily by a receiver or carrier;
- (iii)** While in the custody of a packing or consolidating company;
- (iv)** Which you or your agent, customer or consignee voluntarily part with to persons falsely representing themselves, including acceptance of fraudulent bills of lading or shipping receipts.

- (b)** This Extension does not apply to:

- (i)** Property shipped by mail;
- (ii)** Property while waterborne, except in regular ferry operations in the course of being moved by other means of transportation, and then to include General Average and Salvage Charges for which you may become liable;
- (iii)** Import or export shipments once under the protection of marine insurance; or
- (iv)** Property sold by you under conditional sale, trust agreement, installment payment after delivery to customers.

- (c)** The most we will pay for loss or damage in any one occurrence under this Extension is \$25,000 unless a different Limit of Insurance is shown in the Declarations.

- (d)** The TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US Commercial Property Condition does not apply to the insurance provided under this Extension other than for the coverage for loss or damage described under Paragraphs **(i)** through **(iv)** under Paragraph **(2)(a)** above.

With respect to property in the due course of transit, nothing must be done either prior to or after a loss to impair our rights of recovery against any carrier, bailee or other party responsible for damages. This Coverage Part will be void with respect to the insurance provided for property in the due course of transit if you or anyone else to or for whom we would have made payment does anything to impair these rights. But our right to retain or recover premium will not be affected. In addition, we will not pay for any loss or damage to property in the due course of transit which you settle or compromise without our written consent. But you may accept released bills of lading from common carriers.

(3) Installation Coverage

- (a)** You may extend the insurance that applies to Your Business Personal Property and Personal Property of Others to apply to Business Personal Property that will or has become a permanent part of an installation, fabrication or erection project being performed for others by you, or on your behalf, while such property is:

- (i)** At a job site awaiting and during installation, fabrication, erection and/or testing, and awaiting acceptance by the purchaser; or

- (ii)** Temporarily stored at a location other than the described premises or the job site.

- (b)** This Extension does not apply to loss or damage to property at a location owned by you, or to property in the due course of transit.

- (c)** The most we will pay for loss or damage in any one occurrence under this Extension is \$25,000 unless a different Limit of Insurance is shown in the Declarations.

- (d)** Insurance under this Extension will end when any of the following first occurs:

- (i) This policy expires;
- (ii) Your interest in the property ceases;
- (iii) The installation, fabrication or erection project is accepted by the purchaser as complete; or
- (iv) You abandon the installation, fabrication or erection project with no intention to complete it.

f. Trees, Shrubs, Bushes and Plants

You may extend the insurance provided by this Coverage Form, including expense to remove debris from a Covered Cause of Loss, to apply to your outdoor trees, shrubs, bushes and plants (other than "stock" of trees, shrubs, bushes and plants) at the described premises.

The most we will pay in any one occurrence under this Extension is \$25,000 unless a different Limit of Insurance is shown in the Declarations.

g. Extra Expense

- (1) You may extend the insurance provided by this Coverage Form to apply to the actual and necessary "extra expense" you incur during the "period of restoration" due to direct physical loss of or damage to property at or within 1,000 feet of the described premises.
- (2) If you are a tenant or owner of only a portion of a building in which the described premises are located, such premises include all routes within the building to gain access to the owned, rented, leased or occupied portion of the building.
- (3) Insurance under this Extension applies only if the loss or damage to the property is caused by or results from a Covered Cause of Loss. The Special Exclusions in the Causes of Loss – Special Form that apply to the Extra Expense Coverage Form also apply to this Extension.
- (4) The most we will pay for "extra expense" in any one occurrence under this Extension is \$25,000.

h. Reward Payments

- (1) In the event of an arson, theft or vandalism loss to which the insurance provided by this Coverage Form applies, we will reimburse you for amounts you offer, and subsequently pay, as a reward to anyone, other than you or your officers, partners or directors, for information leading to:
 - (a) The arrest and conviction of any person(s) responsible for the arson, theft or vandalism loss; or
 - (b) The recovery of the stolen property.
- (2) The most we will pay under this Extension for all rewards paid for information regarding any one arson, theft or vandalism loss is \$25,000.
- (3) No deductible applies to this Extension.

i. Money and Securities

- (1) You may extend the insurance provided by this Coverage Form to apply to loss of "money" and "securities":
 - (a) At the described premises or the premises of a bank or savings institution; or
 - (b) At any other location, or in transit, in your care and custody or the care and custody of your partners, your "employees" or an armored motor vehicle company; resulting directly from theft (meaning any act of stealing), disappearance or destruction.
- (2) We will not pay for loss under this Extension caused by or resulting from:
 - (a) Any of the following to the extent these causes of loss are otherwise excluded under this Coverage Part:
 - (i) Governmental Action;
 - (ii) Nuclear Hazard; or
 - (iii) War and Military Action;
 - (b) Dishonest or criminal act by you, any of your partners, members, officers, managers, "employees," directors, trustees, authorized representatives or anyone to whom you entrust the property, other than an armored motor vehicle company:
 - (i) Acting alone or in collusion with others; or
 - (ii) Whether or not occurring during the hours of employment;
 - (c) Accounting or arithmetical errors or omissions;

- (d) The giving or surrendering of the property in any exchange or purchase;
 - (e) Voluntary parting with possession of or title to the 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; or
 - (f) Transfer or surrender of the property to a person or place outside the described premises or the premises of a banking or savings institution on the basis of unauthorized instructions.
- In addition, we will not pay for loss of "money" contained in any "money" operated device unless the amount of "money" deposited in it is recorded by a continuous recording instrument in the device.

No other exclusions in this policy apply to this Extension.

- (3) The most we will pay in any one occurrence under this Extension for loss of "money" and "securities":

- (a) At the described premises or the premises of a bank or savings institution is \$25,000 for Money and Securities – Inside Premises;

- (b) At any other location, or in transit, is \$25,000 for Money and Securities – Outside Premises.

Under this Extension, all loss caused by one or more persons, or involving a single act or a series of related acts, is considered one occurrence.

j. Storage of Duplicate Data and Records

You may extend the insurance provided by this Coverage Form to apply to duplicate "electronic data" and valuable papers and records permanently stored at locations other than the described premises.

The most we will pay for loss or damage at all locations in any one occurrence under this Extension is \$50,000 unless a different Limit of Insurance is shown in the Declarations for Storage of Duplicate Data and Records.

k. Accounts Receivable

(1) You may extend the insurance provided by this Coverage Form to apply to the following loss and expenses resulting from loss or damage by a Covered Cause of Loss to your records of accounts receivable, including those records which exist on media used in electronic data processing operations:

- (a) All amounts due from your customers that you are unable to collect;
 - (b) Interest charges on any loan required to offset amounts you are unable to collect pending our repayment of these amounts;
 - (c) Collection expenses in excess of your normal collection expenses that are made necessary by the loss or damage; and
 - (d) Other reasonable expenses that you incur to re-establish your records of accounts receivable.
- (2) This Extension applies only to loss or damage to records of accounts receivable:
- (a) At or within 1,000 feet of the described premises;
 - (b) At new locations you acquire during the policy period, but only for the period of time Your Business Personal Property is covered at such locations under the Newly Acquired or Constructed Property Coverage Extension;
 - (c) Temporarily at locations you do not own, lease or operate; or
 - (d) In transit.

(3) The most we will pay in any one occurrence under this Extension for loss or expense due to loss or damage to records of accounts receivables:

- (a) At or within 1,000 feet of each described premises is \$100,000 unless a different Limit of Insurance is shown in the Declarations for Accounts Receivable – On Premises;
- (b) At each newly acquired or temporary location, or in transit, is \$25,000 unless a different Limit of Insurance is shown in the Declarations for Accounts Receivable – Off Premises.

(4) If you cannot accurately establish the amount of accounts receivable outstanding as of the time of loss, the following method will be used:

- (a) Determine the average monthly amount of accounts receivable for the 12 months immediately preceding the month in which the loss occurs; and

(b) Adjust that average monthly amount for any normal fluctuations in the amount of accounts receivable for the month in which the loss occurred or for any demonstrated variance from the monthly average.

(5) The following will be deducted from the amount of accounts receivable, however that amount is established:

(a) The amount of the accounts for which there is no loss;

(b) The amount of the accounts that you are able to re-establish or collect;

(c) An amount to allow for probable bad debts that you are normally unable to collect; and

(d) All unearned interest and service charges.

(6) We will not pay for loss of accounts receivable that requires any audit of records or any inventory

computation to prove its factual existence.

I. 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.

(4) This insurance is excess over the amount due (whether you can collect on it or not) from any other insurance covering such property.

m. Employee Theft

(1) We will pay for loss of or damage to Business Personal Property, including "money" and "securities" resulting directly from theft (meaning any act of stealing) committed by an "employee," whether identified or not, acting alone or in collusion with other persons.

(2) We will not pay for:

(a) Loss resulting from theft or any other dishonest act committed by:

(i) You; or

(ii) Any of your partners or members; whether acting alone or in collusion with other persons.

(b) Loss caused by any "employee" of yours, or predecessor in interest of yours, for whom similar prior insurance has been cancelled and not reinstated since the last such cancellation.

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

(i) An inventory computation; or

(ii) A profit and loss computation.

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

(d) Loss resulting directly or indirectly from trading, whether in your name or in a genuine or fictitious account.

(e) Loss resulting from fraudulent or dishonest signing, issuing, canceling or failing to cancel, a warehouse receipt or any papers connected with it.

(3) The most we will pay for loss or damage due to Employee Theft in any one occurrence is \$50,000.

All loss or damage:

(a) Caused by one or more persons; or

(b) Involving a single act or series of related acts; is considered one occurrence.

(4) This insurance is cancelled as to any "employee":

(a) Immediately upon discovery by:

(i) You; or

(ii) Any of your partners, members, managers, officers, directors or trustees not in collusion with the "employee"; of theft or any other dishonest act committed by the "employee" whether before or after becoming employed by you.

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

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

(5) We will pay for loss that you sustained prior to the effective date of termination or cancellation of this insurance, which is discovered by you no later than 1 year from the date of that termination or cancellation.

However, this extended period to discover loss terminates immediately upon the effective date of any other insurance obtained by you replacing in whole or in part the insurance afforded hereunder, whether or not such other insurance provides coverage for loss sustained prior to its effective date.

(6) If any loss is covered:

(a) Partly by this insurance; and

(b) Partly by any prior cancelled or terminated insurance that we or any affiliate had issued to you or any predecessor in interest; the most we will pay is the larger of the amount recoverable under this insurance or the prior insurance.

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

n. Deferred Payments

We will reimburse you for payments you are unable to collect due to direct physical loss or damage to covered property sold by you on an installment or other deferred payment basis after it has been accepted by the Insured's customer(s), but while still at one of your covered premises. The most we will pay under this additional coverage is the lesser of your financial interest in such property or \$25,000.

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 Causes of Loss – Special Form and any endorsements which modify that form.

C. LIMITS OF INSURANCE

1. The most we will pay for loss or damage to Covered Property in any one occurrence is the applicable Limit of Insurance shown in the Declarations.

2. Unless otherwise indicated, the limits applicable to the Coverage Extensions and the following Additional Coverages are in addition to the Limits of Insurance:

a. Fire Department Service Charge;

b. Pollutant Clean Up and Removal;

c. Inventory and Appraisals; and

d. The insurance provided for newly acquired Fine Arts under the Fine Arts – Extended Coverage and Additional Covered Causes of Loss Additional Coverage.

3. Payments under the following Additional Coverages will not increase the applicable Limit of Insurance:

a. Preservation of Property;

b. Manufacturers Consequential Loss Assumption;

c. Theft Damage to Unowned Building Property;

d. Recharge of Fire Protection Equipment; but if:

(1) The leakage or discharge is caused by or results from a Covered Cause of Loss; and

(2) The sum of direct physical loss or damage, debris removal expense and fire protection equipment recharge expense exceeds the Limit of Insurance; we will pay an additional amount,

up to \$25,000 for each location in any one occurrence unless a different amount is shown in the Declarations for Recharge of Fire Protection Equipment Additional Amount;

e. Fine Arts – Extended Coverage and Additional Covered Causes of Loss, other than the coverage provided for newly acquired Fine Arts;

f. Lost Key Replacement Expense; or

g. Architects and Engineers Fees.

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.

Unless otherwise indicated in the Declarations, for the following covered property and coverage extensions, a deductible will apply that is the lesser of \$1,000 or the applicable Covered Property deductible:

1. Glass
2. Property at Temporary Locations
3. Personal Property in Transit
4. Installation Coverage
5. Money & Securities
6. Accounts Receivable
7. Restoration of Valuable Papers and Records (Other Than Electronic Data).
8. Employee Theft

For any one occurrence of covered loss to one or more laptop computers, the deductible will be the greater of \$2,500 or the applicable Covered Property deductible, unless otherwise indicated in the Declarations.

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.

If more than one Deductible applies to loss or damage in any one occurrence under this Coverage Part, we will apply each Deductible separately. But the total of all Deductible amounts applied will not exceed the single highest Deductible.

Example No. 1:

(This example assumes there is no coinsurance penalty.)

Deductible: \$250

Limit of Insurance – Bldg. 1: \$60,000

Limit of Insurance – Bldg. 2: \$80,000

Loss to Bldg. 1: \$60,100

Loss to Bldg. 2: \$90,000

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

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

$\$60,100 - \$250 = \$59,850$ Loss Payable – Bldg. 1

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

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

Example No. 2:

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

The Deductible and Limits of Insurance are the same as those in Example No. 1.

Loss to Bldg. 1: \$70,000

(exceeds Limit of Insurance plus Deductible)

Loss to Bldg. 2: \$90,000

(exceeds Limit of Insurance plus Deductible)

Loss Payable – Bldg. 1: \$60,000

(Limit of Insurance)

Loss Payable – Bldg. 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 any ordinance or law regulating the construction, use or repair of any property, except to the extent provided under the Increased Cost of Construction Additional Coverage.

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. If your 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 and labels, if doing so will not physically damage the merchandise. You must relabel the merchandise or its containers to comply with the law.

We will pay reasonable costs you incur to perform the activity described in **h.(1)** or **h.(2)** above. But the total we pay for these costs and the value of the damaged property will not exceed the applicable Limit of Insurance on such property.

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

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

b. Vacancy Provisions

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

(1) We will not pay for any loss or damage caused by any of the following even if they are Covered Causes of Loss:

- (a)** Vandalism;
- (b)** Sprinkler leakage, unless you have protected the system against freezing;
- (c)** Building glass breakage;
- (d)** Water damage;
- (e)** Theft; or
- (f)** Attempted theft.

(2) With respect to Covered Causes of Loss other than those listed in **b.(1)(a)** through **b.(1)(f)** above, we will reduce the amount we would otherwise pay for the loss or damage by 15%.

7. Valuation

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

a. Except as provided in **b., c., d., e., f., g., h.** and **i.** below, all property will be valued at replacement cost (without deduction for depreciation) as of the time of loss or damage, subject to the following:

(1) 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 on a replacement cost basis if you notify us of your intent to do so within 180 days after the loss or damage.

(2) We will not pay on a replacement cost basis for any loss or damage:

- (a)** Until the lost or damaged property is actually repaired or replaced; and
- (b)** Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.

But this condition does not apply to damaged building property when the cost of repair or replacement of the property is \$10,000 or less.

(3) Subject to **(4)** below, we will not pay more for loss or damage on a replacement cost basis than the least of the following amounts:

- (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:
 - (i)** Of comparable material and quality; and
 - (ii)** Used for the same purpose; or
 - (c)** The amount actually spent that is necessary to repair or replace the lost or damaged property.
- (4)** 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, except to the extent provided under the Increased Cost of Construction Additional Coverage.
- (5)** With respect to replacement cost on 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.

(6) With respect to Your Business Personal Property and Personal Property of Others, the cost of repair or replacement includes the value of the remaining term of maintenance agreements, service agreements or extended warranties which:

- (a)** Were obtained at your expense;
- (b)** Are non-refundable; and
- (c)** Are not applicable with respect to the repaired or replaced personal property.

The value of the unexpired term will be determined by multiplying the original cost of the maintenance agreement, service agreement or extended warranty by the proportion that the unexpired term of the agreement or warranty bears to the total term of the agreement or warranty.

b. The following categories of property will be valued at actual cash value as of the time of loss or damage:

- (1) Contents of a residence;
- (2) Works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelains and bric-a-brac.
- c. Labor, materials and services that you furnish or arrange on personal property of others will be valued based on the actual cost of the labor, materials and services.
- d. "Stock" you have sold but not delivered will be valued at the selling price less discounts and expenses you otherwise would have had.
- e. Unsold finished "stock" you manufacture will be valued at the price the goods could have been sold on the day of the loss had no loss occurred, less discounts and expenses you otherwise would have had.
- f. Glass will be valued at the cost of replacement with safety glazing material if required by law.
- g. Tenants Improvements and Betterments will be valued at:
 - (1) Replacement cost of the lost or damaged property (subject to the provisions of paragraph a. above) if you repair or replace promptly;
 - (2) A proportion of your original cost if you do not repair or replace 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.
- h. Property in the due course of transit will be valued as follows:
 - (1) If there is a shipper's invoice, the property will be valued at the amount shown on the invoice including any prepaid or advance freight as well as any costs or charges which have accrued or become legally due since the shipment commenced.
 - (2) If there is no invoice, the property will be valued at replacement cost (subject to the provisions of paragraph a. above) at the point of destination on the date of the loss, less any charges saved which would have been due and payable upon delivery at the destination.
- i. "Money" will be valued only up to and including its face value.
- "Securities" will be valued only up to and including their value at the close of business on the day the loss was discovered.

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 No. 1 (Underinsurance)

When: The value of the property is

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\$250,000

The Coinsurance percentage for it is 80%

The Limit of Insurance for it is

\$100,000

The Deductible is \$500

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 and to avoid the penalty shown below)

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

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

Step (4): $\$20,000 - \$500 = \$19,500$

We will pay no more than \$19,500. The remaining \$20,500 is not covered.

Example No. 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 \$500

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 \$39,500 (\$40,000 amount of loss minus the deductible of \$500).

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 No. 3:

When: The value of property is:

Bldg. at Location No. 1 \$ 75,000

Bldg. at Location No. 2 \$ 100,000

Personal Property at Location

No. 2 \$ 75,000

\$250,000

The Coinsurance percentage for it is 90%

The Limit of Insurance for Bldgs. and Personal Property at Location Nos. 1 and 2 is \$180,000

The Deductible is \$1,000

The amount of loss is:

Bldg. at Location No. 2 \$ 30,000

Personal Property at Location

No. 2 \$ 20,000

\$ 50,000

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

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

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

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

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

2. Mortgageholders

a. The term mortgageholder includes trustee.

b. We will pay for covered loss of or damage to buildings or structures to each mortgageholder shown in the Declarations in their order of precedence, as interests may appear.

c. The mortgageholder has the right to receive loss payment even if the mortgageholder has started foreclosure or similar action on the building or structure.

d. If we deny your claim because of your acts or because you have failed to comply with the terms of this

Coverage Part, the mortgageholder will still have the right to receive loss payment if the mortgageholder:

(1) Pays any premium due under this Coverage Part at our request if you have failed to do so;

(2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to

do so; and

(3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the

mortgageholder.

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

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

(1) The mortgageholder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and

(2) The mortgageholder's right to recover the full amount of the mortgageholder's claim will not be impaired.

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

f. If we cancel this policy, we will give written notice to the mortgageholder at least:

(1) 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or

(2) 30 days before the effective date of cancellation if we cancel for any other reason.

g. If we elect not to renew this policy, we will give written notice to the mortgageholder at least 10 days before the expiration date of this policy.

G. OPTIONAL COVERAGES

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

1. Actual Cash Value

a. Under the Valuation Loss Condition in Section **E.** of this Coverage Form, Actual Cash Value replaces

Replacement Cost in:

(1) Paragraph **a.** when this Optional Coverage applies to Building property; and

(2) Paragraphs **a.**, **g.** and **h.**(2) when this Optional Coverage applies to Business Personal Property.

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 \$25,000 or less, we will pay the cost of building repairs or replacement, subject to the provisions of paragraph **a.** of the Valuation Loss Condition in Section **E.** of this Coverage Form.

The cost of building repairs 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. 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; and

(3) Outdoor equipment or furniture.

2. Agreed Value

a. The Additional Condition, Coinsurance, does not apply to Covered Property to which this Optional Coverage applies. We will pay no more for loss 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.

3. 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:

$\$100,000 \times .08 \times 146 \div 365 = \$3,200$

H. DEFINITIONS

1. "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 does not apply to your "stock" of prepackaged software.

2. "Employee":

a. "Employee" means:

(1) Any natural person:

(a) While in your service or for 30 days after termination of service;

(b) Who you compensate directly by salary, wages or commissions; and

(c) Who you have the right to direct and control while performing services for you;

(2) Any natural person who is furnished temporarily to you:

(a) To substitute for a permanent "employee" as defined in Paragraph **(1)** above, who is on leave; or

(b) To meet seasonal or short-term work load conditions; while that person is subject to your direction and control and performing services for you, excluding, however, any such person while having care and custody of property outside the premises;

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

(4) Any natural person who is a former "employee," director, partner, member, manager, representative

or trustee retained as a consultant while performing services for you; or

(5) Any natural person who is a guest student or intern pursuing studies or duties, excluding, however, any such person while having care and custody of property outside the premises.

b. "Employee" does not mean:

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

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

3. **"Extra Expense"** means necessary expenses you incur that you would not have incurred if there had been no direct physical loss or damage to property:

a. To avoid or minimize the "suspension" of business and to continue "operations":

(1) At the described premises; or

(2) At replacement premises or at temporary locations, including relocation expenses and costs to equip and operate the replacement or temporary locations;

b. To minimize the "suspension" of business if you cannot continue "operations"; or

c. To the extent it reduces the amount of loss that otherwise would have been payable under this Coverage Form:

(1) To repair or replace any property; or

(2) To research, replace or restore lost or damaged "electronic data" or the lost information on damaged valuable papers and records.

4. **"Fungi"** means any form of fungus, including but not limited to, yeast, mold, mildew, rust, smut or mushroom, and including any spores, mycotoxins, odors, or any other substances, products, or byproducts produced by, released by, or arising out of the current or past presence of fungi. But "fungi" does not include any fungi intended by the insured for consumption.

5. **"Microbe(s)"** means any non-fungal microorganism or non-fungal, colony-form organism that causes infection or disease. "Microbe" includes any spores, mycotoxins, odors, or any other substances, products, or byproducts produced by, released by, or arising out of the current or past presence of microbes.

6. **"Money"** means:

a. Currency, coins and bank notes in current use and having a face value; and

b. Travelers checks, register checks and money orders held for sale to the public.

7. **"Operations"** means your business activities occurring at the described premises.

8. **"Period of Restoration"**

a. "Period of restoration" means the period of time that:

(1) 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

(2) Ends on the earlier of:

(a) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or

(b) The date when business is resumed at a new permanent location.

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

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

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

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

9. **"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.

10. "Securities" means negotiable and non-negotiable instruments or contracts representing either "money" or other property and includes tokens, revenue and food stamps, and evidences of debt issued in connection with credit or charge cards which are not of your own issue.

But "securities" does not include:

- a. "Money";
- b. Stamps, other than revenue or food stamps;
- c. Tickets, including lottery tickets held for sale; or
- d. Letters of credit.

11. "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.

12. "Suspension" means the slowdown or cessation of your business activities.

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 below for one or more of the following options for which a Limit of Insurance is shown in the Declarations:

a. Business Income including "Rental Value."

b. Business Income other than "Rental Value."

c. "Rental Value."

If option **a.** above is selected, the term Business Income will include "Rental Value." If option **c.**

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 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 that 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 1000 feet of the site at which the described premises are located.

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of the site at which the described premises are located, your premises means:

a. The portion of the building which you rent, lease or occupy; and

b. Any area within the building or on the site at which the described premises are located, if that area services, or is used to gain access to, the described premises.

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, or replace or restore the lost information on damaged valuable papers and records, but only to the extent it reduces the amount of loss that otherwise would have been payable under this Coverage Form.

3. Covered Causes of Loss, Exclusions and Limitations

See Causes of Loss – Special Form and any endorsements that modify that form.

4. Additional Limitation – Electronic Data

a. Coverage for Business Income does not apply when a "suspension" of "operations" is caused by any loss or damage to "electronic data," except as provided under the Additional Coverage – Restoration Of Electronic Data.

b. Coverage for Extra Expense does not apply when action is taken to avoid or minimize a "suspension" of "operations" caused by any loss or damage to "electronic data," except to the extent it reduces the amount of loss that otherwise would have been payable under the Additional Coverage – Restoration of Electronic Data in this Coverage Form or under the Restoration of Electronic Data Coverage Extension in the BUILDING AND PERSONAL PROPERTY COVERAGE FORM.

5. Additional Coverages**a. Denial of Access to Premises****(1) Civil Authority**

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 due to direct physical loss of or damage to property, other than at the described premises, caused by or resulting from any Covered Cause of Loss.

This coverage will apply for a period of up to three consecutive weeks after coverage begins.

(2) Ingress / Egress

We will also pay for the actual loss of Business Income you sustain and necessary Extra Expense caused when ingress or egress to the described premises is physically prevented due to direct loss or damage to property, other than at the described premises, caused by or resulting from any Covered Cause of Loss.

This coverage will not begin until 12 hours after the physical loss or damage has occurred. The most we will pay for loss under this Additional Coverage is \$50,000 unless a different limit is shown in the Declarations.

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 1,000 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) 30 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) 30 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. Restoration of Electronic Data

You may extend the insurance that applies to Business Income to apply to a "suspension" of "operations" caused by loss or damage to "electronic data" resulting from a Covered Cause of Loss, requiring the replacement or restoration of the "Electronic Data," as provided under the Restoration of Electronic Data Coverage Extension in the BUILDING AND PERSONAL PROPERTY COVERAGE FORM. However, we will not pay for any loss of Business Income under this additional coverage after the longer of:

1) 60 consecutive days from the date of loss or damage to the "electronic data," unless a different number of days is shown in the Declarations; or

2) The period, beginning with the date of direct physical loss or damage, necessary to repair, rebuild or replace, with reasonable speed and similar quality, other property at the described premises due to loss or damage caused by the same occurrence.

Example No. 1:

A Covered Cause of Loss damages a computer on June 1. It takes until September 1 to replace the computer, and until October 1 to restore the "electronic data" that was lost when the damage occurred. We will only pay for the Business Income loss sustained during the period June 1 – September 1. Loss during the period September 2 – October 1 is not covered.

Example No. 2:

A Covered Cause of Loss results in the loss of "electronic data" on August 1. The "electronic data" is replaced on October 15. We will only pay for the Business Income loss sustained during the period August 1 – September 29 (60 consecutive days). Loss during the period September 30 – October 15 is not covered.

e. Property in Transit

(1) We will pay for the actual loss of Business Income you sustain and necessary Extra Expense you incur during the "period of restoration" due to direct physical loss of or damage to:

(a) Your business personal property; or

(b) Personal property of others in your care, custody or control; while such property in the due course of transit, including such property described in **(1)(a)** and **(1)(b)** above while in your vehicle more than 1000 feet of the site at which the described premises are located. If caused by such loss or damage to property in the due course of transit, we will also pay for the actual loss of Business Income you sustain during the additional period of coverage provided under the Extended Business Income Additional Coverage.

(2) Insurance under this Additional Coverage applies only if the loss or damage to the property in transit is caused by a Covered Cause of Loss. Insurance under this Additional Coverage does not apply to any loss of Business Income or Extra Expense due to loss of or damage to:

(a) Vehicles or self propelled machines (including motor vehicles, trailers, aircraft, watercraft and similar conveyances) unless such vehicles are themselves in the due course of transit in or on another transporting conveyance;

(b) Property while waterborne, except in regular ferry operations in the course being moved by other means of transportation;

(c) Property shipped by mail;

(d) Contraband or property in the course of illegal transportation or trade;

(e) Import shipments that have not been unloaded from any importing aircraft or watercraft, or that are under the protection of marine insurance;

(f) Export shipments once loaded on board exporting aircraft or watercraft, or under the protection of marine insurance; or

(g) Properly sold by you under conditional sale, trust agreement, installment payment or other deferred payment plan, after delivery to customers.

(3) The most we will pay for loss under this Additional Coverage is \$10,000 unless a different Limit of Insurance is shown in the Declarations for Property in Transit – Business Income and Extra Expense.

f. Loss Adjustment Expenses

In the event of covered loss or damage under this Coverage Part, we will pay for reasonable expenses incurred by you, at our request, to assist us in the determination of the amount of loss, such as taking inventory and appraisals and preparing documentation to develop the extent of loss.

We will **not** pay the following:

(1) Expenses incurred in connection with the Appraisal Loss Condition in Section **C.1.**; or

(2) Public adjustors' fees or fees or expenses payable to attorneys.

The most we will pay under this Additional Coverage is \$25,000 unless a different Limit of Insurance is shown in the Declarations.

No deductible applies to this Additional Coverage.

6. Coverage Extension

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 \$250,000 at each newly acquired location.

c. Insurance under this Extension for each newly acquired location will end when any of the following first occurs:

(1) This policy expires;

(2) 180 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.

This Extension is additional insurance. 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.

The limit applicable to the Coverage Extension is in addition to the Limit of Insurance.

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

1. Alterations and New Buildings;
2. Denial of Access to Premises;
3. Extra Expense;
4. Extended Business Income;
5. Restoration of Electronic Data;
6. Property in Transit.
7. Loss Adjustment Expenses

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) All 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 resume "operations" 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:

- a.** The Coinsurance percentage shown for Business Income in the Declarations; times
 - b.** The sum of:
 - (1) The Net Income (Net Profit or Loss before income taxes); and
 - (2) 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:

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;
2. Divide the Limit of Insurance for the described premises by the figure determined in step 1; and
3. Multiply the total amount of loss by the figure determined in step 2.

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

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:

- a. Prepaid freight – outgoing;
- b. Returns and allowances;
- c. Discounts;
- d. Bad debts;
- e. Collection expenses;
- f. Cost of raw stock and factory supplies consumed (including transportation charges);
- g. Cost of merchandise sold (including transportation charges);
- h. Cost of other supplies consumed (including transportation charges);
- i. Cost of services purchased from outsiders (not employees) to resell, that do not continue under contract;
- j. Power, heat and refrigeration expenses that do not continue under contract (if form **CP 15 11** is attached);
- k. All ordinary payroll expenses or the amount of payroll expense excluded (if form **CP 15 10** is attached); and
- l. 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 No. 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 No. 2 (Adequate Insurance):

When: The Net Income and operating expenses for the 12 months following the inception, or last previous anniversary date, of this policy at the described premises would have been:

\$400,000

The Coinsurance percentage is 50%

The Limit of Insurance is \$200,000

The amount of loss is \$80,000

The minimum amount of insurance to meet your Coinsurance requirement is \$200,000 (\$400,000 x 50%).

Therefore, the Limit of Insurance in this example is adequate and no penalty applies. We will pay no more than \$80,000 (amount of loss).

This condition does not apply to Extra Expense.

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:

$\$120,000 \times 1/4 = \$30,000$.

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

\$90,000

We will pay:

Days 1-30 \$30,000

Days 31-60 20,000

Days 61-90 30,000

\$80,000

The remaining \$10,000 is not covered.

3. Business Income Agreed Value

a. To activate this Optional Coverage:

(1) A Business Income Report/Work Sheet must be submitted to us and must show financial data for your "operations":

(a) During the 12 months prior to the date of the Work Sheet; and

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

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

(a) The Coinsurance percentage shown in the Declarations; multiplied by

(b) The amount of Net Income and operating expenses for the following 12 months you report on the Work Sheet.

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

(1) 12 months after the effective date of this Optional Coverage; or

(2) The expiration date of this policy; whichever occurs first.

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

(1) Within 12 months of the effective date of this Optional Coverage; or

(2) When you request a change in your Business Income Limit of Insurance.

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

(1) The Business Income Limit of Insurance; divided by

(2) The Agreed Value.

Example:

When: The Limit of Insurance is \$100,000.

The Agreed Value is \$200,000

The amount of loss is \$ 80,000

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

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

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 "30" in Subparagraphs **(1)(b)** and **(2)(b)** is replaced by the number shown in the Declarations for this Optional Coverage.

F. DEFINITIONS

1. "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 does not apply to your "stock" of prepackaged software.

2. "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.

3. "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.

4. "Period of Restoration" means the period of time that:

a. Begins with the date of direct physical loss or damage to the property caused by or resulting from any

Covered Cause of Loss; and

b. Ends on the earlier of:

(1) The date when the property 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 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."

5. "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, refurbished, or reclaimed.

6. "Rental Value" means Business Income that consists of the:

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.

7. "Suspension" means:

a. The slowdown or cessation of your business activities; or

b. That a part or all of the described premises is rendered untenable, if coverage for Business Income including "Rental Value" or "Rental Value" applies.

CAUSES OF LOSS – SPECIAL FORM

Words and phrases that appear in quotation marks have special meaning. Refer to Section **E. – DEFINITIONS**, or the **DEFINITIONS** Section of the Coverage Form(s) to which this Causes of Loss Form applies.

A. COVERED CAUSES OF LOSS

1. Covered Causes of Loss means RISKS OF DIRECT PHYSICAL LOSS unless the loss is:
- a. Excluded in Section **B., EXCLUSIONS**; or
 - b. Limited in Section **C., LIMITATIONS**; or
 - c. Excluded or limited in any option or endorsement modifying the exclusions or limitations in Sections **B.** and **C.** of this form.

B. EXCLUSIONS

1. We will not pay for loss or damage directly or indirectly caused by or resulting from any of the following regardless of: (a) the causes of the excluded event; or (b) other causes of the loss; or (c) any other causes or events, whether or not insured under this Policy, which may have contributed concurrently or in any sequence with the excluded event to produce the loss; or (d) whether the event occurred suddenly or gradually, involved isolated or widespread damage, arose from natural or external forces or acts or omissions of man, or occurred as a result of any combination of any of the following:

a. Ordinance or Law

The enforcement of 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:

- (1) An ordinance or law that is enforced even if the property has not been damaged; or
- (2) 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.

This exclusion does not apply to the extent coverage is provided under the Increased Cost of Construction Additional Coverage in the Building and Personal Property Coverage Form.

b. Earth Movement

- (1) Earthquake, including 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 (1) through (4) above, results in fire or explosion, and such resulting loss or damage is not otherwise excluded, 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, and such resulting loss or damage is not otherwise excluded, 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.

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 does not apply to:

(1) Property in the due course of transit;

(2) Property in the custody of salespersons; or

(3) The:

(a) Restoration of Electronic Data;

(b) Restoration of Valuable Papers and Records (Other than Electronic Data);

(c) Storage of Duplicate Data and Records; or

(d) Accounts Receivable;

Coverage Extensions in the Building and Personal Property Coverage Form.

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.

This exclusion does not apply to the Business Income coverage or to Extra Expense coverage. Instead, the Special Exclusion in Paragraph **B.4.a.(1)** applies to these coverages.

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, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not;

(2) Mudslide or mudflow;

(3) Water that backs up or overflows from a sewer, drain or sump:

(a) Except as provided under the Back Up of Sewers or Drains Additional Coverage in Section D. of this form; or

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

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

(b) Basements, whether paved or not; or

(c) Doors, windows or other openings.

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

This exclusion does not apply to:

(1) Property in the due course of transit;

(2) Property in the custody of salespersons; or

(3) The:

(a) Restoration of Electronic Data;

(b) Restoration of Valuable Papers and Records (Other than Electronic Data);

(c) Storage of Duplicate Data and Records; or

(d) Accounts Receivable;

Coverage Extensions in the Building and Personal Property Coverage Form.

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

Wherever the word "flood" appears in the Commercial Property Coverage Part, it is amended to a defined term, as per the following, and supersedes and replaces any other definition of "flood":

"Flood" means a general and temporary condition of partial or complete inundation of normally dry land areas, whether caused by natural occurrences, acts or omissions of man or any other cause or combination of causes.

All flooding in a continuous or protracted event will constitute a single flood.

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 heat is not maintained.

h. Dishonest or criminal act by you, any of your partners, members, officers, managers, "employees," directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose (other than a carrier or other bailee for hire):

(1) Acting alone or in collusion with others; or

(2) Whether or not occurring during the hours of operation.

This exclusion does not apply to acts of destruction by your "employees." However, if the "employee(s)" committing the act of destruction is also you, any of your partners or an officer, the exclusion applies. In addition, theft by "employees" is not covered.

This exclusion does not apply to the extent coverage is provided under the Employee Theft Coverage Extension in the Building and Personal Property Coverage Form.

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.

This exclusion does not apply to the extent coverage is provided under the Personal Property in Transit and Employee Theft Coverage Extensions in the Building and Personal Property Coverage Form.

j. Rain, snow, ice or sleet to personal property in the open, other than property in the custody of carriers for hire.

k. Collapse, except as provided below in the Collapse Additional Coverage in Section **D.** of this form. But if collapse results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

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 does not apply to the:

- (a) Restoration of Electronic Data;
- (b) Restoration of Valuable Papers and Records (Other than Electronic Data);
- (b) Storage of Duplicate Data and Records; or
- (c) Accounts Receivable;

Coverage Extensions in the Building and Personal Property Coverage Form.

This exclusion, I., 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 Section **B.1.** of this form 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) Design, specifications, workmanship, processing, manufacture, testing, repair, installation, construction, renovation, remodeling, grading, compaction;

(2) Materials used in processing, manufacture, testing, repair, construction, renovation or remodeling;

(3) Planning, zoning, development, surveying, siting; or

(4) Maintenance; of part or all of any property on or off the 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 directly or indirectly by the failure of power or other utility service supplied to the described premises, however caused, if the failure occurs outside of a covered building. Failure includes lack of sufficient capacity and reduction in supply.

But if the failure of power or other utility service results in a Covered Cause of Loss, we will pay for the loss resulting from that Covered Cause of Loss.

(2) 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.

(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.

(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 canceling 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.

C. LIMITATIONS

The following limitations apply to all policy forms and endorsements to which this Causes of Loss Form applies, 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. 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.

This exclusion does not apply to:

- (1) Property in the custody of carriers or other bailees for hire; or
- (2) Electronic data processing equipment; or
- (3) The:
 - (a) Restoration of Electronic Data;
 - (b) Restoration of Valuable Papers and Records (Other Than Electronic Data);
 - (b) Storage of Duplicate Data and Records; or
 - (c) Accounts Receivable;

Coverage Extensions in the Building and Personal Property Coverage Form; or

(4) Loss of Business Income or Extra Expense resulting from such loss to "electronic data."

d. Property that has been transferred to a person or to a place outside the described premises on the basis of unauthorized instructions.

e. Outdoor antennas (including satellite dishes) and their lead-in wiring, masts or towers, caused by or resulting from snow, ice, sleet, windstorm or hail.

f. Property in an unattended vehicle more than 1000 feet from the described premises caused by or resulting from theft or attempted theft.

But this limitation does not apply to property:

(1) Contained in a fully enclosed and securely locked body or compartment of a vehicle if the theft is by forcible entry, evidence by visible marks upon the body or compartment; or

(2) In the custody of carriers by hire.

g. "Electronic data" or valuable papers and records, including records of accounts receivable, caused by or resulting from:

(1) Programming errors or faulty machine instructions;

(2) Bookkeeping, accounting or billing errors or omissions; or

(3) Other errors or omissions in processing or copying.

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. Builder's machinery, tools and equipment owned by you or entrusted to you.

But this limitation does not apply:

(1) To such property located on or within 1000 feet of the described premises; or

(2) To Business Income coverage or Extra Expense coverage.

3. The special limit shown for each category, **a.** and **b.**, 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 in the category that are lost or damaged in that occurrence. The special limits are:

a. \$2,500 for furs, fur garments and garments trimmed with fur.

b. \$2,500 for jewelry, watches, watch movements, jewels, pearls, precious and semi-precious 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.

These special limits are part of, and 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 COVERAGES

The following coverages are added, but do not increase the Limits of Insurance provided in this Coverage Part.

1. Collapse

The term Covered Cause of Loss includes the Additional Coverage – Collapse as described and limited in **1.a.** through **1.d.** below.

a. With respect to buildings:

(1) 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) A building or any part of a building that is in danger of falling down or caving in is not considered to be in a state of collapse;

(3) A part of a building that is standing is not considered to be in a state of collapse even if it has separated from another part of the building;

(4) A building that is standing or any part of a building that is standing is not considered to be in a state of collapse even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

b. We will pay for direct physical loss or damage to Covered Property, caused by 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 the collapse is caused by one or more of the following:

(1) The "specified causes of loss" or breakage of building glass, only as insured against in this Coverage Part;

(2) Decay that is hidden from view, unless the presence of such decay is known to an insured prior to collapse;

(3) Insect or vermin damage that is hidden from view, unless the presence of such damage is known to an insured prior to collapse;

(4) Weight of people or personal property;

(5) Weight of rain that collects on a roof;

(6) Use of defective material or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation. However, if the collapse occurs after construction, remodeling or renovation is complete and is caused in part by a cause of loss listed in **b.(1)** through **b.(5)**, we will pay for the loss or damage even if use of defective material or methods, in construction, remodeling or renovation, contributes to the collapse.

The criteria set forth in **a.(1)** through **a.(4)** do not limit the coverage otherwise provided under this Causes of Loss Form for the causes of loss listed in **b.(1)**, **b.(4)** and **b.(5)**.

c. With respect to the following property:

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

(2) Awnings, gutters and downspouts;

(3) Yard fixtures;

(4) Outdoor swimming pools;

(5) Fences;

(6) Piers, wharves and docks;

(7) Beach or diving platforms or appurtenances;

(8) Retaining walls; and

(9) Walks, roadways and other paved surfaces; if the collapse is caused by a cause of loss listed in **b.(2)** through **b.(6)**, we will pay for loss or damage to that property only if:

(1) Such loss or damage is a direct result of the collapse of a building insured under this Coverage Form; and

(2) The property is Covered Property under this Coverage Form.

d. If personal property abruptly falls down or caves in and such collapse is not the result of collapse of a building, we will pay for loss or damage to Covered Property caused by such collapse of personal property only if:

(1) The collapse was caused by a Cause of Loss listed in **b.(1)** through **b.(6)** above;

(2) The personal property which collapses is inside a building; and

(3) The property which collapses is not of a kind listed in **c.** above, regardless of whether that kind of property is considered to be personal property or real property.

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

Collapse of personal property does not mean cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

2. Back Up of Sewers or Drains

The term Covered Cause of Loss includes direct physical loss or damage caused by or resulting from water that backs up from a sewer or drain, subject to the following limitations:

a. We will not pay for loss or damage under this Additional Coverage caused by the emanation of water from a sewer or drain that is itself caused by, or the result of:

- (1) Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not;
- (2) Mudslide or mudflow.

b. The most we will pay for all loss or damage in any one occurrence under this Additional Coverage is \$25,000 unless a different Limit of Insurance is shown in the Declarations. The Additional Condition, Coinsurance, does not apply to this Additional Coverage.

3. 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.

4. 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.

E. DEFINITIONS

1. "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 does not apply to your "stock" of prepackaged software.

2. "Employee(s)":

a. "Employee" means:

(1) Any natural person:

- (a) While in your service or for 30 days after termination of service;
 - (b) Who you compensate directly by salary, wages or commissions; and
 - (c) Who you have the right to direct and control while performing services for you;
- (2) Any natural person who is furnished temporarily to you:
- (a) To substitute for a permanent "employee" as defined in Paragraph (1) above, who is on leave; or
 - (b) To meet seasonal or short-term work load conditions; while that person is subject to your direction and control and performing services for you, excluding, however, any such person while having care and custody of property outside the premises;
 - (3) Any natural person who is leased to you under a written agreement between you and a labor leasing firm, to perform duties related to the conduct of your business, but does not mean a temporary "employee" as defined in Paragraph (2) above;
 - (4) Any natural person who is a former "employee," director, partner, member, manager, representative or trustee retained as a consultant while performing services for you; or
 - (5) Any natural person who is a guest student or intern pursuing studies or duties, excluding, however, any such person while having care and custody of property outside the premises.

b. "Employee" does not mean:

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

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

3. "Specified Causes of Loss"

a. "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.

(1) 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:

(a) The cost of filling sinkholes; or

(b) Sinking or collapse of land into man-made underground cavities.

(2) Falling objects does not include loss or damage to:

(a) Personal property in the open; or

(b) 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.

(3) Water damage means 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.

b. While property is in the due course of transit, "Specified Causes of Loss" also means the following:

(1) Vehicle collision upset or overturn. Collision means the violent and accidental contact of the vehicle conveying the property with any other vehicle or object. It does not include loss or damage caused by contact of the vehicle with any portion of the roadbed; and

(2) Sinking or stranding of a vessel, or collapse of a bridge, overpass, culvert, dock or wharf.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADULTERATION OR CONTAMINATION TO STOCK EXCLUSION

This endorsement modifies insurance provided under the following:

CAUSES OF LOSS – SPECIAL FORM

The following is added to Section **B. EXCLUSIONS: Adulteration or Contamination**

We will not pay for loss or damage caused by or resulting from adulteration or contamination to "stock" which causes the "stock" to become diminished in value or use, including but not limited to diminished value or use due to change in color, finish, flavor, size, shape, weight or texture.

This exclusion applies unless the adulteration or contamination is itself caused by any of the "Specified Causes of Loss." But if the adulteration or contamination to "stock" results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

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

Exterior Insulation and Finish Systems Exclusion

This endorsement modifies insurance provided under the following:

CAUSES OF LOSS – SPECIAL FORM

A. The following is added to Section **B., EXCLUSIONS,**

This insurance does not apply to any loss arising in whole or in part from the use of Exterior Insulation and Finish System (EIFS), synthetic stucco, or any similar product or any part thereto the application or use of paints, conditioners, primers, accessories, flashings, coatings, caulking, or sealants in connection with such a product.

All other terms, conditions, and exclusions remain unchanged.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WINDSTORM OR HAIL EXCLUSION

This endorsement modifies insurance provided under the following:

CAUSES OF LOSS – BASIC FORM
CAUSES OF LOSS – BROAD FORM
CAUSES OF LOSS – SPECIAL FORM
STANDARD PROPERTY POLICY

SCHEDULE

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

With respect to the location(s) indicated in the Schedule, the following provisions apply.

- A.** The following is added to the **Exclusions** section and is therefore **not** a Covered Cause of Loss:

WINDSTORM OR HAIL

We will not pay for loss or damage:

1. Caused directly or indirectly by Windstorm or Hail, regardless of any other cause or event that contributes concurrently or in any sequence to the loss or damage; or
2. Caused by rain, snow, sand or dust, whether driven by wind or not, if that loss or damage would not have occurred but for the Windstorm or Hail.

But if Windstorm or Hail results in a cause of loss other than rain, snow, sand or dust, and that resulting cause of loss is a Covered Cause of Loss, we will pay for the loss or damage caused by such Covered Cause of Loss. For example, if the Windstorm or Hail damages a heating system and fire results, the loss or damage attributable to the fire is covered subject to any other applicable policy provisions.

- B.** The terms of the Windstorm Or Hail exclusion, 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 policy.
- C.** Under **Additional Coverage – Collapse**, in the Causes Of Loss – Broad Form, Windstorm or Hail is deleted from Paragraph **2.a.**
- D.** In the Causes Of Loss – Special Form, Windstorm or Hail is deleted from the "specified causes of loss".

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EARTHQUAKE AND VOLCANIC ERUPTION ENDORSEMENT

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART STANDARD PROPERTY POLICY

A. When this endorsement is attached to the Standard Property Policy, the terms Coverage Part and Coverage Form in this endorsement are replaced by the term Policy.

B. This endorsement applies to the Covered Property and Coverages for which an Earthquake - Volcanic Eruption Limit Of Insurance is shown in the Declarations.

C. Additional Covered Causes Of Loss

1. The following are added to the Covered Causes Of Loss:

- a. Earthquake.
- b. Volcanic Eruption, meaning the eruption, explosion or effusion of a volcano.

All Earthquake shocks or Volcanic Eruptions that occur within any 168-hour period will constitute a single Earthquake or Volcanic Eruption. The expiration of this policy will not reduce the 168-hour period.

2. If the Declarations indicate that this endorsement covers Earthquake - Sprinkler Leakage Only, then the Covered Causes of Loss in Paragraph C.1. of this endorsement do not apply, and the following apply instead:

- a. Sprinkler Leakage resulting from Earthquake.
- b. Sprinkler Leakage resulting from Volcanic Eruption. Volcanic Eruption means the eruption, explosion or effusion of a volcano.

All Earthquake shocks or Volcanic Eruptions that occur within any 168-hour period will constitute a single Earthquake or Volcanic Eruption. The expiration of this policy will not reduce the 168-hour period.

D. Exclusions, Limitations And Related Provisions

1. The Exclusions and Limitation(s) sections of the Causes Of Loss Form (and the Exclusions section of the Mortgageholders Errors And Omissions Coverage Form and the Standard Property Policy) apply to coverage provided under this endorsement, except as provided in D.2. and D.3. below.

2. To the extent that the Earth Movement Exclusion might conflict with coverage provided under this endorsement, the Earth Movement Exclusion does not apply.

3. The exclusion of collapse, in the Causes Of Loss - Special Form and Mortgageholders Errors And Omissions Coverage Form, does not apply to collapse caused by Earthquake or Volcanic Eruption.

4. The Additional Coverage - Collapse, in the Causes Of Loss - Broad Form, Causes Of Loss - Special Form and Mortgageholders Errors And Omissions Coverage Form, does

not apply to the coverage provided under this endorsement. This endorsement includes coverage for collapse caused by Earthquake or Volcanic Eruption.

5. We will not pay for loss or damage caused directly or indirectly by tidal wave or tsunami, even if attributable to an Earthquake or Volcanic Eruption.

6. We will not pay for loss or damage caused by or resulting from any Earthquake or Volcanic Eruption that begins before the inception of this insurance.

7. The Ordinance Or Law Exclusion in this Coverage Part continues to apply with respect to any loss under this Coverage Part including any loss under this endorsement, unless Ordinance Or Law Coverage is added by endorsement.

8. We will not pay for loss of or damage to exterior masonry veneer (except stucco) on wood frame walls caused by or resulting from Earthquake or Volcanic Eruption. The value of such veneer will not be included in the value of Covered Property or the amount of loss when applying the Property Damage Deductible applicable to this endorsement.

This limitation, **D.8.**, does not apply if:

a. The Declarations indicate that the "Including Masonry Veneer" option applies or the premises description in the Declarations specifically states "Including Masonry Veneer" or

b. Less than 10% of the total outside wall area is faced with masonry veneer (excluding stucco).

9. Under this Coverage Part, as set forth under Property Not Covered in the Coverage Form to which this endorsement is attached, land is not covered property, nor is the cost of excavations, grading, backfilling or filling. Therefore, coverage under this endorsement does not include the cost of restoring or remediating land.

E. Property Damage Deductible

1. The provisions of Section E.3. of this endorsement are applicable to all Coverage Forms except:

- a. Business Income (And Extra Expense) Coverage Form;
- b. Business Income (Without Extra Expense) Coverage Form;
- c. Extra Expense Coverage Form.

2. If the Declarations indicate that this endorsement covers Earthquake - Sprinkler Leakage Only, then the Deductible set forth in Section E.3. of this endorsement does not apply to such coverage. The applicable Deductible for such coverage is the same Deductible that applies to Fire.

3. The Deductible, if any, in this Coverage Part is replaced by the following with respect to Earthquake and Volcanic Eruption:

a. All Policies

(1) The Deductible provisions apply to each Earthquake or Volcanic Eruption.

(2) Separate Deductibles are calculated for, and apply to, each building, personal property at each building and personal property in the open. Deductibles are separately calculated and applied even if:

- (a) Two or more buildings sustain loss or damage;
- (b) Personal property at two or more buildings sustains loss or damage; and/or
- (c) A building and the personal property in that building sustain loss or damage.

(3) We will not pay for loss or damage until the amount of loss or damage exceeds the applicable Deductible. We will then pay the amount of loss or damage in excess of that Deductible, up to the applicable Limit of Insurance, after any reduction required by any of the following: Coinsurance Condition, Agreed Value Optional Coverage, Additional Condition - Need For Adequate Insurance or Additional Condition - Need For Full Reports.

(4) When property is covered under the Coverage Extension for Newly Acquired or Constructed Property: In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to a percentage of the value of the property at time of loss. The applicable percentage for Newly Acquired or Constructed Property is the highest percentage shown in the Declarations for any described premises.

(5) If there is loss or damage caused by Earthquake or Volcanic Eruption, and loss or damage caused by a Cause of Loss (e.g., fire) that is covered by means of an exception to the Earth Movement Exclusion, then the only applicable Deductible provisions are those stated in this endorsement.

b. Calculation Of The Deductible - Specific Insurance Other Than Builders Risk

(1) Property Not Subject To Value Reporting Forms

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to a percentage (as shown in the Declarations, concerning the Earthquake - Volcanic Eruption Deductible) of the Limit of Insurance applicable to the property that has sustained loss or damage.

(2) Property Subject To Value Reporting Forms

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to a percentage (as shown in the Declarations, concerning the Earthquake - Volcanic Eruption Deductible) of the value of the property that has sustained loss or damage. The value to be used is the latest value shown in the most recent Report of Values on file with us.

However:

(a) If the most recent Report of Values shows less than the full value of the property on the report dates, we will determine the deductible amount as a percentage of the full value as of the report dates.

(b) If the first Report of Values is not filed with us prior to loss or damage, we will determine the deductible amount as a percentage of the applicable Limit of Insurance.

c. Calculation Of The Deductible - Blanket Insurance Other Than Builders Risk

(1) Property Not Subject To Value Reporting Forms

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to a percentage (as shown in the Declarations, concerning the Earthquake - Volcanic Eruption Deductible) of the value of the property that has sustained loss or damage. The value to be used is that shown in the most recent Statement of Values on file with us.

(2) Property Subject To Value Reporting Forms

In determining the amount, if any, that we will pay for property that has sustained loss or damage, we will deduct an amount equal to a percentage (as

shown in the Declarations, concerning the Earthquake - Volcanic Eruption Deductible) of the value of that property as of the time of loss or damage.

d. Calculation Of The Deductible - Builders Risk Insurance

(1) Builders Risk Other Than Reporting Form

In determining the amount, if any, that we will pay for property that has sustained loss or damage, we will deduct an amount equal to a percentage (as shown in the Declarations, concerning the Earthquake - Volcanic Eruption Deductible) of the actual cash value of that property as of the time of loss or damage.

(2) Builders Risk Reporting Form

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to a percentage (as shown in the Declarations, concerning the Earthquake - Volcanic Eruption Deductible) of the value of the property that has sustained loss or damage. The value to be used is the actual cash value shown in the most recent Report of Values on file with us.

However:

(a) If the most recent Report of Values shows less than the actual cash value of the property on the report date, we will determine the deductible amount as a percentage of the actual cash value as of the report date.

(b) If the first Report of Values is not filed with us prior to loss or damage, we will determine the deductible amount as a percentage of the actual cash value of the property as of the time of loss or damage.

F. Examples - Application Of Deductible In E.3.:

EXAMPLE 1 - SPECIFIC INSURANCE (E.3.b.(1))

The amount of loss to the damaged building is \$60,000.

The value of the damaged building at time of loss is \$100,000. The Coinsurance percentage shown in the Declarations is 80%; the minimum Limit of Insurance needed to meet the Coinsurance requirement is \$80,000 (80% of \$100,000).

The **actual** Limit of Insurance on the damaged building is \$70,000.

The Deductible is 5%.

Step **(1)**: $\$70,000 \div \$80,000 = .875$

Step **(2)**: $\$60,000 \times .875 = \$52,500$

Step **(3)**: $\$70,000 \times 5\% = \$3,500$

Step **(4)**: $\$52,500 - \$3,500 = \$49,000$

The most we will pay is \$49,000. The remainder of the loss, \$11,000, is not covered due to the Coinsurance penalty for inadequate insurance (steps **(1)** and **(2)**) and the application of the Deductible (steps **(3)** and **(4)**).

EXAMPLE 2 - SPECIFIC INSURANCE (E.3.b.(1))

The amounts of loss to the damaged property are \$60,000 (building) and \$40,000 (business personal property in building).

The value of the damaged building at time of loss is \$100,000. The value of the business personal property in that building is \$80,000. The Coinsurance percentage shown in the Declarations is 80%; the minimum Limits of Insurance needed to meet the Coinsurance requirement are \$80,000 (80% of \$100,000) for the building and \$64,000 (80% of \$80,000) for the business personal property.

The **actual** Limits of Insurance on the damaged property are \$80,000 on the building and \$64,000 on the business personal property (therefore no Coinsurance penalty).

The Deductible is 10%.

Building 1

Step (1): $\$80,000 \times 10\% = \$8,000$

Step (2): $\$60,000 - \$8,000 = \$52,000$

Business Personal Property

Step (1): $\$64,000 \times 10\% = \$6,400$

Step (2): $\$40,000 - \$6,400 = \$33,600$

The most we will pay is \$85,600. That portion of the total loss not covered due to application of the Deductible is \$14,400.

EXAMPLE 3 - BLANKET INSURANCE (E.3.c.(1))

The sum of the values of Building 1 (\$500,000), Building 2 (\$500,000) and Building 3 (\$1,000,000), as shown in the most recent Statement of Values on file with us, is \$2,000,000.

The Coinsurance percentage shown in the Declarations is 90%; the minimum Blanket Limit of Insurance needed to meet the Coinsurance requirement is \$1,800,000 (90% of \$2,000,000).

The **actual** Blanket Limit of Insurance covering Buildings 1, 2, and 3, shown in the Declarations, is \$1,800,000 (therefore no Coinsurance penalty).

Buildings 1 and 2 have sustained damage; the amounts of loss to these buildings are \$40,000 (Building 1) and \$60,000 (Building 2).

The Deductible is 5%.

Building 1

Step (1): $\$500,000 \times 5\% = \$25,000$

Step (2): $\$40,000 - \$25,000 = \$15,000$

Building 2

Step (1): $\$500,000 \times 5\% = \$25,000$

Step (2): $\$60,000 - \$25,000 = \$35,000$

The most we will pay is \$50,000. That portion of the total loss not covered due to application of the Deductible is \$50,000.

EXAMPLE 4 - BLANKET INSURANCE (E.3.c.(1))

The sum of the values of Building 1 (\$500,000), Building 2 (\$500,000), Business Personal Property at Building 1 (\$250,000) and Business Personal Property at Building 2 (\$250,000), as shown in the most recent Statement of Values on file with us, is \$1,500,000.

The Coinsurance percentage shown in the Declarations is 90%; the minimum Blanket Limit of Insurance needed to meet the Coinsurance requirement is \$1,350,000 (90% of \$1,500,000).

The **actual** Blanket Limit of Insurance covering Buildings 1 and 2 and Business Personal Property at Buildings 1 and 2, shown in the Declarations, is \$1,350,000. Therefore there is no Coinsurance penalty.

Building 1 and Business Personal Property at Building 1 have sustained damage; the amounts of loss are \$95,000 (Building) and \$5,000 (Business Personal Property).

The Deductible is 10%.

Building

Step (1): $\$500,000 \times 10\% = \$50,000$

Step (2): $\$95,000 - \$50,000 = \$45,000$

Business Personal Property

Step (1): $\$250,000 \times 10\% = \$25,000$

The loss, \$5,000, does not exceed the deductible.

The most we will pay is \$45,000. The remainder of the building loss, \$50,000, is not covered due to application of the Deductible. There is no loss payment for the business personal property.

G. Business Income And Extra Expense Period Of Restoration

This Section **G.** is applicable only to the Coverage Forms specified below:

1. Business Income (And Extra Expense) Coverage Form;
2. Business Income (Without Extra Expense) Coverage Form;
3. Extra Expense Coverage Form.

The "period of restoration" definition stated in the Coverage Form, or in any endorsement amending the beginning of the "period of restoration", applies to each Earthquake or Volcanic Eruption. A single Earthquake or Volcanic Eruption is defined in Section **C.** of this endorsement.

COMMERCIAL PROPERTY**COMMERCIAL PROPERTY CONDITIONS**

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

A. CONCEALMENT, MISREPRESENTATION OR FRAUD

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

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

B. CONTROL OF PROPERTY

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

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

C. INSURANCE UNDER TWO OR MORE COVERAGES

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

D. LEGAL ACTION AGAINST US

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

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

E. LIBERALIZATION

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

F. NO BENEFIT TO BAILEE

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

G. OTHER INSURANCE

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

H. POLICY PERIOD, COVERAGE TERRITORY

Under this Coverage Part:

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

I. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

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

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

This will not restrict your insurance.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WATER EXCLUSION ENDORSEMENT

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART
STANDARD PROPERTY POLICY

A. The exclusion in Paragraph **B.** replaces the **Water** Exclusion in this Coverage Part or Policy.

B. 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).

POLICY NUMBER:

COMMERCIAL PROPERTY
CP 10 36 10 12**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.****LIMITATIONS ON COVERAGE FOR ROOF SURFACING**

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

Premises Number	Building Number	Indicate Applicability (Paragraph A. and/or Paragraph B.)

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

- A.** The following applies with respect to loss or damage by a **Covered Cause of Loss (including wind and hail if covered)** to a building or structure identified in the Schedule as being subject to this Paragraph **A.**:

Replacement Cost coverage (if otherwise applicable to such property) does not apply to roof surfacing. Instead, we will determine the value of roof surfacing at actual cash value as of the time of loss or damage.

- B.** The following applies with respect to loss or damage by **wind and/or hail** to a building or structure identified in the Schedule as being subject to this Paragraph **B.**:

We will not pay for cosmetic damage to roof surfacing caused by wind and/or hail. For the purpose of this endorsement, cosmetic damage means that the wind and/or hail caused marring, pitting or other superficial damage that altered the appearance of the roof surfacing, but such damage does not prevent the roof from continuing to function as a barrier to entrance of the elements to the same extent as it did before the cosmetic damage occurred.

- C.** For the purpose of this endorsement, roof surfacing refers to the shingles, tiles, cladding, metal or synthetic sheeting or similar materials covering the roof and includes all materials used in securing the roof surface and all materials applied to or under the roof surface for moisture protection, as well as roof flashing.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

LOSS PAYABLE PROVISIONS

This endorsement modifies insurance provided under the following:

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

SCHEDULE

Description Of Property:	
Loss Payee Name:	
Loss Payee Address:	
Applicable Clause:	
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.

The following is added to the **Loss Payment** Loss Condition, as indicated in the Declarations or in the Schedule:

C. 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:

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

D. Lender's Loss Payable Clause

1. 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:

a. Warehouse receipts;

b. A contract for deed;

c. Bills of lading;

d. Financing statements; or

e. Mortgages, deeds of trust, or security agreements.

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

a. We will pay for covered loss or damage to each Loss Payee in their order of precedence, as interests may appear.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

b. 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.

c. 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:

(1) Pays any premium due under this Coverage Part at our request if you have failed to do so;

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

(3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the Loss Payee.

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

d. 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:

(1) The Loss Payee's rights will be transferred to us to the extent of the amount we pay; and

(2) 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.

3. If we cancel this policy, we will give written notice to the Loss Payee at least:

a. 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or

b. 30 days before the effective date of cancellation if we cancel for any other reason.

4. 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.

E. Contract Of Sale Clause

1. The Loss Payee shown in the Schedule or in the Declarations is a person or organization you have entered a contract with for the sale of Covered Property.

2. For Covered Property in which both you and the Loss Payee 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.

3. 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.

F. Building Owner Loss Payable Clause

1. The Loss Payee shown in the Schedule or in the Declarations is the owner of the described building, in which you are a tenant.

2. 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.

3. We will adjust losses to tenants' improvements and betterments with you, unless the lease provides otherwise.

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:
- Both a boiler and machinery policy and this commercial property policy are in effect;
 - Damage occurs to Covered Property that is insured by the boiler and machinery policy and this commercial property policy; and
 - 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:
- Both the boiler and machinery insurer(s) and we do not admit to any liability; and
 - 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:
- 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;
 - The damage to the Covered Property was caused by a loss for which:
 - Both the boiler and machinery insurer(s) and we admit to some liability for payment under the respective policies; or
 - Either:
 - The boiler and machinery insurer(s) does not admit to any liability for payment, while we contend that:
 - All liability exists under the boiler and machinery policy; or
 - Some liability exists under both the boiler and machinery policy and this commercial property policy;
 - We do not admit to any liability for payment, while the boiler and machinery insurer(s) contends that:
 - All liability exists under this commercial property policy; or
 - Some liability exists under both the boiler and machinery policy and this commercial property policy; or
 - Both the boiler and machinery insurer(s) and we:
 - Do not admit to any liability for payment; and
 - Contend that some or all liability exists under the other insurer's policy; and
 - 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:
- 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.
 - 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.
 - 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.

POLICY NUMBER:

COMMERCIAL PROPERTY
CP 15 10 06 07**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.****ORDINARY PAYROLL LIMITATION OR EXCLUSION**

This endorsement modifies insurance provided under the following:

BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM
BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM**SCHEDULE****Number Of Days** (if Ordinary Payroll Coverage is provided): 90 Days**Additional Exemptions – Job Classification(s) Or Employee(s):**

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

- A.** Business Income includes "ordinary payroll expenses" only up to the number of days shown in the Schedule. The number of days need not be consecutive but must fall within the "period of restoration" or extension of the "period of restoration" if an extension is provided under this policy. **If the Schedule does not indicate number of days, then "ordinary payroll expenses" are excluded.**
- B.** In determining the operating expenses for the policy year for Coinsurance purposes, payroll expenses will not include "ordinary payroll expenses", except for "ordinary payroll expenses" incurred during the number of days shown in the Schedule. If the "ordinary payroll expenses" for the policy year vary during the year, the period of greatest "ordinary payroll expenses" will be used.
- C.** "Ordinary payroll expenses" means payroll expenses for all your employees except:
1. Officers;
 2. Executives;
 3. Department managers;
 4. Employees under contract; and
 5. Additional Exemptions, shown in the Schedule as:
 - a. Job Classifications; or
 - b. Employees.
- "Ordinary payroll expenses" include:
- (1) Payroll;
 - (2) Employee benefits, if directly related to payroll;
 - (3) FICA payments you pay;
 - (4) Union dues you pay; and
 - (5) Workers compensation premiums.

POLICY NUMBER:

INTERLINE
IL 04 15 04 98**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.****PROTECTIVE SAFEGUARDS**

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART
FARM COVERAGE PART**SCHEDULE***

Prem. No.	Bldg. No.	Protective Safeguards Symbols Applicable
Describe any "P-9":		
* Information required to complete this Schedule, if not shown on this endorsement, will be shown in the Declarations.		

A. The following is added to the:

Commercial Property Conditions
General Conditions in the
Farm Property – Other Farm
Provisions Form – Additional Coverages,
Conditions, Definitions
General Conditions in the Mobile Agricultural
Machinery and Equipment Coverage Form
General Conditions in the Livestock Coverage
Form

PROTECTIVE SAFEGUARDS

1. As a condition of this insurance, you are required to maintain the protective devices or services listed in the Schedule above.
2. The protective safeguards to which this endorsement applies are identified by the following symbols:

"P-1" Automatic Sprinkler System, including related supervisory services.

Automatic Sprinkler System means:

- a. Any automatic fire protective or extinguishing system, including connected:
 - (1) Sprinklers and discharge nozzles;
 - (2) Ducts, pipes, valves and fittings;

(3) Tanks, their component parts and supports; and**(4)** Pumps and private fire protection mains.**b.** When supplied from an automatic fire protective system:**(1)** Non-automatic fire protective systems; and**(2)** Hydrants, standpipes and outlets.**"P-2" Automatic Fire Alarm**, protecting the entire building, that is:

- a. Connected to a central station; or
- b. Reporting to a public or private fire alarm station.

"P-3" Security Service, with a recording system or watch clock, making hourly rounds covering the entire building, when the premises are not in actual operation.**"P-4" Service Contract** with a privately owned fire department providing fire protection service to the described premises.**"P-9"** The protective system described in the Schedule.

B. The following is added to the EXCLUSIONS section of:

CAUSES OF LOSS – BASIC FORM
CAUSES OF LOSS – BROAD FORM
CAUSES OF LOSS – SPECIAL FORM
MORTGAGE HOLDERS ERRORS AND
OMISSIONS COVERAGE FORM
STANDARD PROPERTY POLICY
CAUSES OF LOSS FORM – FARM
PROPERTY
MOBILE AGRICULTURAL MACHINERY AND
EQUIPMENT COVERAGE FORM
LIVESTOCK COVERAGE FORM

We will not pay for loss or damage caused by or resulting from fire if, prior to the fire, you:

1. Knew of any suspension or impairment in any protective safeguard listed in the Schedule above and failed to notify us of that fact; or
2. Failed to maintain any protective safeguard listed in the Schedule above, and over which you had control, in complete working order.

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

HCC Specialty Insurance Company
Policy No: S18/7007423

Effective: 11/01/18-11/01/19
At 12:01 A.M. Standard time


Commercial General Liability Declarations

In return for the payment of premium, and subject to all the terms of the policy, we agree with you to provide the insurance as stated in the above numbered policy

Named Insured	Business Description
Association for Room Escapes of North America	Escape Rooms

Limits	
General Aggregate	\$2,000,000
Products & Completed Operations Aggregate	\$1,000,000
Personal & Advertising Injury	\$1,000,000
Each Occurrence	\$1,000,000
Damage to Rented Premises (Each Occurrence)	\$1,000,000
Medical Expense (Any one person)	Excluded
Hired & Non-owned Auto Liability (CSL)	\$1,000,000
Liquor Liability	Excluded

HCC Specialty Insurance Company

By: 
(Authorized Representative)

These declarations, together with the common policy conditions and coverage form(s) and any endorsements, complete the above numbered policy.

HCC Specialty Insurance Company
Policy No: S18/7007423

Effective: 11/01/18-11/01/19
At 12:01 A.M. Standard time

Commercial General Liability Form Schedule

Form Number	Common Policy
-	Rolling Date Endorsement
HC-COM-20-001 (04/11)	Common Policy Conditions
HC-COM-99-001 (04/11)	Economic and Trade Sanctions Condition
IL 00 03 09 08	Calculation of Premium
LMA 3100	Sanction Limitation and Exclusion Clause
HC-GL-40-001 (04/11)	Field of Entertainment Exclusion
HC-GL-40-002 (04/11)	Hired Auto and Non-Owned Auto Liability
HC-GL-40-003 (04/11)	Asbestos and Silica Exclusion Endorsement
HC-GL-40-005 (04/11)	Total Lead Exclusion
HC-GL-40-006 (04/11)	Exclusion - Violation of Statutes
HC-GL-40-007 (04/11)	Securities and Financial Interest Exclusion
HC-GL-40-008 (04/12)	Limited Participant Exclusion
HC-GL-40-010 (04/11)	Liquor Liability Exclusion Endorsement
HC-GL-40-011 (04/11)	Fungi, Mold, Mildew, Yeast, Microbe Exclusion - Non Contractors
HC-GL-40-012 (04/11)	Pollution Exclusion Amendment
HC-GL-40-013 (04/11)	Service of Suit Clause
HC-GL-40-015-HNO (04/11)	Aircraft, Auto, or Watercraft Amendment - Hired/Non-Owned Auto Included
HC-GL-40-017 (09/11)	Audit Provision Amendment
HC-GL-40-020 (01/17)	Blanket Additional Insured – Managers or Lessors
CG 00 01 12 07	Commercial General Liability Coverage Form
CG 21 35 10 01	Exclusion - Coverage C - Medical Payments
CG 21 46 07 98	Abuse or Molestation Exclusion
CG 21 47 12 07	Employment Related Practices Exclusion
CG 25 04 05 09	Designated Location(s) General Aggregate Limit
H FW PT EX	Fireworks Pyrotechnics Exclusion
IL 00 21 05 04	Nuclear Energy Liability Exclusion Endorsement - Broad Form

These declarations, together with the common policy conditions and coverage form(s) and any endorsements, complete the above numbered policy.



HCC Specialty

401 Edgewater Place, Suite 400 Wakefield, Massachusetts 01880
main 781-994-6000 fax 781-994-6001

CLAIM REPORTING PROCEDURES

All claims regardless of severity or location should be reported directly to **American Claims Management (ACM)**. Losses can be reported 24 hours a day/seven days a week, at:

- ❖ **Email:** NewLosses@acmclaims.com or
- ❖ **Telephone:** 888-799-2919

Claims correspondence can be sent to ACM's Claim Department Mailing address:

**ACM Claims
P.O. Box 9060
Carlsbad, CA 92018-9060**

IMPORTANT

- ❖ Please include your policy number and insured name, on all correspondence.
- ❖ If you have any video of the incident, please be sure to preserve the ORIGINAL and make a copy to provide to ACM.

ENDORSEMENT

THIS ENDORSEMENT EFFECTIVE: 12:01 A.M., November 1, 2018

FORMS A PART OF POLICY NO. S18/7007423

ISSUED TO: Association for Room Escapes of North America

BY: HCC Specialty Insurance Company

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ CAREFULLY

ROLLING DATE ENDORSEMENT

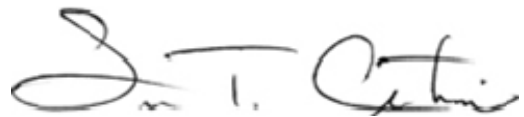
This endorsement modifies insurance under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

COMMERCIAL **PROPERTY** COVERAGE PART

In the event of termination or expiration of this policy, coverage under the terms and conditions of this policy will remain in force for all subscribed members in force at the date of termination or expiration of this policy until the specific subscribed member's expiration date, not to exceed 12 months.

All other terms and condition remain the same.

A handwritten signature in black ink, appearing to read "J. T. Carter". The signature is written in a cursive, flowing style.

AUTHORIZED SIGNATURE

Common Policy Conditions

<p>A. Cancellation</p> <p>1. The first Named Insured shown in the Declarations may cancel this policy by surrendering the policy to us or our authorized agent or by mailing or delivering to us or our authorized agent advance written notice of cancellations.</p> <p>2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:</p> <p>a) 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or</p> <p>b) 30 days before the effective date of cancellation if we cancel for any other reason.</p> <p>3. We will mail or deliver our notice to the first Named Insured's last mailing address known to Us or our authorized agent.</p> <p>4. The time of surrender or the effective date and hour of cancellation stated in the notice shall become the end of the policy period.</p> <p>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.</p> <p>6. If notice is mailed, proof of mailing will be sufficient proof of notice.</p> <p>B. Changes</p> <p>This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is not authorized to make changes in the terms of this policy without our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.</p> <p>C. Examination Of Your Books And Records</p> <p>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.</p>	<p>D. Inspections and Surveys</p> <p>We have the right but are not obligated to:</p> <ol style="list-style-type: none"> 1. make any inspections and surveys at any time; 2. give you reports on the conditions we find; and 3. recommend changes <p>Any inspections, surveys, reports, or recommendations 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 works or the public. And we do not warrant that conditions:</p> <ol style="list-style-type: none"> 1. are safe or healthful; or 2. comply with the laws, regulations, codes, or standards. <p>This condition applies not only to us, but also to any rating, advisory, rate service, or similar organization which makes insurance inspections, surveys, reports, or recommendations.</p> <p>E. Premiums</p> <p>The first Named Insured shown in the Declarations:</p> <ol style="list-style-type: none"> 1. Is responsible for the payment of all premiums; and 2. Will be the payee for any return premiums we pay. <p>F. Transfer Of Your Rights And Duties Under This Policy</p> <p>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.</p> <p>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.</p>
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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ECONOMIC AND TRADE SANCTIONS CONDITION

The following condition is added to the COMMON POLICY CONDITIONS:

ECONOMIC AND TRADE SANCTIONS CONDITION

In accordance with laws and regulations of the United States concerning economic and trade embargoes, this policy is void **ab initio** (void from its inception) with respect to any term or condition of this policy that violates any laws or regulations of the United States concerning economic and trade embargoes including, but not limited to the following:

1. Any insured, or any person or entity claiming the benefits of an insured, who is or becomes a Specially Designated National or Blocked Person or who is otherwise subject to U.S. economic or trade sanctions;
2. Any claim or "suit" that is brought in a Sanctioned Country or by a Sanctioned Country Government, where any action in connection with such claim or suit is prohibited by U.S. economic or trade sanctions;
3. Any claim or "suit" that is brought by any Specially Designated National or Blocked Person or any person or entity who is otherwise subject to U.S. economic or trade sanctions;
4. Property that is located in a Sanctioned Country or that is owned by, rented to or in the care, custody or control of a Sanctioned Country Government, where any activities or actions related to such property are prohibited by U.S. economic or trade sanctions; or
5. Property that is owned by, rented to or in the care, custody or control of a Specially Designated National or Blocked Person, or any person or entity who is otherwise subject to U.S. economic or trade sanctions.

As used in this endorsement a Specially Designated National or Blocked Person is any person or entity that is on the list of Specially Designated Nationals and Blocked Persons issued by the U.S. Treasury Department's Office of Foreign Asset Control (O.F.A.C.) as it may be from time to time amended.

As used in this endorsement a Sanctioned Country is any country that is the subject of trade or economic embargoes imposed by the laws or regulations of the United States of America.

IL 00 03 09 08

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CALCULATION OF PREMIUM

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
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART

The following is added:

The premium shown in the Declarations was computed based on rates in effect at the time the policy was issued. On each renewal, continuation, or anniversary of the effective date of this policy, we will compute the premium in accordance with our rates and rules then in effect.

SANCTION LIMITATION AND EXCLUSION CLAUSE

No insurer shall be deemed to provide cover and no insurer shall be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose that insurer to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.

15/09/10

LMA3100

FIELD OF ENTERTAINMENT EXCLUSION

This endorsement modifies insurance under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

In consideration of the premium charged, it is hereby agreed that with respect to Coverage B. Personal and Advertising Injury Liability:

1. This policy does not apply to the following offenses arising out of the business of the Insured in the Field of Entertainment:
 - A. Invasion of the right of privacy;
 - B. Infringement of copyright, whether under statutory or common law;
 - C. Libel, slander or other forms of defamation;
 - D. Unauthorized uses of titles, formats, ideas, characters, plots or other program material; and
 - E. Infringement of copyright or common law property rights, in literary or musical material, plagiarism, unfair competition or piracy.
2. "The Business of the Insured in the Field of Entertainment" means:
 - A. The production, pre-production, post-production, distribution, exploitation and exhibition of motion pictures, television programs, commercial film, photograph records, electrical transcriptions, sheet music or other similar properties.
 - B. The conduct of any players, entertainers or musicians in any show, theatrical performance or exhibition.
 - C. The ownership, operation, maintenance or use of merchandising programs, advertising or publicity material, characters or ideas; whether or not on, premises of the Insured or in possession of the Insured at the time of the alleged offense.
 - D. The ownership, operation, maintenance or use of theaters and similar exhibition media.

All other terms, conditions and exclusions remain the same.

HIRED AUTO AND NON-OWNED AUTO LIABILITY

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART**SCHEDULE**

Insurance is provided only with respect to those coverages for which a specific premium charge is shown:

Coverage	Additional Premium
Non-Ownership Liability Hired Auto Liability	\$

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

A. HIRED AUTO LIABILITY

The insurance provided under COVERAGE A - BODILY INJURY AND PROPERTY DAMAGE LIABILITY (Section I - Coverages) applies to "bodily injury" or "property damage arising out of the maintenance or use of a "hired auto" by you or your "employee" in the course of your business.

B. NON-OWNED AUTO LIABILITY

The insurance provided under COVERAGE A - BODILY INJURY AND PROPERTY DAMAGE LIABILITY (Section I - Coverages) applies to "bodily injury" or "property damage arising out of the use of a "non-owned auto" by any person other than you in the course of your business.

C. With respect to the insurance provided by this endorsement

1. Paragraphs b., c., e., g., h., j., k., l., m., and n. of paragraph 2., Exclusions of COVERAGE A - BODILY INJURY AND PROPERTY DAMAGE LIABILITY (Section I - Coverage's) do not apply.
2. The following exclusions are added to paragraph 2., Exclusions of COVERAGE A - BODILY INJURY AND PROPERTY DAMAGE (Section I - Coverage's).

This insurance does not apply to:

- a. "Bodily injury" or "property damage" for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement This exclusion does not apply to liability for damages:
 - (1) That the insured would have in the absence of the contract or agreement; or
 - (2) Assumed in a contract or agreement that is an "insured contract," provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement.
- b. "Bodily injury" to:
 - (1) An "employee" of the insured arising out of and in the course of: (a) Employment by the insured; or (b) Performing duties related to the conduct of the insured's business; or

- (2) The spouse, child, parent, brother or sister of that "employee" as a consequence of paragraph (1) above.

This exclusion applies:

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

This exclusion does not apply to:

- (1) Liability assumed by the insured under an "insured contract"; or
- (2) "Bodily Injury" to domestic "employees" not entitled to workers compensation benefits
- (c) "Property damage" to:
 - (1) Property owned or being transported by, or rented or loaned to the insured; or
 - (2) Property in the care, custody or control of the insured.

D. For the purposes of this endorsement only, WHO IS AN INSURED (Section II) is replaced by the following:

Each of the following is an insured under this insurance to the extent set forth below:

1. You.
2. Any other person using a "hired auto" with your permission.
3. With respect to a "non-owned auto", any partner or "executive officer" of yours, but only while such "non owned auto" is being used in your business.
4. Any other person or organization, but only with respect to their liability because of acts or omissions of an insured under paragraphs 1, 2, or 3, above.

None of the following is an insured:

1. Any person engaged in the business of his or her employer with respect to "bodily injury" to any co-employee of such person injured in the course of employment;
2. Any partner or "executive officer" with respect to any "auto" owned by such partner or officer or a member of his or her household;
3. Any person while employed in or otherwise engaged in performing duties related to the conduct of an "auto business"; other than an "auto business" you operate;
4. The owner or lessee (of whom you are a sublessee) of a "hired auto" or the owner of a "non-owned auto" or any agent or "employee" of any such owner or lessee;
5. Any person or organization with respect to the conduct of any current or past partnership or joint venture that is not shown as a Named Insured in the Declarations.

E. For the purposes of this endorsement only, the definition of "insured contract" in the DEFINITIONS Section is amended by the addition of the following:

6. "Insured contract" means:

- g) That part of any contract or agreement entered into, as part of your business, pertaining to the rental or lease, by you or any of your "employees", of any "auto." However, such contract or agreement shall not be considered an "insured contract" to the extent that it obligates you or any of your "employees" to pay for "property damage" to any "auto" rented or leased by you or any of your "employees".

F. For the purposes of this endorsement only, the following definitions are added to the DEFINITIONS Section:

- 1) "Auto business" means the business or occupation of selling, repairing, servicing, storing or parking "autos".
- 2) "Hired auto" means any "auto" you lease, hire, rent or borrow. This does not include any "auto" you lease, hire, rent or borrow from any of your "employees", your partners or your "executive officers", or members of their households.
3. "Non-owned auto" means any "auto" you do not own, lease, hire, rent or borrow which is used in connection with your business. This includes "autos" owned by your "employees", your partners or your "executive officers", or members of their households, but only while used in your business or your personal affairs.

G. For the purposes of this endorsement only, Section III-Limits of Insurance paragraph 2, the General Aggregate limit does not apply.

All other terms and conditions remain the same.

This endorsement changes the policy. Please read it carefully

Asbestos and Silica Exclusion Endorsement

This endorsement modifies insurance provided under the following:

Commercial General Liability Coverage Form

Section I. – COVERAGES, COVERAGE A. – BODILY INJURY and PROPERTY DAMAGE LIABILITY, 2. – Exclusions, is amended to add the following exclusions:

Asbestos

“Bodily injury” or “Property damage” arising out of the manufacture of, mining of, use of, sale of, installation of, removal of, distribution of, or exposure to asbestos products, asbestos fibers, or asbestos dust, or to any obligation of the insured to indemnify any party because of “bodily injury” or “property damage” arising out of the manufacture of, mining of, use of, sale of, installation of, removal of, distribution of, or exposure to asbestos products, asbestos fibers, or asbestos dust.

Silica

“Bodily injury” or “property damage” or any other loss, cost, or expense arising out of the presence, ingestion, inhalation, or absorption of or exposure to silica products, silica fibers, silica dust or silica in any form, or to any obligation of the insured to indemnify any party because of “bodily injury” or “property damage” arising out of the presence, ingestion, inhalation or absorption of or exposure to silica products, silica fibers, silica dust or silica in any form.

Section I. – COVERAGES, COVERAGE B. – PERSONAL and ADVERTISING INJURY LIABILITY, 2. – Exclusions is amended to add the following exclusions:

Asbestos

“Personal and Advertising Injury” arising out of the manufacture of, mining of, use of, sale of, installation of, removal of, distribution of, or exposure to asbestos products, asbestos fibers or asbestos dust, or to any obligation of the insured to indemnify any party because of “personal and advertising injury” arising out of the manufacture of, mining of, use of, sale of, installation of, removal of, distribution of, or exposure to asbestos products, asbestos fibers, or asbestos dust.

Silica

“Personal and Advertising Injury” or any other loss, cost, or expense arising out of the presence, ingestion, inhalation or absorption of or exposure to silica products, silica fibers, silica dust, or silica in any form, or to any obligation of the insured to indemnify

Page 2 of 2

any party because of “personal and advertising injury” arising out of the presence, ingestion, inhalation or absorption of or exposure to silica products, silica fibers, silica dust or silica in any form.

All other terms, conditions and exclusions of the policy shall remain unchanged.

ENDORSEMENT

THIS ENDORSEMENT CHANGES THE POLICY, PLEASE READ CAREFULLY

TOTAL LEAD EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

This insurance does not apply to any “bodily injury”, “property damage”, “personal injury”, or “advertising injury”, or any other loss, cost or expense arising out of the presence, ingestion, inhalation, or absorption of or exposure to lead in any form or products containing lead.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**EXCLUSION - VIOLATION OF STATUTES IN CONNECTION WITH
SENDING, TRANSMITTING OR COMMUNICATING ANY MATERIAL OR
INFORMATION**

This insurance does not apply to any loss, injury, damage, claim, suit, cost or expense arising out of or resulting from, caused directly or indirectly, in whole or in part by, any act that violates any statute, ordinance or regulation of any federal, state or local government, including any amendment of or addition to such laws, that includes, addresses or applies to the sending, transmitting or communicating of any material or information, by any means whatsoever.

To the extent any coverage may otherwise be available under this Policy, the provisions of this Exclusion shall supercede the same and exclude such coverage.

All other terms and conditions of the policy are the same.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ CAREFULLY.

SECURITIES AND FINANCIAL INTEREST EXCLUSION

This endorsement modifies insurance under the following:

COMMERCIAL LIABILITY COVERAGE PART

It is agreed that this insurance does not apply to any "bodily injury" and property damage" arising out of or by reason of:

The purchase, or sale, or offer of sale, or solicitation of any security, debt, bank deposit or financial interest or instrument.

Any representative made at any time in relation to the price or value of any security, debt, bank deposit or financial interest or instrument; or

Any depreciation or decline in price or value of any security, debt, bank deposit or financial interest or instrument.

It is furthermore agreed that we have no obligations to defend or pay for the defense of any claim that may allege any of the foregoing.

All other terms and condition remain the same.

ENDORSEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

LIMITED PARTICIPANT EXCLUSION

This endorsement modifies insurance under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM CG 00 01 12 07

Exclusion 2. r. is added to SECTION 1 – COVERAGES, COVERAGE A – BODILY INJURY AND PROPERTY DAMAGE as follows:

2. r. This insurance does not apply to “bodily injury” to any person while instructing, supervising, training or practicing for, participating in or while otherwise involved in any sports or athletic activity, contest, or exhibition, except escape rooms.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

LIQUOR LIABILITY EXCLUSION ENDORSEMENT

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

The following exclusion replaces any **Liquor Liability exclusion or limitation** contained in this policy;

This insurance does not apply to any liability for which an insured may be held liable by reason of:

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

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**FUNGI / MOLD / MILDEW / YEAST / MICROBE EXCLUSION –
NON-CONTRACTORS**

This endorsement modifies insurance provided under the following:
COMMERCIAL GENERAL LIABILITY COVERAGE FORM

A. The following exclusion is added to Paragraph 2., Exclusions, of Section I – Coverage A – Bodily Injury and Property Damage Liability:

This insurance does not apply to:

Fungi and Microbes

(1) "Bodily injury" arising out of or relating to, in whole or in part, the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or growth or presence of any "fungi" or "microbes." This exclusion applies regardless of any other cause or event that contributes concurrently or in any sequence to such injury or damage, loss, cost or expense. But this exclusion does not apply where your business is food processing, sales, or serving, and the "bodily injury" is caused solely by food poisoning in connection with such processing, sales, or serving.

(2) "Property damage" arising out of or relating to the actual, alleged or threatened contact with, exposure to, existence of, or growth or presence of any "fungi" or "microbes."

(3) Any loss, cost or expense arising out of or relating to the testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating, or disposing of, or in any way responding to or assessing the effects of "fungi" or "microbes" by any insured or by anyone else.

B. The following exclusion is added to Paragraph 2., Exclusions, of Section I – Coverage B – Personal and Advertising Injury Liability:

This insurance does not apply to:

Fungi and Microbes

(1) "Personal and advertising injury " arising out of or relating to, in whole or in part, the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or growth or presence of any "fungi" or "microbes."

(2) Any loss, cost or expense arising out of or relating to the testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating, or disposing of, or in any way responding to or assessing the effects of "fungi" or "microbes" by any insured or by anyone else.

This exclusion applies regardless of any other cause or event that contributes concurrently or in any sequence to such injury, loss, cost or expense.

C. The following definitions are added to Section V – Definitions:

"Fungi" means any form of fungus, including but not limited to, yeast, mold, mildew, rust, smut or mushroom, and including any spores, mycotoxins, odors, or any other substances, products, or byproducts produced by, released by, or arising out of the current or past presence of fungi. But "fungi" does not include any fungi intended by the insured for consumption.

"Microbe" means any non-fungal microorganism or non-fungal, colony-form organism that causes infection or disease. "Microbe" includes any spores, mycotoxins, odors, or any other substances, products, or byproducts produced by, released by, or arising out of the current or past presence of microbes. But "microbe" does not mean microbes that were transmitted directly from person to person.

D. The following condition is added to Section IV – Commercial General Liability Conditions: Arbitration

For "property damage," the determination of what portion of a loss is attributable to "fungi" and "microbes," and what portion is not, shall be made by us. If you disagree with that determination, you and we agree to submit to binding arbitration according to the Commercial Arbitration Rules of the American Arbitration Association, or according to such other rules as you and we agree to.

If binding arbitration of insurance disputes is not allowed in the state where you are incorporated (or, if you are not a corporation, the state where you are domiciled), then arbitration shall be non-binding, and shall only proceed if both you and we agree to enter into it. The arbitration will be held in the county where you are headquartered, or at such other location as may be jointly agreed to by the arbitrators. Each party will bear its own arbitration costs.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

POLLUTION EXCLUSION AMENDMENT

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

Exclusion f. of **SECTION I – COVERAGES** is deleted in its entirety, and is replaced by the following:

f. Pollution

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

(a) At or from any premises, site or location which is or was at any time owned or occupied by, or rented or loaned to, any insured;

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

(c) Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for any insured or any person or organization for whom you may be legally responsible; or

(d) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations:

(i) If the "pollutants" are brought on or to the premises, site or location in connection with such operations by such insured, contractor or subcontractor; or

(ii) If the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants."

(e) That are, or that are contained in property that is:

(i) Being transported or towed by, or handled for movement into, onto or from a covered "automobile";

(ii) Otherwise in the course of transit;

(iii) Being stored, disposed of, treated or processed in or upon the covered "automobile";

(f) Before the "pollutants" or property in which the "pollutants" are contained are moved from the place where they are accepted by the insured for movement into or onto the covered "automobile"; or

(g) After the "pollutants" or property in which the "pollutants" are contained are moved from the covered "automobile" to the place where they are finally:

(i) Delivered;

(ii) Disposed of; or

(iii) Abandoned by the insured.

Subparagraph (a) does not apply to "bodily injury" if sustained within a building and caused by smoke, fumes, vapor, or soot produced by or originating from equipment that is used to heat, cool, or dehumidify the building, or equipment that is used to heat water for personal use, by the building's occupants or their guests.

Subparagraphs (a) and (d)(i) do not apply to "bodily injury" or "property damage" arising out of heat, smoke or fumes from a hostile fire.

As used in this exclusion, a hostile fire means one which becomes uncontrollable or breaks out from where it was intended to be.

Subparagraph (d)(i) does not apply to "bodily injury" or "property damage" arising out of the escape of fuels, lubricants, or other operating fluids which are needed to perform the normal electrical, hydraulic or mechanical functions necessary for operation of "mobile equipment" or its

parts, if such fuels, lubricants or other operating fluids escape from a vehicle part designed to hold, store or receive them. This exception does not apply if the "bodily injury" or "property damage" arises out of the intentional discharge, dispersal or release of the fuels, lubricants or other operating fluids, or if such fuels, lubricants or other operating fluids are brought on or to the premises, site or location with the intent that they be discharged, dispersed or released as part of the operations being performed by such insured, contractor or subcontractor.

Subparagraph **(e)(iii)** does not apply to fuels, lubricants, fluids, exhaust, gases or other similar "pollutants" that are needed for or result from the normal electrical, hydraulic or mechanical functioning of the covered "automobile" or its parts if the "pollutants" escape or are discharged, dispersed or released directly from an "automobile" part designed by its manufacturer to hold, store, receive or dispose of such "pollutants."

Subparagraphs **(f)** and **(g)** do not apply if the "pollutants" or property in which the "pollutants" are contained are upset, overturned or damaged as a result of the maintenance or use of a covered "automobile" and the discharge, dispersal, release or escape of the "pollutants" is caused directly by such upset, overturn or damage.

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

(3) Any loss, cost or expense arising out of any:

(a) Request, demand or order that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants"; or

(b) Claim or "suit" by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of "pollutants."

All other terms, conditions and exclusions of this policy remain unchanged.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SERVICE OF SUIT CLAUSE

This endorsement modifies insurance under the following:

- Service of Suit

It is agreed that in the event of the failure of the Company hereon to pay any amount claimed to be due hereunder, the Company hereon, at the request of the Assured, will submit to the jurisdiction of a Court of competent jurisdiction within the United States.

Nothing in this Clause constitutes or should be understood to constitute a waiver of the Company's right to commence an action in any Court of competent jurisdiction in the United States, to remove an action to a United States District Court, or to seek a transfer of a case to another Court as permitted by the laws of the United States or any State in the United States.

It is further agreed that service of process in such suit may be made upon HCC Specialty Insurance Company, Legal Department, 13403 Northwest Freeway, Houston, Texas 77040, U.S.A. and that in any suit instituted against the Company upon this Insurance, the Company will abide by the final decision of such Court or of any Appellate Court in the event of an appeal.

Further, pursuant to any statute of any state, territory or district of the United States which makes provision therefore, the Company hereby designates the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the statute, or his successor or successors in office, as their true and lawful attorney upon whom may be served any law process in any action, suit or proceeding instituted by or on behalf of the Assured or any beneficiary hereunder arising out of this Insurance, and hereby designate Houston Casualty Company to whom the said officer is authorized to mail such process or a true copy thereof.

All other terms, conditions, and exclusions shall remain unchanged.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ CAREFULLY.

Aircraft, Auto Or Watercraft Amendment - Hired/Non-Owned Auto Included

It is hereby understood and agreed that Section I - Coverages, Coverage A, Paragraph 2. "Exclusions", Paragraph g., of Form CG 00 01 12 07

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

Is amended to read:

- g. "bodily injury" or "property damage" arising out of the entrustment to others, or the ownership, maintenance, or use of any aircraft, "auto" or watercraft owned or operated by or rented or loaned to any insured or any agent, employee, representative, or independent contractor of insured.

(However, Hired and Non-Owned auto liability coverage does apply per endorsement HC-GL-40-002 (04/11))

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

AUDIT PROVISION AMENDMENT

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

Condition 5 of **SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS** is deleted in its entirety, and is replaced by the following:

5. Premium Audit

- a.** We will compute all premiums for this Coverage Part in accordance with our rules and rates.
- b.** At our discretion, we may require a premium audit. In the event of an audit, premium shown in this Coverage Part as advance premium is a deposit premium only. At the close of each audit period we will compute the earned premium for that period and send notice to the first Named Insured. The due date for audit and retrospective premiums is the date shown as the due date on the bill. If the sum of the advance and audit premiums paid for the policy period is greater than the earned premium, we will return the excess to the first Named Insured.
- c.** The first Named Insured must keep records of the information we need for premium computation, and send us copies at such times as we may request.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

BLANKET ADDITIONAL INSURED – MANAGERS OR LESSORS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name Of Person Or Entity (Additional Insured):

All Managers or Lessors of the Named Insured's Premises when You have agreed in writing that such Managers or Lessors be added as an Additional Insured so long as the written agreement is fully executed prior to any "occurrence" subject to this endorsement.

A. Section II – Who Is An Insured is amended to include as an additional insured the person or entity shown in the Schedule, but only with respect to liability arising in that part of the designated premises leased, licensed, or otherwise available to you and subject to the following additional exclusions:

1. This insurance does not apply to any loss, claim, "suit", cost, expense or liability for damages directly or indirectly based on, attributable to, arising out of, involving, resulting from, or in any way related to:

a. Any "occurrence" which takes place prior to your occupancy or after you cease to be a tenant in that premises or;

b. Structural conditions, alterations, construction, demolition, maintenance or other operations performed by or on behalf of the person or entity shown in the Schedule.

2. Coverage (including defense) is provided only to the extent that liability is created for an additional insured by the negligent acts, errors, or omissions of the Named Insured. If liability for injury or damage is imposed or sought to be imposed on any additional Insured because of the acts, errors, or omissions of any additional insured or any person or entity under the direction or control

of any additional insured, this insurance does not apply.

Coverage for an additional insured under this endorsement shall be excess. Any other insurance the additional insured has shall be primary with respect to this insurance.

Except as provided herein, all other terms, conditions, provisions, exclusions, and endorsements of this policy remain the same and applicable.

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

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

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

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations, and any other person or organization qualifying as a Named Insured under this policy. The words "we", "us" and "our" refer to the company providing this insurance.

The word "insured" means any person or organization qualifying as such under Section II – Who Is An Insured.

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

SECTION I – COVERAGES

COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY

1. Insuring Agreement

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

- (1) The amount we will pay for damages is limited as described in Section III – Limits Of Insurance; and
- (2) Our right and duty to defend ends when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages A or B or medical expenses under Coverage C.

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

- b. This insurance applies to "bodily injury" and "property damage" only if:

- (1) The "bodily injury" or "property damage" is caused by an "occurrence" that takes place in the "coverage territory";
- (2) The "bodily injury" or "property damage" occurs during the policy period; and
- (3) Prior to the policy period, no insured listed under Paragraph 1. of Section II – Who Is An Insured and no "employee" authorized by you to give or receive notice of an "occurrence" or claim, knew that the "bodily injury" or "property damage" had occurred, in whole or in part. If such a listed insured or authorized "employee" knew, prior to the policy period, that the "bodily injury" or "property damage" occurred, then any continuation, change or resumption of such "bodily injury" or "property damage" during or after the policy period will be deemed to have been known prior to the policy period.

- c. "Bodily injury" or "property damage" which occurs during the policy period and was not, prior to the policy period, known to have occurred by any insured listed under Paragraph 1. of Section II – Who Is An Insured or any "employee" authorized by you to give or receive notice of an "occurrence" or claim, includes any continuation, change or resumption of that "bodily injury" or "property damage" after the end of the policy period.

- d. "Bodily injury" or "property damage" will be deemed to have been known to have occurred at the earliest time when any insured listed under Paragraph 1. of Section II – Who Is An Insured or any "employee" authorized by you to give or receive notice of an "occurrence" or claim:

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

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

2. Exclusions

This insurance does not apply to:

a. Expected Or Intended Injury

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

b. Contractual Liability

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

- (1) That the insured would have in the absence of the contract or agreement; or
- (2) Assumed in a contract or agreement that is an "insured contract", provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement. Solely for the purposes of liability assumed in an "insured contract", reasonable attorney fees and necessary litigation expenses incurred by or for a party other than an insured are deemed to be damages because of "bodily injury" or "property damage", provided:
 - (a) Liability to such party for, or for the cost of, that party's defense has also been assumed in the same "insured contract"; and
 - (b) Such attorney fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which damages to which this insurance applies are alleged.

c. Liquor Liability

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

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

This exclusion applies only if you are in the business of manufacturing, distributing, selling, serving or furnishing alcoholic beverages.

d. Workers' Compensation And Similar Laws

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

e. Employer's Liability

"Bodily injury" to:

- (1) An "employee" of the insured arising out of and in the course of:
 - (a) Employment by the insured; or
 - (b) Performing duties related to the conduct of the insured's business; or
- (2) The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraph (1) above.

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

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

f. Pollution

- (1) "Bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants":
 - (a) At or from any premises, site or location which is or was at any time owned or occupied by, or rented or loaned to, any insured. However, this subparagraph does not apply to:
 - (i) "Bodily injury" if sustained within a building and caused by smoke, fumes, vapor or soot produced by or originating from equipment that is used to heat, cool or dehumidify the building, or equipment that is used to heat water for personal use, by the building's occupants or their guests;
 - (ii) "Bodily injury" or "property damage" for which you may be held liable, if you are a contractor and the owner or lessee of such premises, site or location has been added to your policy as an additional insured with respect to your ongoing operations performed for that additional insured at that premises, site or location and such premises, site or location is not and never was owned or occupied by, or rented or loaned to, any insured, other than that additional insured; or
 - (iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire";
 - (b) At or from any premises, site or location which is or was at any time used by or for any insured or others for the handling, storage, disposal, processing or treatment of waste;
 - (c) Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for:
 - (i) Any insured; or
 - (ii) Any person or organization for whom you may be legally responsible; or
- (d) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the "pollutants" are brought on or to the premises, site or location in connection with such operations by such insured, contractor or subcontractor. However, this subparagraph does not apply to:
 - (i) "Bodily injury" or "property damage" arising out of the escape of fuels, lubricants or other operating fluids which are needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of "mobile equipment" or its parts, if such fuels, lubricants or other operating fluids escape from a vehicle part designed to hold, store or receive them. This exception does not apply if the "bodily injury" or "property damage" arises out of the intentional discharge, dispersal or release of the fuels, lubricants or other operating fluids, or if such fuels, lubricants or other operating fluids are brought on or to the premises, site or location with the intent that they be discharged, dispersed or released as part of the operations being performed by such insured, contractor or subcontractor;
 - (ii) "Bodily injury" or "property damage" sustained within a building and caused by the release of gases, fumes or vapors from materials brought into that building in connection with operations being performed by you or on your behalf by a contractor or subcontractor; or
 - (iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire".
- (e) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants".

(2) Any loss, cost or expense arising out of any:

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

However, this paragraph does not apply to liability for damages because of "property damage" that the insured would have in the absence of such request, demand, order or statutory or regulatory requirement, or such claim or "suit" by or on behalf of a governmental authority.

g. Aircraft, Auto Or Watercraft

"Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft owned or operated by or rented or loaned to any insured. Use includes operation and "loading or unloading".

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

This exclusion does not apply to:

- (1) A watercraft while ashore on premises you own or rent;
- (2) A watercraft you do not own that is:
 - (a) Less than 26 feet long; and
 - (b) Not being used to carry persons or property for a charge;
- (3) Parking an "auto" on, or on the ways next to, premises you own or rent, provided the "auto" is not owned by or rented or loaned to you or the insured;
- (4) Liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft; or

(5) "Bodily injury" or "property damage" arising out of:

- (a) The operation of machinery or equipment that is attached to, or part of, a land vehicle that would qualify under the definition of "mobile equipment" if it were not subject to a compulsory or financial responsibility law or other motor vehicle insurance law in the state where it is licensed or principally garaged; or
- (b) the operation of any of the machinery or equipment listed in Paragraph **f.(2)** or **f.(3)** of the definition of "mobile equipment".

h. Mobile Equipment

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

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

i. War

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

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

j. Damage To Property

"Property damage" to:

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

- (5) That particular part of real property on which you or any contractors or subcontractors working directly or indirectly on your behalf are performing operations, if the "property damage" arises out of those operations; or
- (6) That particular part of any property that must be restored, repaired or replaced because "your work" was incorrectly performed on it.

Paragraphs (1), (3) and (4) of this exclusion do not apply to "property damage" (other than damage by fire) to premises, including the contents of such premises, rented to you for a period of 7 or fewer consecutive days. A separate limit of insurance applies to Damage To Premises Rented To You as described in Section III – Limits Of Insurance.

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

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

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

k. Damage To Your Product

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

l. Damage To Your Work

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

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

m. Damage To Impaired Property Or Property Not Physically Injured

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

- (1) A defect, deficiency, inadequacy or dangerous condition in "your product" or "your work"; or
- (2) A delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.

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

n. Recall Of Products, Work Or Impaired Property

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

- (1) "Your product";
- (2) "Your work"; or
- (3) "Impaired property";

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

o. Personal And Advertising Injury

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

p. Electronic Data

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

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

q. Distribution Of Material In Violation Of Statutes

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

- (1) The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law; or
- (2) The CAN-SPAM Act of 2003, including any amendment of or addition to such law; or
- (3) Any statute, ordinance or regulation, other than the TCPA or CAN-SPAM Act of 2003, that prohibits or limits the sending, transmitting, communicating or distribution of material or information.

Exclusions **c.** through **n.** do not apply to damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner. A separate limit of insurance applies to this coverage as described in Section **III – Limits Of Insurance.**

COVERAGE B PERSONAL AND ADVERTISING INJURY LIABILITY

1. Insuring Agreement

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

- (1)** The amount we will pay for damages is limited as described in Section **III – Limits Of Insurance;** and
- (2)** Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages **A** or **B** or medical expenses under Coverage **C.**

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

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

2. Exclusions

This insurance does not apply to:

a. Knowing Violation Of Rights Of Another

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

b. Material Published With Knowledge Of Falsity

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

c. Material Published Prior To Policy Period

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

d. Criminal Acts

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

e. Contractual Liability

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

f. Breach Of Contract

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

g. Quality Or Performance Of Goods – Failure To Conform To Statements

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

h. Wrong Description Of Prices

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

i. Infringement Of Copyright, Patent, Trademark Or Trade Secret

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

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

j. Insureds In Media And Internet Type Businesses

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

- (1)** Advertising, broadcasting, publishing or telecasting;
- (2)** Designing or determining content of websites for others; or

- (3) An Internet search, access, content or service provider.

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

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

k. Electronic Chatrooms Or Bulletin Boards

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

l. Unauthorized Use Of Another's Name Or Product

"Personal and advertising injury" arising out of the unauthorized use of another's name or product in your e-mail address, domain name or metatag, or any other similar tactics to mislead another's potential customers.

m. Pollution

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

n. Pollution-Related

Any loss, cost or expense arising out of any:

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

o. War

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

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

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

p. Distribution Of Material In Violation Of Statutes

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

- (1) The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law; or
- (2) The CAN-SPAM Act of 2003, including any amendment of or addition to such law; or
- (3) Any statute, ordinance or regulation, other than the TCPA or CAN-SPAM Act of 2003, that prohibits or limits the sending, transmitting, communicating or distribution of material or information.

COVERAGE C MEDICAL PAYMENTS

1. Insuring Agreement

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

- (1) On premises you own or rent;
 - (2) On ways next to premises you own or rent; or
 - (3) Because of your operations;
- provided that:

- (a) The accident takes place in the "coverage territory" and during the policy period;
- (b) The expenses are incurred and reported to us within one year of the date of the accident; and
- (c) The injured person submits to examination, at our expense, by physicians of our choice as often as we reasonably require.

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

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

2. Exclusions

We will not pay expenses for "bodily injury":

a. Any Insured

To any insured, except "volunteer workers".

b. Hired Person

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

c. Injury On Normally Occupied Premises

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

d. Workers Compensation And Similar Laws

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

e. Athletics Activities

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

f. Products-Completed Operations Hazard

Included within the "products-completed operations hazard".

g. Coverage A Exclusions

Excluded under Coverage A.

SUPPLEMENTARY PAYMENTS – COVERAGES A AND B

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

- a. All expenses we incur.
- b. Up to \$250 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which the Bodily Injury Liability Coverage applies. We do not have to furnish these bonds.
- c. The cost of bonds to release attachments, but only for bond amounts within the applicable limit of insurance. We do not have to furnish these bonds.
- d. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to \$250 a day because of time off from work.
- e. All court costs taxed against the insured in the "suit". However, these payments do not include attorneys' fees or attorneys' expenses taxed against the insured.

f. Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the applicable limit of insurance, we will not pay any prejudgment interest based on that period of time after the offer.

g. All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable limit of insurance.

These payments will not reduce the limits of insurance.

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

- a. The "suit" against the indemnitee seeks damages for which the insured has assumed the liability of the indemnitee in a contract or agreement that is an "insured contract";
- b. This insurance applies to such liability assumed by the insured;
- c. The obligation to defend, or the cost of the defense of, that indemnitee, has also been assumed by the insured in the same "insured contract";
- d. The allegations in the "suit" and the information we know about the "occurrence" are such that no conflict appears to exist between the interests of the insured and the interests of the indemnitee;
- e. The indemnitee and the insured ask us to conduct and control the defense of that indemnitee against such "suit" and agree that we can assign the same counsel to defend the insured and the indemnitee; and
- f. The indemnitee:
 - (1) Agrees in writing to:
 - (a) Cooperate with us in the investigation, settlement or defense of the "suit";
 - (b) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "suit";
 - (c) Notify any other insurer whose coverage is available to the indemnitee; and
 - (d) Cooperate with us with respect to coordinating other applicable insurance available to the indemnitee; and
 - (2) Provides us with written authorization to:
 - (a) Obtain records and other information related to the "suit"; and

- (b) Conduct and control the defense of the indemnitee in such "suit".

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

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

SECTION II – WHO IS AN INSURED

1. If you are designated in the Declarations as:

- a.** An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.
- b.** A partnership or joint venture, you are an insured. Your members, your partners, and their spouses are also insureds, but only with respect to the conduct of your business.
- c.** A limited liability company, you are an insured. Your members are also insureds, but only with respect to the conduct of your business. Your managers are insureds, but only with respect to their duties as your managers.
- d.** An organization other than a partnership, joint venture or limited liability company, you are an insured. Your "executive officers" and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.
- e.** A trust, you are an insured. Your trustees are also insureds, but only with respect to their duties as trustees.

2. Each of the following is also an insured:

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

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

- (a)** To you, to your partners or members (if you are a partnership or joint venture), to your members (if you are a limited liability company), to a co-"employee" while in the course of his or her employment or performing duties related to the conduct of your business, or to your other "volunteer workers" while performing duties related to the conduct of your business;
- (b)** To the spouse, child, parent, brother or sister of that co-"employee" or "volunteer worker" as a consequence of Paragraph **(1)(a)** above;
- (c)** For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in Paragraphs **(1)(a)** or **(b)** above; or
- (d)** Arising out of his or her providing or failing to provide professional health care services.

(2) "Property damage" to property:

- (a)** Owned, occupied or used by,
- (b)** Rented to, in the care, custody or control of, or over which physical control is being exercised for any purpose by you, any of your "employees", "volunteer workers", any partner or member (if you are a partnership or joint venture), or any member (if you are a limited liability company).

- b. Any person (other than your "employee" or "volunteer worker"), or any organization while acting as your real estate manager.
 - c. Any person or organization having proper temporary custody of your property if you die, but only:
 - (1) With respect to liability arising out of the maintenance or use of that property; and
 - (2) Until your legal representative has been appointed.
 - d. Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this Coverage Part.
3. Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company, and over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization. However:
- a. Coverage under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the policy period, whichever is earlier;
 - b. Coverage **A** does not apply to "bodily injury" or "property damage" that occurred before you acquired or formed the organization; and
 - c. Coverage **B** does not apply to "personal and advertising injury" arising out of an offense committed before you acquired or formed the organization.

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

SECTION III – LIMITS OF INSURANCE

- 1. The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:
 - a. Insureds;
 - b. Claims made or "suits" brought; or
 - c. Persons or organizations making claims or bringing "suits".
- 2. The General Aggregate Limit is the most we will pay for the sum of:
 - a. Medical expenses under Coverage **C**;
 - b. Damages under Coverage **A**, except damages because of "bodily injury" or "property damage" included in the "products-completed operations hazard"; and
 - c. Damages under Coverage **B**.

- 3. The Products-Completed Operations Aggregate Limit is the most we will pay under Coverage **A** for damages because of "bodily injury" and "property damage" included in the "products-completed operations hazard".
- 4. Subject to Paragraph 2. above, the Personal and Advertising Injury Limit is the most we will pay under Coverage **B** for the sum of all damages because of all "personal and advertising injury" sustained by any one person or organization.
- 5. Subject to Paragraph 2. or 3. above, whichever applies, the Each Occurrence Limit is the most we will pay for the sum of:
 - a. Damages under Coverage **A**; and
 - b. Medical expenses under Coverage **C**
 because of all "bodily injury" and "property damage" arising out of any one "occurrence".
- 6. Subject to Paragraph 5. above, the Damage To Premises Rented To You Limit is the most we will pay under Coverage **A** for damages because of "property damage" to any one premises, while rented to you, or in the case of damage by fire, while rented to you or temporarily occupied by you with permission of the owner.
- 7. Subject to Paragraph 5. above, the Medical Expense Limit is the most we will pay under Coverage **C** for all medical expenses because of "bodily injury" sustained by any one person.

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

SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS

1. Bankruptcy

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

2. Duties In The Event Of Occurrence, Offense, Claim Or Suit

- a. You must see to it that we are notified as soon as practicable of an "occurrence" or an offense which may result in a claim. To the extent possible, notice should include:
 - (1) How, when and where the "occurrence" or offense took place;
 - (2) The names and addresses of any injured persons and witnesses; and

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

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

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

(2) Notify us as soon as practicable.

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

c. You and any other involved insured must:

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

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

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

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

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

3. Legal Action Against Us

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

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

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

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

4. Other Insurance

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

a. Primary Insurance

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

b. Excess Insurance

(1) This insurance is excess over:

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

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

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

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

(iv) If the loss arises out of the maintenance or use of aircraft, "autos" or watercraft to the extent not subject to Exclusion **g.** of Section **I** – Coverage **A** – Bodily Injury And Property Damage Liability.

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

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

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

- (a) The total amount that all such other insurance would pay for the loss in the absence of this insurance; and
- (b) The total of all deductible and self-insured amounts under all that other insurance.

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

c. Method Of Sharing

If all of the other insurance permits contribution by equal shares, we will follow this method also. Under this approach each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.

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

5. Premium Audit

- a. We will compute all premiums for this Coverage Part in accordance with our rules and rates.
- b. Premium shown in this Coverage Part as advance premium is a deposit premium only. At the close of each audit period we will compute the earned premium for that period and send notice to the first Named Insured. The due date for audit and retrospective premiums is the date shown as the due date on the bill. If the sum of the advance and audit premiums paid for the policy period is greater than the earned premium, we will return the excess to the first Named Insured.
- c. The first Named Insured must keep records of the information we need for premium computation, and send us copies at such times as we may request.

6. Representations

By accepting this policy, you agree:

- a. The statements in the Declarations are accurate and complete;
- b. Those statements are based upon representations you made to us; and

c. We have issued this policy in reliance upon your representations.

7. Separation Of Insureds

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

- a. As if each Named Insured were the only Named Insured; and
- b. Separately to each insured against whom claim is made or "suit" is brought.

8. Transfer Of Rights Of Recovery Against Others To Us

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

9. When We Do Not Renew

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

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

SECTION V – DEFINITIONS

- 1. "Advertisement" means a notice that is broadcast or published to the general public or specific market segments about your goods, products or services for the purpose of attracting customers or supporters. For the purposes of this definition:
 - a. Notices that are published include material placed on the Internet or on similar electronic means of communication; and
 - b. Regarding web-sites, only that part of a web-site that is about your goods, products or services for the purposes of attracting customers or supporters is considered an advertisement.
- 2. "Auto" means:
 - a. A land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or equipment; or
 - b. Any other land vehicle that is subject to a compulsory or financial responsibility law or other motor vehicle insurance law in the state where it is licensed or principally garaged.

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

3. "Bodily injury" means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.
4. "Coverage territory" means:
 - a. The United States of America (including its territories and possessions), Puerto Rico and Canada;
 - b. International waters or airspace, but only if the injury or damage occurs in the course of travel or transportation between any places included in Paragraph **a.** above; or
 - c. All other parts of the world if the injury or damage arises out of:
 - (1) Goods or products made or sold by you in the territory described in Paragraph **a.** above;
 - (2) The activities of a person whose home is in the territory described in Paragraph **a.** above, but is away for a short time on your business; or
 - (3) "Personal and advertising injury" offenses that take place through the Internet or similar electronic means of communication

provided the insured's responsibility to pay damages is determined in a "suit" on the merits, in the territory described in Paragraph **a.** above or in a settlement we agree to.
5. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".
6. "Executive officer" means a person holding any of the officer positions created by your charter, constitution, by-laws or any other similar governing document.
7. "Hostile fire" means one which becomes uncontrollable or breaks out from where it was intended to be.
8. "Impaired property" means tangible property, other than "your product" or "your work", that cannot be used or is less useful because:
 - a. It incorporates "your product" or "your work" that is known or thought to be defective, deficient, inadequate or dangerous; or
 - b. You have failed to fulfill the terms of a contract or agreement;

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

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

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

 - (1) That indemnifies a railroad for "bodily injury" or "property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, roadbeds, tunnel, underpass or crossing;
 - (2) That indemnifies an architect, engineer or surveyor for injury or damage arising out of:
 - (a) Preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; or
 - (b) Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage; or
 - (3) Under which the insured, if an architect, engineer or surveyor, assumes liability for an injury or damage arising out of the insured's rendering or failure to render professional services, including those listed in (2) above and supervisory, inspection, architectural or engineering activities.

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

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

- a.** After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or "auto";
- b.** While it is in or on an aircraft, watercraft or "auto"; or
- c.** While it is being moved from an aircraft, watercraft or "auto" to the place where it is finally delivered;

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

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

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

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

(1) Equipment designed primarily for:

- (a)** Snow removal;
- (b)** Road maintenance, but not construction or resurfacing; or
- (c)** Street cleaning;

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

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

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

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

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

- a.** False arrest, detention or imprisonment;
- b.** Malicious prosecution;
- c.** The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;
- d.** Oral or written publication, in any manner, of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
- e.** Oral or written publication, in any manner, of material that violates a person's right of privacy;
- f.** The use of another's advertising idea in your "advertisement"; or
- g.** Infringing upon another's copyright, trade dress or slogan in your "advertisement".

15. "Pollutants" mean any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

16. "Products-completed operations hazard":

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

- (1)** Products that are still in your physical possession; or
- (2)** Work that has not yet been completed or abandoned. However, "your work" will be deemed completed at the earliest of the following times:
 - (a)** When all of the work called for in your contract has been completed.
 - (b)** When all of the work to be done at the job site has been completed if your contract calls for work at more than one job site.
 - (c)** When that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

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

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

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

17. "Property damage" means:

a. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or

b. Loss of use of tangible property that is not physically injured. All such loss of use shall be deemed to occur at the time of the "occurrence" that caused it.

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

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

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

- a.** An arbitration proceeding in which such damages are claimed and to which the insured must submit or does submit with our consent; or
- b.** Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent.

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

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

21. "Your product":

a. Means:

- (1)** Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:
 - (a)** You;
 - (b)** Others trading under your name; or
 - (c)** A person or organization whose business or assets you have acquired; and
- (2)** Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.

b. Includes:

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

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

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

22. "Your work":

a. Means:

- (1) Work or operations performed by you or on your behalf; and
- (2) Materials, parts or equipment furnished in connection with such work or operations.

b. Includes:

- (1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your work", and
- (2) The providing of or failure to provide warnings or instructions.

POLICY NUMBER:

COMMERCIAL GENERAL LIABILITY
CG 21 35 10 01

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION – COVERAGE C – MEDICAL PAYMENTS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Description And Location Of Premises Or Classification:

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

With respect to any premises or classification shown in the Schedule:

- 1.** Section **I** – Coverage **C** – Medical Payments does not apply and none of the references to it in the Coverage Part apply: and

- 2.** The following is added to Section **I** – Supplementary Payments:

- h.** Expenses incurred by the insured for first aid administered to others at the time of an accident for "bodily injury" to which this insurance applies.

COMMERCIAL GENERAL LIABILITY
CG 21 46 07 98

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ABUSE OR MOLESTATION EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

The following exclusion is added to Paragraph 2., **Exclusions of Section I – Coverage A – Bodily Injury And Property Damage Liability** and Paragraph 2., **Exclusions of Section I – Coverage B – Personal And Advertising Injury Liability**:

This insurance does not apply to "bodily injury", "property damage" or "personal and advertising injury" arising out of:

1. The actual or threatened abuse or molestation by anyone of any person while in the care, custody or control of any insured, or

2. The negligent:

- a. Employment;
- b. Investigation;
- c. Supervision;
- d. Reporting to the proper authorities, or failure to so report; or
- e. Retention;

of a person for whom any insured is or ever was legally responsible and whose conduct would be excluded by Paragraph 1. above.

COMMERCIAL GENERAL LIABILITY
CG 21 47 12 07

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EMPLOYMENT-RELATED PRACTICES EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

A. The following exclusion is added to Paragraph 2., Exclusions of Section I – Coverage A – Bodily Injury And Property Damage Liability:

This insurance does not apply to:

"Bodily injury" to:

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

This exclusion applies:

- (1) Whether the injury-causing event described in Paragraphs (a), (b) or (c) above occurs before employment, during employment or after employment of that person;
- (2) Whether the insured may be liable as an employer or in any other capacity; and
- (3) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

B. The following exclusion is added to Paragraph 2., Exclusions of Section I – Coverage B – Personal And Advertising Injury Liability:

This insurance does not apply to:

"Personal and advertising injury" to:

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

This exclusion applies:

- (1) Whether the injury-causing event described in Paragraphs (a), (b) or (c) above occurs before employment, during employment or after employment of that person;
- (2) Whether the insured may be liable as an employer or in any other capacity; and
- (3) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

POLICY NUMBER:

COMMERCIAL GENERAL LIABILITY
CG 25 04 05 09**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.****DESIGNATED LOCATION(S)
GENERAL AGGREGATE LIMIT**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE**Designated Location(s):**

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

- A.** For all sums which the insured becomes legally obligated to pay as damages caused by "occurrences" under Section **I** – Coverage **A**, and for all medical expenses caused by accidents under Section **I** – Coverage **C**, which can be attributed only to operations at a single designated "location" shown in the Schedule above:
1. A separate Designated Location General Aggregate Limit applies to each designated "location", and that limit is equal to the amount of the General Aggregate Limit shown in the Declarations.
 2. The Designated Location General Aggregate Limit is the most we will pay for the sum of all damages under Coverage **A**, except damages because of "bodily injury" or "property damage" included in the "products-completed operations hazard", and for medical expenses under Coverage **C** regardless of the number of:
 - a. Insureds;
 - b. Claims made or "suits" brought; or
 - c. Persons or organizations making claims or bringing "suits".
 3. Any payments made under Coverage **A** for damages or under Coverage **C** for medical expenses shall reduce the Designated Location General Aggregate Limit for that designated "location". Such payments shall not reduce the General Aggregate Limit shown in the Declarations nor shall they reduce any other Designated Location General Aggregate Limit for any other designated "location" shown in the Schedule above.
 4. The limits shown in the Declarations for Each Occurrence, Damage To Premises Rented To You and Medical Expense continue to apply. However, instead of being subject to the General Aggregate Limit shown in the Declarations, such limits will be subject to the applicable Designated Location General Aggregate Limit.

- B.** For all sums which the insured becomes legally obligated to pay as damages caused by "occurrences" under Section **I** – Coverage **A**, and for all medical expenses caused by accidents under Section **I** – Coverage **C**, which cannot be attributed only to operations at a single designated "location" shown in the Schedule above:
1. Any payments made under Coverage **A** for damages or under Coverage **C** for medical expenses shall reduce the amount available under the General Aggregate Limit or the Products-completed Operations Aggregate Limit, whichever is applicable; and
 2. Such payments shall not reduce any Designated Location General Aggregate Limit.
- C.** When coverage for liability arising out of the "products-completed operations hazard" is provided, any payments for damages because of "bodily injury" or "property damage" included in the "products-completed operations hazard" will reduce the Products-completed Operations Aggregate Limit, and not reduce the General Aggregate Limit nor the Designated Location General Aggregate Limit.
- D.** For the purposes of this endorsement, the **Definitions** Section is amended by the addition of the following definition:
- "Location" means premises involving the same or connecting lots, or premises whose connection is interrupted only by a street, roadway, waterway or right-of-way of a railroad.
- E.** The provisions of Section **III** – Limits Of Insurance not otherwise modified by this endorsement shall continue to apply as stipulated.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ CAREFULLY.

FIREWORKS EXCLUSION

This endorsement modifies insurance under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

This policy does not apply to any damage arising out of the use of any explosives, fireworks, or pyro-technic devices.

However, for the purposes of this endorsement, flash boxes shall not be considered fireworks. Flash boxes are devices used to create a visual effect along with an explosive noise. They are induced electronically in a cylinder with no projectile, wadding or wrapping.

All other terms, conditions and exclusions remain the same.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT

(Broad Form)

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

1. The insurance does not apply:
 - A. Under any Liability Coverage, to "bodily injury" or "property damage":
 - (1) With respect to which an "insured" under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, Nuclear Insurance Association of Canada or any of their successors, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or
 - (2) Resulting from the "hazardous properties" of "nuclear material" and with respect to which (a) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (b) the "insured" is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.
 - B. Under any Medical Payments coverage, to expenses incurred with respect to "bodily injury" resulting from the "hazardous properties" of "nuclear material" and arising out of the operation of a "nuclear facility" by any person or organization.
 - C. Under any Liability Coverage, to "bodily injury" or "property damage" resulting from "hazardous properties" of "nuclear material", if:
 - (1) The "nuclear material" (a) is at any "nuclear facility" owned by, or operated by or on behalf of, an "insured" or (b) has been discharged or dispersed therefrom;
 - (2) The "nuclear material" is contained in "spent fuel" or "waste" at any time possessed, handled, used, processed, stored, transported or disposed of, by or on behalf of an "insured"; or
 - (3) The "bodily injury" or "property damage" arises out of the furnishing by an "insured" of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any "nuclear facility", but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion (3) applies only to "property damage" to such "nuclear facility" and any property thereat.

2. As used in this endorsement:

"Hazardous properties" includes radioactive, toxic or explosive properties;

"Nuclear material" means "source material", "Special nuclear material" or "by-product material";

"Source material", "special nuclear material," and "by-product material" have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof;

"Spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a "nuclear reactor";

"Waste" means any waste material **(a)** containing "by-product material" other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its "source material" content, and **(b)** resulting from the operation by any person or organization of any "nuclear facility" included under the first two paragraphs of the definition of "nuclear facility".

"Nuclear facility" means:

(a) Any "nuclear reactor";

(b) Any equipment or device designed or used for **(1)** separating the isotopes of uranium or plutonium, **(2)** processing or utilizing "spent fuel", or **(3)** handling, processing or packaging "waste";

(c) Any equipment or device used for the processing, fabricating or alloying of "special nuclear material" if at any time the total amount of such material in the custody of the "insured" at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;

(d) Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of "waste";

and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations;

"Nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material;

"Property damage" includes all forms of radioactive contamination of property.

POLICY CHANGE ENDORSEMENT NO. 2

THIS ENDORSEMENT CHANGES THE POLICY - PLEASE READ IT CAREFULLY

Company: Houston Casualty Company
Policy Number: 197004028056
Policy Change Effective Date: 3/15/2020

Named Insured: Trapped! Escape Room

Coverage Parts Affected: Commercial Package Policy

*****Changes*****

IN CONSIDERATION OF THE ADDITIONAL PREMIUM NOTED BELOW IT IS HEREBY AGREED AND UNDERSTOOD THAT THE ABOVE CAPTIONED POLICY IS AMENDED AS FOLLOWS:

Endt to add loc 003 eff 03-15-2020:

4760 Polaris Ave
Las Vegas, NV 89103

BPP - \$250,000
BI - \$128,000

Prorated Property premium - \$850
Prorated GL premium - \$700

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED.

Premium:	\$1,499.08
Surplus Lines Tax	\$72.71
Stamping Office Fee	\$2.25
 Total Additional:	 \$1,574.04
 Factor:	 0.795

By:  _____

DATE OF ISSUE: March 5, 2020