

IN THE CIRCUIT COURT OF THE 13th JUDICIAL
CIRCUIT IN AND FOR HILLSBOROUGH
COUNTY, FLORIDA

FLORIDA AVENUE ENTERTAINMENT, LLC
d/b/a SOCIAL HOUSE
vs.

CASE NO.:

COLONY INSURANCE COMPANY
Defendant.

COMPLAINT

COMES NOW, the Plaintiff, FLORIDA AVENUE ENTERTAINMENT, LLC d/b/a SOCIAL HOUSE., (hereinafter referred to as “Plaintiff” or “Social House”), by and through their undersigned counsel, brings this action against Defendant, COLONY INSURANCE COMPANY (hereinafter referred to as “Defendant” or “CIC”), and in support alleges:

NATURE OF THE ACTION

1. Plaintiff, Social House, commences this action against Defendant, CIC, for Declaratory Judgment pursuant to F.S. Chapter 86, *et seq.*, to construe and declare the rights, obligations, status and privileges of the parties as the Named Insured and Insurer under a commercial property insurance policy/contract, and relief within the monetary threshold of this Honorable Court pursuant to F.S. §§ 86.011, 627.428, *et seq.*, exclusive of interest, attorney’s fees and costs.

PARTIES

2. Plaintiff, Social House, is a Florida limited liability company with primary place of business is 6301 N. Florida Avenue, Tampa, FL 32801.

3. Upon information and belief, Defendant, CIC, is a Virginia Corporation with a principal place of business of 8720 Stoney Point Parkway, Suite 400, Richmond, VA 23235

JURISDICTION AND VENUE

4. Pursuant to F.S. § 86.011, this is an action seeking relief pursuant to F.S. Chapter 86, *et seq.*, within the jurisdictional limits of this Honorable Court, and thus subject matter jurisdiction vests appropriate within this Honorable Court.

5. Pursuant to F.S. § 48.193, Defendant, CIC, is a foreign entity that is registered to transact business in the State of Florida and are otherwise subject to personal jurisdiction. Pursuant to F.S.48.193, Defendant operates, conducts, engages in and/or carries out a business venture in the State of Florida. Defendant and Plaintiff entered into a commercial policy of insurance located within the State of Florida, particularly Hillsborough County, Florida.

6. Pursuant to F.S. § 48.193, venue is appropriate in Hillsborough County as the underlying causes of action, alleged herein have accrued in Hillsborough County.

I. FACTUAL BACKGROUND

A. The Subject Insurance Policy.

7. Plaintiff and Defendants entered into an insurance contract bearing policy No. 101 CO 0119195-00, with effective dates from April 1, 2019 through April 1, 2020, which provided

coverage to Plaintiff's place of business located at 6301 N. Florida Avenue, Tampa, FL 32801 (the "Property"). A true and correct copy of this Policy is attached hereto as Exhibit "A."

8. The Policy provides coverage for Business Personal Property to the insured location.

9. The Policy includes coverage for loss of business income and extra expenses, which is commonly referred to as business interruption insurance. The coverage is specifically provided for in a section of the Policy titled "Business Income and Extra Expense."

10. Pursuant to this section of this policy, Defendant promised to pay for "loss of Business Income" caused by a Covered Cause of Loss. Specifically, Defendant promised to pay for the loss of Business Income sustained due to the necessary "suspension" of the insured's "operations" during the "period of restoration."

11. There is no definition of "direct physical loss" or "damage to property" under the Policy.

12. Business Income is defined as follows:

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

(Ex. A. at p. 32)

13. Period of Restoration means the period of time that: (a) Begins 72 hours after the time of direct physical loss or damage for Business Income Coverage; or (b) immediately after the time of direct physical loss or damage for Extra Expense Coverage; and ends on the earlier of: (1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed or similar quality; or (2) The date when business is resumed at a new permanent location. (Ex. A at p. 40).

14. Suspension means: (a) the slowdown or cessation of your business activities; or (b) that a part or all of described premises is rendered untenable, if cover for Business Income Including “Rental Value” or “Rental Value” applies. Ex. A at p. 40).

15. Additionally, under the Policy, Defendant also promised to cover “Extended Business Income.” This coverage requires Defendant to pay for loss of business income beyond the Period of Restoration under certain circumstances.

16. Specifically, Defendant promised to pay for the actual loss of Business Income during the period that begins on the date that the insured property (except “Finished Stock”) is actually repaired, rebuilt or replaced and “operations” are resumed, and ends either the 60 consecutive days thereafter or on the date when operations are restored to the level which would generate business income at normal levels, whichever is earlier. (Ex. A at p. 34).

17. In addition to promising to pay for loss of Business Income, under the Policy, Defendant also promised to pay for certain “Extra Expense[s].” Extra Expenses mean expenses that the policyholder incurs to, for example, minimize the suspension of business. (Ex. A at p. 32).

18. The Policy also provides “Civil Authority” coverage. Under this type of coverage, Defendant promised to pay for the loss of Business Income and Extra Expense that the Plaintiff sustained as a result of “action of civil authority” that prohibits access to the described premises. (Ex. A at p. 33).

19. This Civil Authority provision is an independent basis for business interruption coverage. That is, it can be triggered even when the standard business interruption coverage is not.

20. In fact, Plaintiff's Policy does not contain any exclusion which would apply to Defendant to deny coverage for losses caused by COVID-19 and related actions of civil authorities taken in response to COVID-19.

21. Accordingly, because the Policy is a Business Personal Property and does not specifically exclude the losses that Plaintiff suffered, those losses are covered.

B. Plaintiff's Covered Losses

22. "Coronaviruses are a family of viruses that can cause illnesses such as the common cold, severe acute respiratory syndrome (SARS) and Middle East respiratory syndrome (MERS). In 2019, a new coronavirus was identified as the cause of a disease outbreak that originated in China" designated as SARS-CoV-2 also known as the 2019 Novel Corona Virus or COVID-19 (hereinafter "COVID-19").¹

23. The presence of COVID-19 and the public health emergency it has created have prompted actions by civil authorities throughout the United States, including but not limited to civil authorities with jurisdiction over Plaintiff: the city of Tampa, the county of Hillsborough, and the State of Florida.

24. Each of these actions by civil authorities have restricted and prohibited access to the insured's property. In addition, in Florida, violations of an executive order issued by the Governor pursuant to the State of Emergency Management Act are second-degree misdemeanors punishable by imprisonment.

¹ Mayo Clinic, Coronavirus Disease 2019 (COVID-19), <https://www.mayoclinic.org/diseases-conditions/coronavirus/symptoms-cause/syc-20479963>

25. On March 1, 2020, Florida Governor Ron DeSantis declared a Public Health Emergency as a result of COVID-19.²

26. On March 9, 2020, Florida Governor DeSantis, on the recommendations of the Centers for Disease Control and Prevention (“CDC”), the State Surgeon General, and the State Health Officer, declared that a State of Emergency exists in Florida as a result of the COVID-19 outbreak in Executive Order 20-52.³

27. On March 11, 2020, the World Health Organization announced that, due to “the alarming levels of spread and severity,” the COVID-19 outbreak rose to the level of pandemic.⁴

28. On March 13, 2020, President Donald J. Trump declared that the “COVID-19 outbreak constitutes a national emergency” and applied same retroactively to March 1, 2020.⁶

29. On March 20, 2020, Florida Governor Ron DeSantis issued Executive Order 20-72, which prohibited “[a]ll hospitals, ambulatory surgical centers, office surgery centers, dental orthodontic and endodontic offices, and other health care practitioners’ offices in the State of Florida . . . from providing any medically unnecessary, non-urgent or non-emergency procedure or surgery which, if delayed, does not place a patient’s immediate health, safety, or well-being at risk, or will, if

² Office of the Governor of Florida, Executive Order No. 20-51 (March 1, 2020), https://www.flgov.com/wp-content/uploads/orders/2020/EO_20-51.pdf

³ Office of the Governor of Florida, Executive Order Number 20-52 (March 9, 2020), https://www.flgov.com/wp-content/uploads/orders/2020/EO_20-52.pdf

⁴ World Health Organization, WHO Director General’s Opening Remarks at the Media Briefing on COVID-19 (March 11, 2020), <https://www.who.int/dg/speeches/detail/who-director-general-s-opening-remarks-at-the-media-briefing-on-covid-19---11-march-2020>

⁶ President Donald J. Trump, Proclamation on Declaring a National Emergency Concerning the Novel Coronavirus Disease (COVID-19) Outbreak (March 13, 2020), <https://www.whitehouse.gov/presidential-actions/proclamation-declaring-national-emergency-concerning-novel-coronavirus-disease-covid-19-outbreak/>

delayed, not contribute to the worsening of a serious or life-threatening medical condition.”⁸ Accordingly, “all health care practitioners licensed in the State of Florida, including dentists,” were required to “immediately cease performing these elective services.”

30. Accordingly, Governor Ron DeSantis’ Executive Order 20-72 required that Plaintiff immediately close their medical facilities and stop performing any elective medical procedures. In addition, Executive Order 20-72 did not expire until the expiration of Executive Order 20-52, including any extensions.

31. On March 26, 2020, Palm Beach County issued Emergency Order Number 2, requiring the closure of all noncritical businesses except to the extent necessary to perform “Minimum Basic Operation.” Minimum Basic Operations means, “the minimum activities necessary to maintain the value of inventory, preserve plant and equipment condition, engage in on-line shipping of goods without having customers in the business location, ensure security, process payroll and employee benefits, and facilitate employees working remotely. . .”⁹

32. On March 30, 2020, the Governor of Florida signed Executive Order 20-89, ordering Hillsborough County, among other counties, “to restrict public access” to non-essential businesses.

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⁸ Office of Governor of Florida, Executive Order Number 20-72 (March 20, 2020), https://www.flgov.com/wp-content/uploads/orders/2020/EO_20-72.pdf

⁹ Verdenia Baker, Palm Beach County Administrator, <https://discover.pbcgov.org/PDF/COVID19/Emergency-Order-Number-2.pdf>

¹¹ Office of Governor of Florida, Executive Order Number 20-89 (March 30, 2020), https://www.flgov.com/wp-content/uploads/orders/2020/EO_20-89.pdf

33. On April 29, 2020, the Governor of Florida signed Executive Order 20-112, which sets forth a phased re-opening of certain businesses in the state.¹²

34. Each of these actions of civil authority were carried out because COVID-19 attaches to physical surfaces, thereby creating a dangerous physical condition that motivated local, state and national authorities to prohibit access to public areas, including Plaintiff's facility.

C. The Claim

35. While there is a rapidly evolving situation, each of the civil authority actions set forth herein, as well as other civil authority actions taken by the United States Government, State of Florida, Hillsborough County which are not set forth herein, continue to prohibit or limit access to Plaintiff's office and have further caused a suspension of business services as defined under the Policy, as set forth herein.

36. The actions of local, state and federal civil authorities prohibiting access to the covered premises and surrounding area were issued in response to dangerous physical conditions and caused a suspension of business operations on the covered premises.

37. In addition, the presence of COVID-19 caused a direct physical loss of and/or damage to the covered premises under the Policy by, among other things, damaging the property, denying access to the property, preventing customers from physically occupying the property, causing the property to be physically uninhabitable by customers, causing its function to be nearly eliminated or destroyed, and/or causing a suspension of business operations on the premises.

¹² Officer of Governor of Florida, Executive Order Number 20-112 (April 29, 2020), https://www.flgov.com/wp-content/uploads/orders/2020/EO_20-112.pdf

38. As a result of the presence of COVID-19, Plaintiff has suffered a suspension of business operations, sustained losses of business income, and incurred extra expenses.

39. As a result of the actions of civil authority, Plaintiff has suffered a suspension of business operations, sustained losses of business income, and incurred extra expenses.

40. The losses and expenses are not excluded from coverage under the Policy. And because the Policy affords coverage for business income, and Plaintiff has complied with its contractual obligations, Plaintiff is entitled to payment for these losses and expenses.

41. Based on these facts, Plaintiff provided notice of its losses and expenses to Defendant under the terms and conditions of the Policy. This notice was timely.

42. Defendant responded to the loss by opening claim number P-099-1024326 (the "Claim").

43. Through its adjustment of the Claim, Defendant has been afforded the opportunity to fully inspect the Loss, investigate the cause of Loss, and quantify the amount of Loss.

44. On August 26, 2020, Defendant denied coverage for the Claim after its investigation. A copy of the denial correspondence is attached hereto as Exhibit "B."

45. Plaintiff has complied with all prerequisites, whether denominated conditions precedent, duties after loss, or otherwise, to receive benefits or proceeds under the Policy, or maintain the instant suit for the breach or declaration of the Policy; alternatively, Defendant has waived or never had standing to assert any prerequisites, whether denominated as conditions precedent, duties after loss, or otherwise.

CAUSES OF ACTION
COUNT 1: DECLARATORY JUDGMENT

46. Plaintiff re-adopts and re-alleges each of the Paragraphs preceding the first Count of this Complaint.

47. In the Policy, Defendant promised to pay for the losses of and/or damages related to loss of business income sustained as a result of perils not excluded under the Policy. Specifically, Defendant promised to pay for losses of and/or damages related to loss of business income and extra expenses sustained as a result of suspension of business operations during the Period of Restoration.

48. In addition, and separate and independent to any obligations set forth under Paragraph 48, Defendant promised to pay for losses of business income sustained and extra expenses incurred when, among other things, a covered cause of loss that causes damage to property near the insured premises, the action of civil authority prohibits access to property near the insured premises, and the action of civil authority is taken in response to dangerous physical conditions.

49. The COVID-19 pandemic caused damage to Plaintiff, resulting in suspensions of business operations at these premises. These suspensions have caused Plaintiff to suffer losses of business income and extra expenses.

50. These suspensions and losses triggered business income and extra expenses under the Policy.

51. In addition, Plaintiff has suffered losses and incurred expenses as a result of actions of civil authorities that prohibited access to insured premises under the Policy. These losses satisfied all requirements to trigger Civil Authority coverage under the Policy.

52. Plaintiff has complied with all applicable provisions of their respective policies, including payment of premiums.

53. Defendant issued the Claim in response to Plaintiff's request to do so.

54. The relevant language in the underlying policy is found in the Endorsement for "Business Income (and Extra Expense) Coverage Form," endorsement number CP 00300607.

56. However, nowhere in the relevant section(s) of the underlying policy are any definitions of "direct physical loss" or "damage to property."

57. Plaintiff is in doubt as to what the language in the "Microorganism Exclusion" covers and what are each party's right in the prevalent provisions of the underlying policy.

58. This has created a bona fide, actual, present practical need for the requested declarations as it deals with a present, ascertained or ascertainable state of facts or present controversy as to the facts of the Claim.

59. As a direct and proximate result of Defendant's position, the Plaintiff has been required to retain the services of the undersigned attorneys to represent and protect the interests of the Plaintiff and the Plaintiff has become obligated to pay them a reasonable fee for their services in bringing this action.

60. In the event that the Plaintiff prevails in this action, Plaintiff is entitled to an award of attorneys' fees and costs pursuant to sections 86.081, 627.428, and/or 57.041, Florida Statutes and/or other Florida Law.

WHEREFORE, Plaintiff requests that this Court enter a Declaratory Judgment, pursuant to Fla. Stat. Chapter 86, determining the parties rights as to what "direct physical loss" means in the

underlying policy, awarding attorneys' fees as provided under Fla. Stat §§ 86.081, 627.428 and/or 57.041 as well as any other applicable statutes or case law, and granting any further relief as this Court deems just and proper.

COUNT II: BREACH OF CONTRACT

61. Plaintiff re-adopts and re-alleges each of the Paragraphs preceding the first Count of this Complaint.

62. In the Policy, Defendant promised to pay for losses of and/or damages related to loss of business sustained as a result of perils not excluded under the Policy. Specifically, Defendant promised to pay for losses of and/or damages related to loss of business income and extra expenses sustained as a result of a suspension of business operations during the Period of Restoration.

63. In addition, and separate and independent to any obligations set forth under Paragraph 62, Defendant promised to pay for losses of business income sustained and extra expenses incurred when, among other things, a Covered Cause of Loss causes damage to property near the insured premises, and the action of civil authority prohibits access to property near the insured premises, and the civil authority action is taken in response to dangerous physical conditions.

64. As set forth herein, COVID-19 caused direct physical loss of and damage to Plaintiff, resulting in suspensions of business operations at the premises. These suspensions have caused Plaintiff to suffer losses of business income and extra expenses.

65. Plaintiff also suffered loss of use of its property and the area surrounding its property as a result of COVID-19, as well as actions of civil authority arising from the COVID-19 crisis.

66. Accordingly, Plaintiff timely notified Defendant of the subject loss.

67. These suspensions and losses triggered business income and extra expenses coverage under the Policy.

68. In addition, Plaintiff has suffered losses and incurred expenses as a result of actions of civil authorities that prohibited access to insured premises under the Policy. These losses satisfied all requirements to trigger Civil Authority coverage under the Policy.

69. There is an affirmative grant of coverage for Plaintiff's losses under the Policy.

70. In addition, Plaintiff has complied with all applicable provisions of their respective policies, including payment of premiums.

71. On or about August 26, 2020, Defendant denied Plaintiff's claim that the Policy provides coverage for these losses. Defendant's denial constitutes a breach of the Policy.

72. Defendant's breaches of the Policy have directly and proximately caused Plaintiff to suffer significant damages in the past and said damages are of continuing nature and as such Plaintiff will incur damages including loss of business income and extra expenses into the future.

WHEREFORE, Plaintiff requests that this Court award Plaintiff all damages permitted under Florida law, including but not limited to Plaintiff's losses of business income and extra expenses, consequential damages, attorneys' fees as provided under Fla. Stat. § 627.428, prejudgment interests and costs and granting further relief as this Court deems just and proper.

DEMAND FOR TRIAL BY JURY

The Plaintiff further demands a trial by jury of all issues so triable as a matter of right.

GED LAWYERS, LLP

Attorneys for the Plaintiff

7171 North Federal Highway

Boca Raton, FL 33487

Telephone: (561) 995-1966

Facsimile: (561) 241-0812

Primary Email: pdlitlaw@gedlawyers.com

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BY: /s/Scott M. Rosso
SCOTT M. ROSSO, ESQ.
Florida Bar No.: 505757
BENJAMIN A. RICHTER, ESQ.
Florida Bar No.: 1003517



101 E. Kennedy Blvd. Suite 2175
Tampa, FL 33602
Ph: 813-315-3020
www.rtspecialty.com

19075539

Florida Face Page

Insured's Name: Florida Ave Ent LLC DBA Social House

Policy Number: 101 CP 0119195-00

Policy Dates: 4/1/2019 to 4/1/2020

Surplus Lines Agent's Name: Alan S. Goldfarb

Surplus Lines Agent's Address: 101 E. Kennedy Boulevard Suite 2175, Tampa FL 33602

Surplus Lines Agent's License Number: A099212

Producing Agent's Name: Allison Hernandez

Producing Agent's Physical Address: 6115 N. Armenia Ave Tampa, FL 33604

"THIS INSURANCE IS ISSUED PURSUANT TO THE FLORIDA SURPLUS LINES LAW. PERSONS INSURED BY SURPLUS LINES CARRIERS DO NOT HAVE THE PROTECTION OF THE FLORIDA INSURANCE GUARANTY ACT TO THE EXTENT OF ANY RIGHT OF RECOVERY FOR THE OBLIGATION OF AN INSOLVENT UNLICENSED INSURER."

"SURPLUS LINES INSURERS' POLICY RATES AND FORMS ARE NOT APPROVED BY ANY FLORIDA REGULATORY AGENCY."

Premium: \$1,668.00

TRIA/Terrorism: REJECTED

Fees:

Brokerage Fee \$35.00
Inspection Fee \$100.00

Taxes:

Surplus Lines Tax \$90.15
State Service Office Fee \$1.80
DEM EMPA Surcharge \$4.00

Total Cost: \$1,898.95

A handwritten signature in black ink that reads 'Alan S. Goldfarb'.

Surplus Lines Agent's Countersignature:

☒ "THIS POLICY CONTAINS A SEPARATE DEDUCTIBLE FOR HURRICANE OR WIND LOSSES, WHICH MAY RESULT IN HIGH OUT-OF-POCKET EXPENSES TO YOU."

☒ "THIS POLICY CONTAINS A CO-PAY PROVISION THAT MAY RESULT IN HIGH OUT-OF-POCKET EXPENSES TO YOU."



Privacy Policy

Argo Group US, Inc. ("Argo Group") recognizes the importance of maintaining the privacy of our customers and the confidentiality of each individual's nonpublic personal information, including Social Security numbers. We take seriously the responsibility that accompanies our collection of nonpublic personal information, including Social Security numbers. Accordingly, Argo's corporate policy is to protect the privacy and confidentiality of our consumers and their nonpublic personal information as required by law.

Information Collection and Use

In order to conveniently and effectively provide and service the insurance products we sell, we may collect and use Social Security numbers and other nonpublic personal information. As such, this policy does not prohibit the collection or use of Social Security numbers and nonpublic personal information where legally authorized and/or required. This policy complies with the requirements of the Gramm-Leach-Bliley Act (GLBA) and applicable federal and state laws and regulations implementing the act. Such laws impose certain obligations upon third persons and organizations with which we share nonpublic personal information of our consumers, customers, former customers, or claimants. Accordingly, we prohibit the unauthorized disclosure of Social Security numbers and other protected nonpublic personal information, except as legally required or authorized.

Information Sharing and Disclosure

Argo Group does not rent, sell or share your personally identifiable information with nonaffiliated third parties. Argo Group may, however, share personally identifiable information with third-party contractors. These third-party contractors are prohibited from using the information for purposes other than performing services for Argo Group. Argo Group may disclose your information to third parties when obligated to do so by law and to investigate, prevent, or take action regarding suspected or actual prohibited activities, including but not limited to fraud and situations involving the security of our operations and employees.

Finally, Argo Group may transfer information, including any personally identifiable information, to a successor entity in connection with a corporate merger, consolidation, sale of all or a portion of its assets, bankruptcy, or other corporate change.

Security

In order to protect your nonpublic personal information, we limit access to nonpublic personal information by only allowing authorized personnel to have access to such information. Furthermore, we maintain physical, electronic and procedural security protections to safeguard the nonpublic personal information in our records. Documents that contain an individual's protected information are destroyed before disposal; this destruction process includes the shredding of print and disposable media and deletion of electronic media. Argo Group has security measures in place to protect the loss, misuse and alteration of the information under our control. Our hardware infrastructure is housed in a controlled access facility that restricts access to authorized individuals. The network infrastructure is protected by a firewall and traffic is monitored and logged both on the firewall and servers. Sensitive administrative activities are carried out over secure, encrypted links between our offices and hosting facility. Administrative

access is limited not only to authorized employees but also to specific remote administration protocols and IP addresses. All employees with access to personally identifiable information have been advised of Argo Group's security policies and practices. Argo Group will continue to conduct internal audits of its security systems and make all necessary enhancements to ensure the safety of the website and its users. No method of transmission over the Internet or method of electronic storage is 100% secure; therefore, while Argo Group uses commercially acceptable means to protect your information, we cannot guarantee absolute security.

Any Argo Group employee who becomes aware of the inappropriate use or disclosure of Social Security numbers and other protected nonpublic personal information is expected to immediately report such behavior to the General Counsel for further action.

Corrected/Updated Information

This policy applies to certain insureds of Argo Group, including but not limited to worker's compensation claimants. If you have any questions about this Privacy Policy, please contact:

General Counsel
Argo Group US, Inc.
P.O. Box 469011
San Antonio, Texas 78246
(210) 321-8400

*Note: Argo Group is the parent of Argonaut Insurance Company; Argonaut-Southwest Insurance Company; Argonaut-Midwest Insurance Company; Argonaut Great Central Insurance Company; Argonaut Limited Risk Insurance Company; ARIS Title Insurance Corporation; Select Markets Insurance Company; Colony Insurance Company; Colony Specialty Insurance Company; Peleus Insurance Company (fka Colony National Insurance Company); Rockwood Casualty Insurance Company; Somerset Casualty Insurance Company; Grocers Insurance Agency, Inc.; Central Insurance Management, Inc.; Alteris Insurance Services, Inc.; Trident Insurance Services, LLC; Commercial Deposit Insurance Agency, Inc.; Sonoma Risk Management, LLC; John Sutak Insurance Brokers, Inc.; Colony Management Services, Inc.; Argonaut Management Services, Inc.; and Argonaut Claims Management, LLC. This Privacy Policy applies to all companies and business produced or underwritten within Argo Group.

COMMON POLICY DECLARATIONS

Colony Insurance Company
 8720 STONY POINT PARKWAY, SUITE 400
 RICHMOND, VA 23235

POLICY NUMBER: 101 CP 0119195-00

RENEWAL OF: NEW

1. NAMED INSURED AND MAILING ADDRESS:

Florida Ave Ent, Llc DBA Social House
 6301 N Florida Ave
 Tampa, FL 33604

PRODUCER: 0000063

R-T Specialty, LLC (FL, Tampa)
 101 E. Kennedy Blvd., Suite 2175
 Tampa, FL 33602

2. POLICY PERIOD: From 04/01/2019 to 04/01/2020 12:01 A.M. Standard Time at your Mailing Address above.

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

3. THIS POLICY CONSISTS OF THE FOLLOWING COVERAGE PARTS FOR WHICH A PREMIUM IS INDICATED. THIS PREMIUM MAY BE SUBJECT TO ADJUSTMENT.

COVERAGE PARTS	PREMIUM
Commercial General Liability	NOT COVERED
Liquor Liability	NOT COVERED
Commercial Property	\$1,668.00
Commercial Crime	NOT COVERED
Commercial Inland Marine	NOT COVERED
Commercial Farm and Ranch	NOT COVERED
Owners and Contractors Protective	NOT COVERED
Coverage for Certified Acts of Terrorism Rejected; Exclusion attached.	NOT COVERED
Total Premium	\$1,668.00
fsiso	\$1.80
brokerage fee	\$35.00
Tax	\$90.15
inspection fee	\$100.00
empa	\$4.00
Premium shown is payable at inception.	Total: \$1,898.95

4. FORMS APPLICABLE TO ALL COVERAGES:

See Schedule of Forms and Endorsements - U001

5. BUSINESS DESCRIPTION:

RESTAURANT W BAR

THIS INSURANCE IS ISSUED PURSUANT TO THE FLORIDA SURPLUS LINES LAW. PERSONS INSURED BY SURPLUS LINES CARRIERS DO NOT HAVE THE PROTECTION OF THE FLORIDA INSURANCE GUARANTY ACT TO THE EXTENT OF ANY RIGHT OF RECOVERY FOR THE OBLIGATION OF AN INSOLVENT UNLICENSED INSURER.

A009843

Countersigned: 03/25/2019
 Date

By: R-T Specialty, LLC (FL, Tampa)
 Authorized representative

Insured: Florida Ave Ent, Llc DBA Social House
 Policy Number: 101 CP 0119195-00

U001 (10/04)

SCHEDULE OF FORMS AND ENDORSEMENTS

Forms and Endorsements applying to and made part of this policy at the time of issuance:

NUMBER	TITLE
FORMS APPLICABLE	POLICY COMMON FORMS
PRIVACYNOTICE-0415	PRIVACY NOTICE
DCJ6550-1114	COMMON POLICY DECLARATIONS
U001-1004	SCHEDULE OF FORMS AND ENDORSEMENTS
IL0017-1198	COMMON POLICY CONDITIONS
IL0021-0908	NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT (BROAD FORM)
ILP001-0104	U.S. TREASURY DEPARTMENT'S OFFICE OF FOREIGN ASSETS CONTROL ("OFAC") ADVISORY NOTICE TO POLICYHOLDERS
SIGCICFL-0817	SIGNATURE PAGE
U002A-0916	MINIMUM EARNED PREMIUM
U094-0415	SERVICE OF SUIT
U170-1205	ACTUAL CASH VALUE DEFINITION
FORMS APPLICABLE	TERRORISM
UIL0961-0115	EXCLUSION OF CERTIFIED ACTS AND OTHER ACTS OF TERRORISM
FORMS APPLICABLE	PROPERTY - COMMERCIAL
DCJ6555CN-0713	COMMERCIAL PROPERTY COVERAGE PART DECLARATIONS
CP0010-0607	BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CP0030-0607	BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM
CP0090-0788	COMMERCIAL PROPERTY CONDITIONS
CP1030-0607	CAUSES OF LOSS - SPECIAL FORM
CP1032-0808	WATER EXCLUSION ENDORSEMENT
CP1056-0607	SPRINKLER LEAKAGE EXCLUSION
U011-0702	TOTAL OR CONSTRUCTIVE LOSS EARNED PREMIUM CONDITION
U171A-0702	BURGLARY AND ROBBERY PROTECTIVE SAFEGUARDS
U198-0707	WEIGHT OF ICE, SNOW AND SLEET CAUSE OF LOSS LIMITATION
U496-0707	AMENDATORY "FUNGUS" BUSINESS INCOME AND/OR EXTRA EXPENSE ENDORSEMENT
U522-0108	EQUIPMENT BREAKDOWN COVERAGE
U523-0308	EQUIPMENT BREAKDOWN SCHEDULE
U738P-0712	TOTAL POLLUTION EXCLUSION
U739-0712	EXCLUSION - ASBESTOS
U742-0712	EXCLUSION - BENZENE
U746-0712	EXCLUSION - LEAD
U748-0712	EXCLUSION - SILICA OR SILICA-RELATED DUST
U776-1212	MULTIPLE DEDUCTIBLE FORM (FIXED DOLLAR AMOUNT PER BUILDING)
U777A-0617	GOLD PAK ENDORSEMENT
U847-0913	WINDSTORM OR HAIL PERCENTAGE DEDUCTIBLE
FORMS APPLICABLE	STATE SPECIFIC
CP0125-0212	FLORIDA CHANGES
UIL0255-1115	FLORIDA CHANGES - CANCELLATION AND NONRENEWAL

COMMON POLICY CONDITIONS

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

A. Cancellation

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

B. Changes

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

C. Examination Of Your Books And Records

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

D. Inspections And Surveys

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

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

- c. Recommend changes.

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

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

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

E. Premiums

The first Named Insured shown in the Declarations:

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

F. Transfer Of Your Rights And Duties Under This Policy

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

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

IL 00 21 09 08

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT

(Broad Form)

This endorsement modifies insurance provided under the following:

COMMERCIAL AUTOMOBILE COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
FARM COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
MEDICAL PROFESSIONAL LIABILITY COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART
UNDERGROUND STORAGE TANK POLICY

1. The insurance does not apply:

A. Under any Liability Coverage, to "bodily injury" or "property damage":

- (1)** With respect to which an "insured" under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, Nuclear Insurance Association of Canada or any of their successors, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or
- (2)** Resulting from the "hazardous properties" of "nuclear material" and with respect to which **(a)** any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or **(b)** the "insured" is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.

B. Under any Medical Payments coverage, to expenses incurred with respect to "bodily injury" resulting from the "hazardous properties" of "nuclear material" and arising out of the operation of a "nuclear facility" by any person or organization.

C. Under any Liability Coverage, to "bodily injury" or "property damage" resulting from "hazardous properties" of "nuclear material", if:

- (1)** The "nuclear material" **(a)** is at any "nuclear facility" owned by, or operated by or on behalf of, an "insured" or **(b)** has been discharged or dispersed therefrom;
- (2)** The "nuclear material" is contained in "spent fuel" or "waste" at any time possessed, handled, used, processed, stored, transported or disposed of, by or on behalf of an "insured"; or
- (3)** The "bodily injury" or "property damage" arises out of the furnishing by an "insured" of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any "nuclear facility", but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion **(3)** applies only to "property damage" to such "nuclear facility" and any property thereat.

2. As used in this endorsement:

"Hazardous properties" includes radioactive, toxic or explosive properties.

"Nuclear material" means "source material", "special nuclear material" or "by-product material".

"Source material", "special nuclear material", and "by-product material" have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof.

"Spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a "nuclear reactor".

"Waste" means any waste material **(a)** containing "by-product material" other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its "source material" content, and **(b)** resulting from the operation by any person or organization of any "nuclear facility" included under the first two paragraphs of the definition of "nuclear facility".

"Nuclear facility" means:

- (a)** Any "nuclear reactor";
- (b)** Any equipment or device designed or used for **(1)** separating the isotopes of uranium or plutonium, **(2)** processing or utilizing "spent fuel", or **(3)** handling, processing or packaging "waste";

(c) Any equipment or device used for the processing, fabricating or alloying of "special nuclear material" if at any time the total amount of such material in the custody of the "insured" at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;

(d) Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of "waste";

and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations.

"Nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material.

"Property damage" includes all forms of radioactive contamination of property.

IL P 001 01 04

U.S. TREASURY DEPARTMENT'S OFFICE OF FOREIGN ASSETS CONTROL ("OFAC") ADVISORY NOTICE TO POLICYHOLDERS

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

This Notice provides information concerning possible impact on your insurance coverage due to directives issued by OFAC. **Please read this Notice carefully.**

The Office of Foreign Assets Control (OFAC) administers and enforces sanctions policy, based on Presidential declarations of "national emergency". OFAC has identified and listed numerous:

- Foreign agents;
- Front organizations;
- Terrorists;
- Terrorist organizations; and
- Narcotics traffickers;

as "Specially Designated Nationals and Blocked Persons". This list can be located on the United States Treasury's web site – <http://www.treas.gov/ofac>.

In accordance with OFAC regulations, if it is determined that you or any other insured, or any person or entity claiming the benefits of this insurance has violated U.S. sanctions law or is a Specially Designated National and Blocked Person, as identified by OFAC, this insurance will be considered a blocked or frozen contract and all provisions of this insurance are immediately subject to OFAC. When an insurance policy is considered to be such a blocked or frozen contract, no payments nor premium refunds may be made without authorization from OFAC. Other limitations on the premiums and payments also apply.

Surplus lines insurers' policy rates and forms are not approved by any Florida regulatory agency.

SIGNATURE PAGE

IN WITNESS WHEREOF, the company issuing this policy has caused this policy to be signed by its President and its Secretary and countersigned (if required) on the Declarations page by a duly authorized representative of the company. This endorsement is executed by the company stated in the Declarations.

Colony Insurance Company



President



Secretary

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MINIMUM EARNED PREMIUM

The following additional policy Condition supersedes any other policy Condition regarding a minimum earned premium for this policy:

Policy Premium And Minimum Earned Premium

1. Policy Premium is the sum of the following:
 - a. The Total Policy Premium (or Minimum Premium At Audit, if applicable) as shown in the Common Policy Declarations; plus
 - b. Any premium adjustment by endorsement; plus
 - c. Any premium adjustment developed by audit, if applicable.
2. The policy earned premium is the sum of the following:
 - a. The amount of Policy Premium, not designated as fully earned premium at inception or by endorsement, calculated for the policy period that has been earned based on the ratio of the time passed on the policy to the effective date of the policy; plus
 - b. Any Policy Premium that is designated as fully earned premium at inception or by endorsement.
3. If you cancel this policy, the return premium will be 90% of the unearned premium. However, as a minimum earned premium, we will retain no less than 25% of the Policy Premium.
4. If we cancel the policy for:
 - a. non-payment of premium;
 - b. any of the reasons stated in a cancellation endorsement that provide a 10 day notice; or
 - c. any of the reasons stated in an amendatory state specific cancellation endorsement (up to and including a 30 day notice);

the earned premium will be computed pro rata based on the length of the cancelled policy term. However, as a minimum earned premium, we will retain no less than 25% of the Policy Premium.
5. If we cancel the policy for any reason other than those identified in Paragraph 4. above, the earned premium will be computed pro rata based on the length of the cancelled policy term and the minimum earned premium as stated in Paragraph 4. above shall not apply.
6. Any unearned premium will be returned as soon as practicable.

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SERVICE OF SUIT

If service of process is to be made upon the Company by way of hand delivery or courier service, delivery should be made to the Company's principal place of business:

Claims Manager

Colony Insurance Company,
Colony Specialty Insurance Company, or
Peleus Insurance Company
8720 Stony Point Parkway, Suite 400
Richmond, Virginia 23235

If service of process is to be made upon the Company by way of the U.S. Postal Service, the following mailing address should be used:

General Counsel

Colony Insurance Company,
Colony Specialty Insurance Company, or
Peleus Insurance Company
P.O. Box 469011
San Antonio, Texas 78246

Where required by statute, regulation, or other regulatory directive, the Company appoints the Commissioner of Insurance, or other designee specified for that purpose, as its attorney for acceptance of service of all legal process in the state in any action or proceeding arising out of this insurance.

The Commissioner or other designee is requested to forward process to the Company as shown above, or if required in his/her particular state, to a designated resident agent for service of process.

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ACTUAL CASH VALUE DEFINITION

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART
STANDARD PROPERTY POLICY
COMMERCIAL INLAND MARINE COVERAGE PART
CRIME COVERAGE PART
FARM PROPERTY COVERAGE FORM

If Actual Cash Value applies, the following definition is added:

Unless otherwise mandated by statute, actual cash value is the lesser of the following:

- a. Actual cash value is calculated as the amount it would cost to repair or replace Covered Property, at the time of loss or damage, with material of like kind and quality, subject to a deduction for deterioration, depreciation and obsolescence. Actual cash value applies to valuation of Covered Property regardless of whether that property has sustained partial damage or total loss damage;
- b. When the loss or damage to Covered Property creates a total loss, actual cash value means the market value of property in a used condition equal to that of the destroyed Covered Property, if reasonably available on the used market;
- c. Otherwise, actual cash value means the market value of new, identical or nearly identical property less reasonable deduction for wear and tear, deterioration, and obsolescence.

The actual cash value of the lost or damaged property may be significantly less than its replacement cost.

This endorsement does not affect coverage if Replacement Cost valuation applies.

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF CERTIFIED ACTS AND OTHER ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME COVERAGE FORM
COMMERCIAL CRIME POLICY
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
FARM COVERAGE PART
STANDARD PROPERTY POLICY

A. The following Exclusion is added:

We will not pay for loss or damage caused directly or indirectly by the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss, except for ensuing fire, but only to the extent as required by state statute as indicated in item B., below.

EXCLUSION OF CERTIFIED ACTS AND OTHER ACTS OF TERRORISM

We will not pay for loss or damage caused directly or indirectly by a “certified act of terrorism” or an “other act of terrorism”, including action in hindering or defending against an actual or expected incident of a “certified act of terrorism” or an “other act of terrorism”. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

But with respect to any such activity that also comes within the terms of the War And Military Action Exclusion, that exclusion supersedes this Terrorism Exclusion.

In the event of an act of terrorism that involves nuclear reaction or radiation, or radioactive contamination, this Terrorism Exclusion supersedes the Nuclear Hazard Exclusion.

EXCLUSION OF NUCLEAR, BIOLOGICAL OR CHEMICAL TERRORISM

We will not pay for loss or damage caused directly or indirectly by any act of terrorism:

1. that involves the use, release or escape of nuclear materials, or directly or indirectly results in nuclear reaction or radiation or radioactive contamination; or
2. that is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
3. in which pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the terrorism was to release such materials;

including action in hindering or defending against an actual or expected incident of terrorism. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

In the event of any incident of terrorism that is not subject to this Nuclear, Biological or Chemical Terrorism Exclusion, coverage does not apply to any element of loss or damage that is otherwise excluded under this Coverage Part or Standard Property Policy.

But with respect to any such activity that also comes within the terms of the War And Military Action Exclusion, that exclusion supersedes this Terrorism Exclusion.

In the event of an incident of terrorism that involves nuclear reaction or radiation, or radioactive contamination, this Terrorism Exclusion supersedes the Nuclear Hazard Exclusion.

B. Exception Covering Certain Fire Losses

If a “certified act of terrorism” or an “other act of terrorism” results in fire, we will pay for the loss or damage caused by that fire, to the extent as required by state statute. Such coverage for fire applies only to direct loss or damage by fire to Covered Property. Therefore, for example, the exception does not apply to insurance provided under Business Income and/or Extra Expense coverage forms or endorsements which apply to those forms, or to the Legal Liability Coverage Form or the Leasehold Interest Coverage Form.

C. The following definitions are added with respect to the provisions of this endorsement:

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

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

“Other act of terrorism” means a violent act or an act that is dangerous to human life, property or infrastructure that is committed by an individual or individuals and that appears to be part of an effort to coerce a civilian population or to influence the policy or affect the conduct of any government by coercion, and the act is not a “certified act of terrorism”. Multiple incidents of an “other act of terrorism” which occur within a seventy-two hour period and appear to be carried out in concert or to have a related purpose or common leadership shall be considered to be one incident.

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.

COMMERCIAL PROPERTY COVERAGE PART DECLARATIONS

This Coverage Part consists of this Declarations Form, the Common Policy Conditions, the Commercial Property Conditions, the Coverage Forms(s) and the Endorsements indicated as applicable. (See "COMMON POLICY DECLARATIONS" for items 1 and 2)

POLICY NUMBER: 101 CP 0119195-00

NAMED INSURED: Florida Ave Ent, Llc DBA Social House

DESCRIPTION OF PREMISES
☐ IF SUPPLEMENTAL DECLARATIONS ATTACHED

Prem. No.	Bldg. No.	Location, Construction, Year Built and Occupancy
1	1	6301 N Florida Ave , Tampa, Hillsborough, FL 33604 : Non-Combustible, 2017 and Restaurant (Catering - Commercial Cooking - Food Service)

COVERAGES PROVIDED – INSURANCE AT THE DESCRIBED PREMISES APPLIES ONLY FOR COVERAGES FOR WHICH A LIMIT OF INSURANCE IS SHOWN.

Prem. No.	Bldg. No.	Coverage	Limit of Insurance	Covered Causes of Loss	Coinsurance*	Rates	Premium
1	1	Business Personal Property	\$208,000	Special	80%	0.37	\$770.00
1	1	Business Income with EE, Including Rental Value	\$150,000 Monthly Limitation 1/6	Special	N/A	0.37	\$555.00
Blanket	Blanket	U777A, Gold Pak Endorsement				Flat	\$250.00
						Subtotal	\$1,575.00
						Minimum Premium for the line of business	N/A
Blanket	Blanket	Equipment Breakdown				0.026	\$93.00

*IF EXTRA EXPENSE COVERAGE, LIMITS ON LOSS PAYMENT

OPTIONAL COVERAGES – APPLICABLE ONLY WHEN ENTRIES ARE MADE IN THE SCHEDULE BELOW.

Prem. No.	Bldg. No.	Agreed Value	Replacement Cost (X)		
		Expiration Date	Coverage	Amount	
1	1				X

Prem. No.	Bldg. No.	Inflation Guard (Percentage)	*Monthly Limit of Indemnity (Fraction)	*Maximum Period of Indemnity (X)	*Extended Period of Indemnity (Days)
		Building	Personal Property		
1	1			1/6	

*APPLIES TO BUSINESS INCOME ONLY

MORTGAGE HOLDERS

Prem. No.	Bldg. No.	Mortgage Holder Name and Mailing Address

DEDUCTIBLE	AOP Deductible: See "MULTIPLE DEDUCTIBLE FORM". Wind/Hail deductible: See form(s) U847, U776.	TOTAL PREMIUM FOR THIS COVERAGE PART	\$1,668.00
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FORMS / ENDORSEMENTS APPLICABLE (To All Coverages)

SEE FORM U001 – SCHEDULE OF FORMS AND ENDORSEMENTS

BUILDING AND PERSONAL PROPERTY COVERAGE FORM

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

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

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

A. Coverage

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

1. Covered Property

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

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

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

- (b) Materials, equipment, supplies and temporary structures, on or within 100 feet of the described premises, used for making additions, alterations or repairs to the building or structure.

b. Your Business Personal Property located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises, 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.

c. Personal Property Of Others that is:

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

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

2. Property Not Covered

Covered Property does not include:

- a. Accounts, bills, currency, food stamps or other evidences of debt, money, notes or securities. Lottery tickets held for sale are not securities;
- b. Animals, unless owned by others and boarded by you, or if owned by you, only as "stock" while inside of buildings;
- c. Automobiles held for sale;
- d. Bridges, roadways, walks, patios or other paved surfaces;
- e. Contraband, or property in the course of illegal transportation or trade;
- f. The cost of excavations, grading, backfilling or filling;
- g. Foundations of buildings, structures, machinery or boilers if their foundations are below:
 - (1) The lowest basement floor; or
 - (2) The surface of the ground, if there is no basement;
- h. Land (including land on which the property is located), water, growing crops or lawns;
- i. Personal property while airborne or waterborne;
- j. Bulkheads, pilings, piers, wharves or docks;
- k. Property that is covered under another coverage form of this or any other policy in which it is more specifically described, except for the excess of the amount due (whether you can collect on it or not) from that other insurance;
- l. Retaining walls that are not part of a building;
- m. Underground pipes, flues or drains;

- n. Electronic data, except as provided under the Additional Coverage, Electronic Data. Electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data. This paragraph, n., does not apply to your "stock" of prepackaged software;

- o. The cost to replace or restore the information on valuable papers and records, including those which exist as electronic data. Valuable papers and records include but are not limited to proprietary information, books of account, deeds, manuscripts, abstracts, drawings and card index systems. Refer to the Coverage Extension for Valuable Papers And Records (Other Than Electronic Data) for limited coverage for valuable papers and records other than those which exist as electronic data;

- p. Vehicles or self-propelled machines (including aircraft or watercraft) that:

- (1) Are licensed for use on public roads; or
- (2) Are operated principally away from the described premises.

This paragraph does not apply to:

- (a) Vehicles or self-propelled machines or autos you manufacture, process or warehouse;
- (b) Vehicles or self-propelled machines, other than autos, you hold for sale;
- (c) Rowboats or canoes out of water at the described premises; or
- (d) Trailers, but only to the extent provided for in the Coverage Extension for Non-owned Detached Trailers;

q. The following property while outside of buildings:

- (1) Grain, hay, straw or other crops;
- (2) Fences, radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers, trees, shrubs or plants (other than "stock" of trees, shrubs or plants), all except as provided in the Coverage Extensions.

3. Covered Causes Of Loss

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

4. Additional Coverages

a. Debris Removal

- (1) Subject to Paragraphs (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 \$10,000 for debris removal expense, for each location, in any one occurrence of physical loss or damage to Covered Property, if one or both of the following circumstances apply:

(a) The total of the actual debris removal expense plus the amount we pay for direct physical loss or damage exceeds the Limit of Insurance on the Covered Property that has sustained loss or damage.

(b) The actual debris removal expense exceeds 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

Therefore, if (4)(a) and/or (4)(b) 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 \$10,000.

(5) Examples

The following examples assume that there is no Coinsurance penalty.

EXAMPLE #1

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

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

EXAMPLE #2

Limit of Insurance:	\$ 90,000
Amount of Deductible:	\$ 500
Amount of Loss:	\$ 80,000
Amount of Loss Payable:	\$ 79,500
	(\$80,000 – \$500)
Debris Removal Expense:	\$ 30,000
Debris Removal Expense Payable	
Basic Amount:	\$ 10,500
Additional Amount:	\$ 10,000

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

The additional amount payable for debris removal expense is provided in accordance with the terms of Paragraph (4), because the debris removal expense (\$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 \$10,000, the maximum payable under Paragraph (4). Thus the total payable for debris removal expense in this example is \$20,500; \$9,500 of the debris removal expense is not covered.

b. Preservation Of Property

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

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

c. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$1,000, unless a higher 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.

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

e. Increased Cost Of Construction

- (1) This Additional Coverage applies only to buildings to which the Replacement Cost Optional Coverage applies.
- (2) In the event of damage by a Covered Cause of Loss to a building that is Covered Property, we will pay the increased costs incurred to comply with 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 e.(3) through e.(9) of this Additional Coverage.
- (3) The ordinance or law referred to in e.(2) of this Additional Coverage is an ordinance or law that regulates the construction or repair of buildings or establishes zoning or land use requirements at the described premises, and is in force at the time of loss.

(4) Under this Additional Coverage, we will not pay any costs due to an ordinance or law that:

- (a) You were required to comply with before the loss, even when the building was undamaged; and
- (b) You failed to comply with.

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

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

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

The amount payable under this Additional Coverage is additional insurance.

(7) With respect to this Additional Coverage:

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

(ii) Unless the 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 e.(6) of this Additional Coverage, is the increased cost of construction at the same premises.
- (c) If the ordinance or law requires relocation to another premises, the most we will pay for the Increased Cost of Construction, subject to the provisions of e.(6) of this Additional Coverage, is the increased cost of construction at the new premises.

(8) This Additional Coverage is not subject to the terms of the Ordinance Or Law Exclusion, to the extent that such Exclusion would conflict with the provisions of this Additional Coverage.

(9) The costs addressed in the Loss Payment and Valuation Conditions, and the Replacement Cost Optional Coverage, in this Coverage Form, do not include the increased cost attributable to enforcement of an ordinance or law. The amount payable under this Additional Coverage, as stated in e.(6) of this Additional Coverage, is not subject to such limitation.

f. Electronic Data

- (1) Under this Additional Coverage, electronic data has the meaning described under Property Not Covered, Electronic Data.
- (2) Subject to the provisions of this Additional Coverage, we will pay for the cost to replace or restore electronic data which has been destroyed or corrupted by a Covered Cause of Loss. To the extent that electronic data is not replaced or restored, the loss will be valued at the cost of replacement of the media on which the electronic data was stored, with blank media of substantially identical type.

- (3) The Covered Causes of Loss applicable to Your Business Personal Property apply to this Additional Coverage, Electronic Data, subject to the following:
- (a) If the Causes Of Loss – Special Form applies, coverage under this Additional Coverage, Electronic Data, is limited to the “specified causes of loss” as defined in that form, and Collapse as set forth in that form.
 - (b) If the Causes Of Loss – Broad Form applies, coverage under this Additional Coverage, Electronic Data, includes Collapse as set forth in that form.
 - (c) If the Causes Of Loss Form is endorsed to add a Covered Cause of Loss, the additional Covered Cause of Loss does not apply to the coverage provided under this Additional Coverage, Electronic Data.
 - (d) The Covered Causes of Loss include a virus, harmful code or similar instruction introduced into or enacted on a computer system (including electronic data) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for loss or damage caused by or resulting from manipulation of a computer system (including electronic data) by any employee, including a temporary or leased employee, or by an entity retained by you or for you to inspect, design, install, modify, maintain, repair or replace that system.
- (4) The most we will pay under this Additional Coverage, Electronic Data, is \$2,500 for all loss or damage sustained in any one policy year, regardless of the number of occurrences of loss or damage or the number of premises, locations or computer systems involved. If loss payment on the first occurrence does not exhaust this amount, then the balance is available for subsequent loss or damage sustained in but not after that policy year. With respect to an occurrence which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began.

5. Coverage Extensions

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

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

a. Newly Acquired Or Constructed Property

(1) Buildings

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

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

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

(2) Your Business Personal Property

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

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

(b) This Extension does not apply to:

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

(3) Period Of Coverage

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

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

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

b. Personal Effects And Property Of Others

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

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

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

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

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

d. Property Off-premises

- (1) You may extend the insurance provided by this Coverage Form to apply to your Covered Property while it is away from the described premises, if it is:
 - (a) Temporarily at a location you do not own, lease or operate;
 - (b) In storage at a location you lease, provided the lease was executed after the beginning of the current policy term; or
 - (c) At any fair, trade show or exhibition.

(2) This Extension does not apply to property:

- (a) In or on a vehicle; or
- (b) In the care, custody or control of your salespersons, unless the property is in such care, custody or control at a fair, trade show or exhibition.

(3) The most we will pay for loss or damage under this Extension is \$10,000.

e. Outdoor Property

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

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

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

f. Non-owned Detached Trailers

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to loss or damage to trailers that you do not own, provided that:
 - (a) The trailer is used in your business;
 - (b) The trailer is in your care, custody or control at the premises described in the Declarations; and
 - (c) You have a contractual responsibility to pay for loss or damage to the trailer.

(2) We will not pay for any loss or damage that occurs:

- (a) While the trailer is attached to any motor vehicle or motorized conveyance, whether or not the motor vehicle or motorized conveyance is in motion;
 - (b) During hitching or unhitching operations, or when a trailer becomes accidentally unhitched from a motor vehicle or motorized conveyance.
- (3) The most we will pay for loss or damage under this Extension is \$5,000, unless a higher limit is shown in the Declarations.
- (4) This insurance is excess over the amount due (whether you can collect on it or not) from any other insurance covering such property.

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

B. Exclusions And Limitations

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

C. Limits Of Insurance

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

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

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

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

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

D. Deductible

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

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

EXAMPLE #1

(This example assumes there is no Coinsurance penalty.)

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

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

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

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

\$ 59,850 Loss Payable – Building #1

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

Total amount of loss payable:

$$\$59,850 + \$80,000 = \$139,850$$

EXAMPLE #2

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

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

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

E. Loss Conditions

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

1. Abandonment

There can be no abandonment of any property to us.

2. Appraisal

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

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

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

3. Duties In The Event Of Loss Or Damage

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

4. Loss Payment

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

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

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

5. Recovered Property

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

6. Vacancy

a. Description Of Terms

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

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

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

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

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

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

F. Additional Conditions

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

1. Coinsurance

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

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

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

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

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

EXAMPLE #1 (UNDERINSURANCE)

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

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

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

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

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

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

EXAMPLE #2 (ADEQUATE INSURANCE)

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

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

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

EXAMPLE #3

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

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

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

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

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

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

2. Mortgageholders

- 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 non-payment of premium; or
 - (2) 30 days before the effective date of cancellation if we cancel for any other reason.

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

G. Optional Coverages

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

1. Agreed Value

- a. The Additional Condition, Coinsurance, does not apply to Covered Property to which this Optional Coverage applies. We will pay no more for loss of or damage to that property than the proportion that the Limit of Insurance under this Coverage Part for the property bears to the Agreed Value shown for it in the Declarations.
- b. If the expiration date for this Optional Coverage shown in the Declarations is not extended, the Additional Condition, Coinsurance, is reinstated and this Optional Coverage expires.
- c. The terms of this Optional Coverage apply only to loss or damage that occurs:
 - (1) On or after the effective date of this Optional Coverage; and
 - (2) Before the Agreed Value expiration date shown in the Declarations or the policy expiration date, whichever occurs first.

2. Inflation Guard

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

EXAMPLE

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

3. Replacement Cost

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

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

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

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

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

4. Extension Of Replacement Cost To Personal Property Of Others

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

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

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

H. Definitions

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

BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM

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

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

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

A. Coverage

1. Business Income

Business Income means the:

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

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

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

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

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

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

We will pay for the actual loss of Business Income you sustain due to the necessary "suspension" of your "operations" during the "period of restoration". The "suspension" must be caused by direct physical loss of or damage to property at premises which are described in the Declarations and for which a Business Income Limit of Insurance is shown in the Declarations. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 100 feet of 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, but only to the extent it reduces the amount of loss that otherwise would have been payable under this Coverage Form.

3. Covered Causes Of Loss, Exclusions And Limitations

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

4. Additional Limitation – Interruption Of Computer Operations

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

5. Additional Coverages

a. Civil Authority

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

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

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

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

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

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

b. Alterations And New Buildings

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

- (1) New buildings or structures, whether complete or under construction;
- (2) Alterations or additions to existing buildings or structures; and

(3) Machinery, equipment, supplies or building materials located on or within 100 feet of the described premises and:

- (a) Used in the construction, alterations or additions; or
- (b) Incidental to the occupancy of new buildings.

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

c. Extended Business Income

(1) Business Income Other Than "Rental Value"

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

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

- (1) Under this Additional Coverage, electronic data has the meaning described under Additional Limitation – Interruption Of Computer Operations.
- (2) Subject to all provisions of this Additional Coverage, you may extend the insurance that applies to Business Income and Extra Expense to apply to a "suspension" of "operations" caused by an interruption in computer operations due to destruction or corruption of electronic data due to a Covered Cause of Loss.

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

6. Coverage Extension

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

NEWLY ACQUIRED LOCATIONS

- a. You may extend your Business Income and Extra Expense Coverages to apply to property at any location you acquire other than fairs or exhibitions.
- b. The most we will pay under this Extension, for the sum of Business Income loss and Extra Expense incurred, is \$100,000 at each location.

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

- (1) This policy expires;
- (2) 30 days expire after you acquire or begin to construct the property; or
- (3) You report values to us.

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

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

B. Limits Of Insurance

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

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

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

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

C. Loss Conditions

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

1. Appraisal

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

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

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

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

2. Duties In The Event Of Loss

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

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

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

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

3. Loss Determination

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

c. Resumption Of Operations

We will reduce the amount of your:

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

4. Loss Payment

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

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

D. Additional Condition

COINSURANCE

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

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

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

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

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

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

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

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

EXAMPLE #1 (UNDERINSURANCE)

When: The Net Income and operating expenses for the 12 months following the inception, or last previous anniversary date, of this policy at the described premises would have been: \$ 400,000

The Coinsurance percentage is: 50%

The Limit of Insurance is: \$ 150,000

The amount of loss is: \$ 80,000

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

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

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

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

EXAMPLE #2 (ADEQUATE INSURANCE)

When: The Net Income and operating expenses for the 12 months following the inception, or last previous anniversary date, of this policy at the described premises would have been: \$ 400,000

The Coinsurance percentage is: 50%

The Limit of Insurance is: \$ 200,000

The amount of loss is: \$ 80,000

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

This condition does not apply to Extra Expense Coverage.

E. Optional Coverages

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

1. Maximum Period Of Indemnity

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

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

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

2. Monthly Limit Of Indemnity

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

EXAMPLE

When:	The Limit of Insurance is:	\$ 120,000
	The fraction shown in the Declarations for this Optional Coverage is:	1/4
	The most we will pay for loss in each period of 30 consecutive days is:	\$ 30,000
	(\$120,000 x 1/4 = \$30,000)	
	If, in this example, the actual amount of loss is:	
	Days 1–30:	\$ 40,000
	Days 31–60:	\$ 20,000
	Days 61–90:	\$ 30,000
		<u>\$ 90,000</u>
	We will pay:	
	Days 1–30:	\$ 30,000
	Days 31–60:	\$ 20,000
	Days 61–90:	\$ 30,000
		<u>\$ 80,000</u>
	The remaining \$10,000 is not covered.	

3. Business Income Agreed Value

- a. To activate this Optional Coverage:
 - (1) A Business Income Report/Work Sheet must be submitted to us and must show financial data for your "operations":
 - (a) During the 12 months prior to the date of the Work Sheet; and
 - (b) Estimated for the 12 months immediately following the inception of this Optional Coverage.
 - (2) The Declarations must indicate that the Business Income Agreed Value Optional Coverage applies, and an Agreed Value must be shown in the Declarations. The Agreed Value should be at least equal to:
 - (a) The Coinsurance percentage shown in the Declarations; multiplied by
 - (b) The amount of Net Income and operating expenses for the following 12 months you report on the Work Sheet.
- b. The Additional Condition, Coinsurance, is suspended until:
 - (1) 12 months after the effective date of this Optional Coverage; or
 - (2) The expiration date of this policy; whichever occurs first.
- c. We will reinstate the Additional Condition, Coinsurance, automatically if you do not submit a new Work Sheet and Agreed Value:
 - (1) Within 12 months of the effective date of this Optional Coverage; or
 - (2) When you request a change in your Business Income Limit of Insurance.
- d. If the Business Income Limit of Insurance is less than the Agreed Value, we will not pay more of any loss than the amount of loss multiplied by:
 - (1) The Business Income Limit of Insurance; divided by
 - (2) The Agreed Value.

EXAMPLE

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

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

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

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

4. Extended Period Of Indemnity

Under Paragraph **A.5.c., Extended Business Income**, the number 30 in Subparagraphs (1)(b) and (2)(b) is replaced by the number shown in the Declarations for this Optional Coverage.

F. Definitions

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

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

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

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

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

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

- (1) Regulates the construction, use or repair, or requires the tearing down, of any property; or
- (2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

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

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

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.

CAUSES OF LOSS – SPECIAL FORM

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

A. Covered Causes Of Loss

When Special is shown in the Declarations, Covered Causes of Loss means Risks Of Direct Physical Loss unless the loss is:

1. Excluded in Section **B.**, Exclusions; or
2. Limited in Section **C.**, Limitations; that follow.

B. Exclusions

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

a. Ordinance Or Law

The enforcement of any ordinance or law:

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

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

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

b. Earth Movement

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

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

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

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

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

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

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.

c. Governmental Action

Seizure or destruction of property by order of governmental authority.

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

d. Nuclear Hazard

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

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

e. Utility Services

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

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

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

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

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

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

f. War And Military Action

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

g. Water

- (1) Flood, surface water, waves, 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; 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.

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

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

But if "fungus", wet or dry rot or bacteria 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:

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

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

2. We will not pay for loss or damage caused by or resulting from any of the following:
 - a. Artificially generated electrical, magnetic or electromagnetic energy that damages, disturbs, disrupts or otherwise interferes with any:
 - (1) Electrical or electronic wire, device, appliance, system or network; or
 - (2) Device, appliance, system or network utilizing cellular or satellite technology.

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

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

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

- b. Delay, loss of use or loss of market.
- c. Smoke, vapor or gas from agricultural smudging or industrial operations.
- d. (1) Wear and tear;
- (2) Rust or other corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;
- (3) Smog;
- (4) Settling, cracking, shrinking or expansion;
- (5) Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals.
- (6) Mechanical breakdown, including rupture or bursting caused by centrifugal force. But if mechanical breakdown results in elevator collision, we will pay for the loss or damage caused by that elevator collision.
- (7) The following causes of loss to personal property:
 - (a) Dampness or dryness of atmosphere;
 - (b) Changes in or extremes of temperature; or
 - (c) Marring or scratching.

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

- e. Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control. But if explosion of steam boilers, steam pipes, steam engines or steam turbines results in fire or combustion explosion, we will pay for the loss or damage caused by that fire or combustion explosion. We will also pay for loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
- f. Continuous or repeated seepage or leakage of water, or the presence or condensation of humidity, moisture or vapor, that occurs over a period of 14 days or more.
- g. Water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air conditioning or other equipment (except fire protective systems) caused by or resulting from freezing, unless:
 - (1) You do your best to maintain heat in the building or structure; or
 - (2) You drain the equipment and shut off the supply if the heat is not maintained.
- h. Dishonest or criminal act by you, any of your partners, members, officers, managers, employees (including leased employees), directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose:
 - (1) Acting alone or in collusion with others; or
 - (2) Whether or not occurring during the hours of employment.

This exclusion does not apply to acts of destruction by your employees (including leased employees); but theft by employees (including leased employees) is not covered.
- i. Voluntary parting with any property by you or anyone else to whom you have entrusted the property if induced to do so by any fraudulent scheme, trick, device or false pretense.
- j. Rain, snow, ice or sleet to personal property in the open.

k. Collapse, including any of the following conditions of property or any part of the property:

- (1) An abrupt falling down or caving in;
- (2) Loss of structural integrity, including separation of parts of the property or property in danger of falling down or caving in; or
- (3) Any cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion as such condition relates to (1) or (2) above.

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

This exclusion, k., does not apply:

- (a) To the extent that coverage is provided under the Additional Coverage – Collapse; or
- (b) To collapse caused by one or more of the following:
 - (i) The "specified causes of loss";
 - (ii) Breakage of building glass;
 - (iii) Weight of rain that collects on a roof; or
 - (iv) Weight of people or personal property.

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

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

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

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

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

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

c. Faulty, inadequate or defective:

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

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

4. Special Exclusions

The following provisions apply only to the specified Coverage Forms.

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

We will not pay for:

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

This exclusion does not apply to Extra Expense.

(2) Any loss caused by or resulting from direct physical loss or damage to radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers.

(3) Any increase of loss caused by or resulting from:

- (a) Delay in rebuilding, repairing or replacing the property or resuming "operations", due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or

(b) Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the "suspension" of "operations", we will cover such loss that affects your Business Income during the "period of restoration" and any extension of the "period of restoration" in accordance with the terms of the Extended Business Income Additional Coverage and the Extended Period Of Indemnity Optional Coverage or any variation of these.

(4) Any Extra Expense caused by or resulting from suspension, lapse or cancellation of any license, lease or contract beyond the "period of restoration".

(5) Any other consequential loss.

b. Leasehold Interest Coverage Form

(1) Paragraph **B.1.a.**, Ordinance Or Law, does not apply to insurance under this Coverage Form.

(2) We will not pay for any loss caused by:

- (a) Your cancelling the lease;
- (b) The suspension, lapse or cancellation of any license; or
- (c) Any other consequential loss.

c. Legal Liability Coverage Form

(1) The following exclusions do not apply to insurance under this Coverage Form:

- (a) Paragraph **B.1.a.**, Ordinance Or Law;
- (b) Paragraph **B.1.c.**, Governmental Action;
- (c) Paragraph **B.1.d.**, Nuclear Hazard;
- (d) Paragraph **B.1.e.**, Utility Services; and
- (e) Paragraph **B.1.f.**, War And Military Action.

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

(a) Contractual Liability

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

(i) Your assumption of liability was executed prior to the accident; and

(ii) The building is Covered Property under this Coverage Form.

(b) Nuclear Hazard

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

5. Additional Exclusion

The following provisions apply only to the specified property.

LOSS OR DAMAGE TO PRODUCTS

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

C. Limitations

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

1. We will not pay for loss of or damage to property, as described and limited in this section. In addition, we will not pay for any loss that is a consequence of loss or damage as described and limited in this section.
 - a. Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment. But we will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
 - b. Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion.
 - c. The interior of any building or structure, or to personal property in the building or structure, caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:
 - (1) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or
 - (2) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.
 - d. Building materials and supplies not attached as part of the building or structure, caused by or resulting from theft.
However, this limitation does not apply to:
 - (1) Building materials and supplies held for sale by you, unless they are insured under the Builders Risk Coverage Form; or
 - (2) Business Income Coverage or Extra Expense Coverage.
 - e. Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property.
 - f. Property that has been transferred to a person or to a place outside the described premises on the basis of unauthorized instructions.
2. We will not pay for loss of or damage to the following types of property unless caused by the "specified causes of loss" or building glass breakage:
 - a. Animals, and then only if they are killed or their destruction is made necessary.
 - b. Fragile articles such as statuary, marbles, chinaware and porcelains, if broken. This restriction does not apply to:
 - (1) Glass; or
 - (2) Containers of property held for sale.
 - c. Builders' machinery, tools and equipment owned by you or entrusted to you, provided such property is Covered Property.
However, this limitation does not apply:
 - (1) If the property is located on or within 100 feet of the described premises, unless the premises is insured under the Builders Risk Coverage Form; or
 - (2) To Business Income Coverage or to Extra Expense Coverage.
3. The special limit shown for each category, **a.** through **d.**, is the total limit for loss of or damage to all property in that category. The special limit applies to any one occurrence of theft, regardless of the types or number of articles that are lost or damaged in that occurrence. The special limits are:
 - 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.
 - c. \$2,500 for patterns, dies, molds and forms.
 - d. \$250 for stamps, tickets, including lottery tickets held for sale, and letters of credit.

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

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

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

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

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

D. Additional Coverage – Collapse

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

1. For the purpose of this Additional Coverage – Collapse, abrupt collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose.
2. We will pay for direct physical loss or damage to Covered Property, caused by abrupt collapse of a building or any part of a building that is insured under this Coverage Form or that contains Covered Property insured under this Coverage Form, if such collapse is caused by one or more of the following:
 - a. Building decay that is hidden from view, unless the presence of such decay is known to an insured prior to collapse;
 - b. Insect or vermin damage that is hidden from view, unless the presence of such damage is known to an insured prior to collapse;
 - c. Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs during the course of the construction, remodeling or renovation.
 - d. Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs after the construction, remodeling or renovation is complete, but only if the collapse is caused in part by:
 - (1) A cause of loss listed in **2.a.** or **2.b.**;
 - (2) One or more of the "specified causes of loss";
 - (3) Breakage of building glass;
 - (4) Weight of people or personal property; or
 - (5) Weight of rain that collects on a roof.

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

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

4. With respect to the following property:

- a. Outdoor radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers;
- b. Awnings, gutters and downspouts;
- c. Yard fixtures;
- d. Outdoor swimming pools;
- e. Fences;
- f. Piers, wharves and docks;
- g. Beach or diving platforms or appurtenances;
- h. Retaining walls; and
- i. Walks, roadways and other paved surfaces;

if an abrupt collapse is caused by a cause of loss listed in **2.a.** through **2.d.**, we will pay for loss or damage to that property only if:

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

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

- a. The collapse of personal property was caused by a cause of loss listed in **2.a.** through **2.d.**;
- b. The personal property which collapses is inside a building; and
- c. The property which collapses is not of a kind listed in **4.**, regardless of whether that kind of property is considered to be personal property or real property.

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

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

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

1. The coverage described in **E.2.** and **E.6.** only applies when the "fungus", wet or dry rot or bacteria is the result of one or more of the following causes that occurs during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence.
 - a. A "specified cause of loss" other than fire or lightning; or
 - b. Flood, if the Flood Coverage Endorsement applies to the affected premises.
2. We will pay for loss or damage by "fungus", wet or dry rot or bacteria. As used in this Limited Coverage, the term loss or damage means:
 - a. Direct physical loss or damage to Covered Property caused by "fungus", wet or dry rot or bacteria, including the cost of removal of the "fungus", wet or dry rot or bacteria;
 - b. The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungus", wet or dry rot or bacteria; and
 - c. The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "fungus", wet or dry rot or bacteria are present.

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

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

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

5. The terms of this Limited Coverage do not increase or reduce the coverage provided under Paragraph **F.2.** (Water Damage, Other Liquids, Powder Or Molten Material Damage) of this Causes Of Loss Form or under the Additional Coverage – Collapse.
6. The following, **6.a.** or **6.b.**, applies only if Business Income and/or Extra Expense Coverage applies to the described premises and only if the "suspension" of "operations" satisfies all terms and conditions of the applicable Business Income and/or Extra Expense Coverage Form.

- a. If the loss which resulted in "fungus", wet or dry rot or bacteria does not in itself necessitate a "suspension" of "operations", but such "suspension" is necessary due to loss or damage to property caused by "fungus", wet or dry rot or bacteria, then our payment under Business Income and/or Extra Expense is limited to the amount of loss and/or expense sustained in a period of not more than 30 days. The days need not be consecutive.
- b. If a covered "suspension" of "operations" was caused by loss or damage other than "fungus", wet or dry rot or bacteria but remediation of "fungus", wet or dry rot or bacteria prolongs the "period of restoration", we will pay for loss and/or expense sustained during the delay (regardless of when such a delay occurs during the "period of restoration"), but such coverage is limited to 30 days. The days need not be consecutive.

F. Additional Coverage Extensions

1. Property In Transit

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

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

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

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

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

3. Glass

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

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

G. Definitions

- 1. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
- 2. "Specified causes of loss" means the following: fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire-extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage.
 - a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:
 - (1) The cost of filling sinkholes; or
 - (2) Sinking or collapse of land into man-made underground cavities.

- b. Falling objects does not include loss or damage to:
 - (1) Personal property in the open; or
 - (2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.
- c. Water damage means 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.

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).

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SPRINKLER LEAKAGE EXCLUSION

This endorsement modifies insurance provided under the following:

CAUSES OF LOSS – BASIC FORM
CAUSES OF LOSS – BROAD FORM
CAUSES OF LOSS – SPECIAL FORM

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:

SPRINKLER LEAKAGE

Sprinkler Leakage, meaning leakage or discharge of any substance from an Automatic Sprinkler System, including collapse of a tank that is part of the system.

But if Sprinkler Leakage results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

- B.** Under Exclusion **1.g.**, Water, the last paragraph is replaced by the following:

But if Water, as described in the paragraphs above, results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

- C.** Exclusions **2.b.** and **2.c.** in the Causes Of Loss – Basic Form are replaced by the following:

We will not pay for loss or damage caused by or resulting from:

- b.** Rupture or bursting of water pipes unless caused by a Covered Cause of Loss.

- c.** Leakage or discharge of water or steam from any part of a system or appliance containing water or steam, unless the leakage or discharge occurs because the system or appliance was damaged by a Covered Cause of Loss. But we will not pay for loss or damage caused by or resulting from 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.

- D.** Under **Additional Coverage – Collapse**, in the Causes Of Loss – Broad Form, leakage from fire extinguishing equipment is deleted from Paragraph **2.a.**

- E.** Exclusion **2.g.**, in the Causes Of Loss – Special Form, is replaced by the following:

We will not pay for loss or damage caused by or resulting from water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air conditioning or other equipment caused by or resulting from freezing, unless:

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

F. Under **Limitations** in the Causes Of Loss – Special Form, Item **4.** is replaced by the following:

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:

a. The damage is directly caused by freezing; and

b. You do your best to maintain heat in the building or structure, or you drain the equipment and shut off the supply if the heat is not maintained.

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

G. In the Causes Of Loss – Special Form, leakage from fire extinguishing equipment is deleted from the "specified causes of loss".

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TOTAL OR CONSTRUCTIVE LOSS EARNED PREMIUM CONDITION

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM

A. **E. LOSS CONDITIONS** is amended and the following added:

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

Total or Constructive Total Loss Earned Premium

In the event of a total loss or a "constructive total loss" to Covered Property by a Covered Cause of Loss, the entire policy premium will be fully earned and no return premium will be due.

B. **H. DEFINITIONS** is amended and the following added:

"Constructive total loss" means the Covered Property damaged by a Covered Cause of Loss is treated as a total loss because the cost of repairing the damaged Covered Property exceeds the actual cash value of the Covered Property at the time of loss.

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

BURGLARY AND ROBBERY PROTECTIVE SAFEGUARDS

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART

SCHEDULE

Prem. No.	Bldg. No.	Protective Safeguards Symbols Applicable
001	001	BR-1
Describe any "BR-4":		
Name and Address of outside Central Station Service or Police Station that responds:		

A. The following is added to the COMMERCIAL PROPERTY CONDITIONS:

BURGLARY AND ROBBERY PROTECTIVE SAFEGUARDS

1. As a condition of this insurance, you are required to maintain the protective devices and/or services listed in the Schedule above.
2. The protective safeguard(s) to which this endorsement applies are identified by the following symbols:
 - a. "BR-1" Automatic Burglary Alarm, protecting the entire building, that signals to:
 - (1) An outside central station; or
 - (2) A police station.
 - b. "BR-2" Automatic Burglary Alarm, protecting the entire building, that has a loud sounding gong or siren on the outside of the building.
 - c. "BR-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.
 - d. "BR-4" The protective safeguard 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
 STANDARD PROPERTY POLICY

BURGLARY AND ROBBERY PROTECTIVE SAFEGUARDS

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

1. Knew of any suspension, malfunction 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 in complete working order; or
3. Fail to activate the safeguard system; or
4. Deactivate the safeguard system; or
5. Fail to pay service fees or costs as required for a private security or public law enforcement agency to respond to any protective safeguard shown above.

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WEIGHT OF ICE, SNOW AND SLEET CAUSE OF LOSS LIMITATION

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART

- A. **CAUSES OF LOSS – BROAD FORM, a. Covered Causes of Loss, 13.** is deleted and replaced with the following:

When Broad is shown in the Declarations, Covered Causes of Loss means the following:

- 13.** Weight of Snow, Ice or Sleet.

But we will not pay for loss or damage to:

- a.** Gutters and downspouts; or
- b.** Personal property outside of buildings or structures.

- B. The following is added to **CAUSES OF LOSS – SPECIAL FORM, C. Limitations, item 1.:**

- g.** Gutters and downspouts caused by or resulting from weight of snow, ice or sleet.

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMENDATORY “FUNGUS” BUSINESS INCOME AND/OR EXTRA EXPENSE ENDORSEMENT

This endorsement modifies insurance provided under the following:

CAUSES OF LOSS – BASIC FORM
CAUSES OF LOSS – BROAD FORM
CAUSES OF LOSS – SPECIAL FORM

Item **C.** in Causes of Loss – Basic Form, or **D.** in Causes of Loss – Broad Form, or **E.** in Causes of Loss – Special Form, **Additional Coverage - Limited Coverage for “Fungus”, Wet Rot, Dry Rot and Bacteria**, item **6. a.** and **b.** is deleted and replaced with the following:

- 6.** The following **6.a.** or **6.b.**, applies only if Business Income and/or Extra Expense coverage applies to the described premises and only if the “suspension” of “operations” satisfies all terms and conditions of the applicable Business Income and/or Extra Expense coverage form.
 - a.** If the loss which resulted in “fungus”, wet or dry rot or bacteria does not in itself necessitate a “suspension” of “operations”, but such “suspension” is necessary due to loss or damage to property caused by “fungus”, wet or dry rot or bacteria, then our payment under Business Income and/or Extra Expense is limited to the amount of loss and/or expense sustained in a period of not more than 30 days or \$15,000. (whichever is less). The days need not be consecutive.
 - b.** If a covered “suspension” of “operations” was caused by loss or damage other than “fungus”, wet or dry rot or bacteria but remediation of “fungus”, wet or dry rot or bacteria prolongs the “period of restoration”, we will pay for loss and/or expense sustained during the delay (regardless of when such a delay occurs during the “period of restoration”), but such coverage is limited to 30 days or \$15,000. (whichever is less). The days need not be consecutive.

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EQUIPMENT BREAKDOWN COVERAGE

This endorsement modifies insurance provided under the following:

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

- A.** The following is added as an **Additional Coverage** to the **CAUSES OF LOSS – BASIC FORM, CAUSES OF LOSS - BROAD FORM; CAUSES OF LOSS - SPECIAL FORM.**

Additional Coverage - Equipment Breakdown

The term Covered Cause of Loss includes the Additional Coverage Equipment Breakdown as described and limited below.

1. We will pay for direct physical damage to Covered Property that is the direct result of an "accident."
2. Unless otherwise shown in the Equipment Breakdown Schedule, the following coverages also apply to the direct result of an "accident." These coverages do not provide additional amounts of insurance.
 - a. **Expediting Expenses**
 With respect to your damaged Covered Property, we will pay up to \$25,000 unless otherwise shown in the Equipment Breakdown Schedule, the reasonable extra cost to:
 - (1) make temporary repairs; and
 - (2) expedite permanent repairs or permanent replacement.
 - b. **Hazardous Substances**
 We will pay for the additional cost to repair or replace Covered Property because of contamination by a "hazardous substance." This includes the additional expenses to clean up or dispose of such property.

 This does not include contamination of "perishable goods" by refrigerant, including but not limited to ammonia, which is addressed in **A. 2.c.(1)(b)** below. As used in this coverage, additional costs mean those beyond what would have been payable under this Equipment Breakdown Coverage had no "hazardous substance" been involved.

 The most we will pay for loss, damage or expense under this coverage, including actual loss of Business Income you sustain and necessary Extra Expense you incur, if shown as covered, is \$25,000 unless otherwise shown in the Equipment Breakdown Schedule.
 - c. **Spoilage**
 (1) We will pay:
 - (a) for physical damage to "perishable goods" due to spoilage;

- (b) for physical damage to “perishable goods” due to contamination from the release of refrigerant, including but not limited to ammonia;
 - (c) any necessary expenses you incur to reduce the amount of loss under this coverage to the extent that they do not exceed the amount of loss that otherwise would have been payable under this coverage.
- (2) If you are unable to replace the “perishable goods” before its anticipated sale, the amount of our payment will be determined on the basis of the sales price of the “perishable goods” at the time of the “accident”, less discounts and expenses you otherwise would have had. Otherwise our payment will be determined in accordance with the Valuation condition.

The most we will pay for loss, damage or expense under this coverage is \$25,000 unless otherwise shown in the Equipment Breakdown Schedule.

d. Computer Equipment

We will pay for loss, damage or expense caused by or resulting from an “accident” to “computer equipment.”

The most we will pay for loss, damage or expense under this coverage, including actual loss of Business Income you sustain and necessary Extra Expense you incur, if shown as covered, is \$25,000 unless otherwise shown in the Equipment Breakdown Schedule. Computers used primarily to control or operate “covered equipment” are not subject to this limit.

e. Data Restoration

We will pay for your reasonable and necessary cost to research, replace and restore lost “data”.

The most we will pay for loss or expense under this coverage, including actual loss of Business Income you sustain and necessary Extra Expense you incur, if shown as covered, is \$25,000 unless otherwise shown in the Equipment Breakdown Schedule.

f. Service Interruption

- (1) Any insurance provided for Business Income, Extra Expense or Spoilage is extended to apply to your loss, damage or expense caused by an “accident” to equipment that is owned by a utility, landlord or other supplier with whom you have a contract to supply you with any of the following services: electrical power, waste disposal, air conditioning, refrigeration, heating, natural gas, compressed air, water, steam, internet access, telecommunications services, wide area networks or data transmission. The equipment must meet the definition of “covered equipment” except that it is not Covered Property.
- (2) Unless otherwise shown in the Equipment Breakdown Schedule, Service Interruption coverage will not apply unless the failure or disruption of service exceeds 24 hours immediately following the “accident”.
- (3) The most we will pay for loss, damage or expense under this coverage is the limit that applies to Business Income, Extra Expense or Spoilage, except that if a limit is shown in the Equipment Breakdown Schedule for Service Interruption, that limit will apply to Business Income and Extra Expense loss under this coverage.

g. Business Income and Extra Expense

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Any insurance provided under this coverage part for Business Income or Extra Expense is extended to the coverage provided by this endorsement. The most we will pay for loss of Business Income you sustain or necessary Extra Expense you incur is the limit shown in the Commercial Property Declarations for that coverage, unless otherwise shown in the Equipment Breakdown Schedule.

3. EXCLUSIONS

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

a. The exclusions are modified as follows:

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

- g. (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.

But if an excluded cause of loss that is listed in **2.g.(1) through (5)** results in an "accident", we will pay for the loss, damage or expense caused by that "accident".

(2) If the Causes of Loss - Broad Form applies, the following is added to **B. Exclusions,.2.:**

- e. (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.

But if an excluded cause of loss that is listed in **2.e. (1) through (5)** results in an "accident", we will pay for the loss, damage or expense caused by that "accident".

(3) If the Causes of Loss - Special Form applies, in respect to this endorsement only, the last paragraph of **B. Exclusions, .2.d.** is deleted and replaced with the following:

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

(4) If the Causes of Loss – Basic Form applies, **B. Exclusions, 2.d.** is hereby deleted.

- (5) If the Causes of Loss – Broad Form applies, **B. Exclusions, 2.c.** is hereby deleted.
- (6) If the Causes of Loss – Special Form applies, **B. Exclusions, 2.d.(6)** is hereby deleted.
- b. We will not pay under this endorsement for loss, damage or expense caused by or resulting from:
 - (1) any defect, programming error, programming limitation, computer virus, malicious code, loss of “data”, loss of access, loss of use, loss of functionality or other condition within or involving “data” or “media” of any kind. But if an “accident” results, we will pay for the resulting loss, damage or expense; or
 - (2) any of the following tests:
 - a hydrostatic, pneumatic or gas pressure test of any boiler or pressure vessel, or an electrical insulation breakdown test of any type of electrical equipment.
- c. With respect to Service Interruption coverage, we will also not pay for an “accident” caused by or resulting from: fire; lightning; windstorm or hail; explosion (except as specifically provided in a. (3) in the definition of “accident” in this endorsement); smoke; aircraft or vehicles; riot or civil commotion; vandalism; sprinkler leakage; falling objects; weight of snow, ice or sleet; freezing; collapse; flood or earth movement.
- d. With respect to Business Income, Extra Expense and Service Interruption coverages, we will also not pay for any increase in loss resulting from an agreement between you and your customer or supplier.
- e. We will not pay for loss, damage or expense caused directly or indirectly by the following, whether or not caused by or resulting from an “accident”: Any mold, “fungus”, mildew or yeast, including any spores or toxins produced by or emanating from such mold, “fungus”, mildew or yeast. This includes, but is not limited to, costs arising from clean up, removal, or abatement of such mold, “fungus”, mildew or yeast, spores or toxins. However, this exclusion does not apply to spoilage of personal property that is “perishable goods”, to the extent that spoilage is covered under Spoilage coverage.
- f. We will not pay under this endorsement for any loss or damage to animals.

B. The Building and Personal Property Coverage Form is modified as follows.

1. DEDUCTIBLE

The deductible in the Commercial Property Declarations applies unless a separate Equipment Breakdown deductible is shown in the Equipment Breakdown Schedule. If a separate Equipment Breakdown deductible is shown, the following applies.

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

- a. Deductibles for Each Coverage
 - (1) Unless the Equipment Breakdown Schedule indicates that your deductible is combined for all coverages, multiple deductibles may apply to any “one accident”.

- (2) We will not pay for loss, damage or expense under any coverage until the amount of the covered loss, damage or expense exceeds the deductible amount indicated for that coverage in the Equipment Breakdown Schedule. We will then pay the amount of loss, damage or expense in excess of the applicable deductible amount, subject to the applicable limit.
 - (3) If deductibles vary by type of "covered equipment" and more than one type of "covered equipment" is involved in any "one accident", only the highest deductible for each coverage will apply.
- b. Direct and Indirect Coverages
 - (1) Direct Coverages Deductibles and Indirect Coverages Deductibles may be indicated in the Equipment Breakdown Schedule.
 - (2) Unless more specifically indicated in the Equipment Breakdown Schedule:
 - (a) Indirect Coverages Deductibles apply to Business Income and Extra Expense loss; and
 - (b) Direct Coverages Deductibles apply to all remaining loss, damage or expense covered by this endorsement.
- c. Application of Deductibles
 - (1) Dollar Deductibles

We will not pay for loss, damage or expense resulting from any "one accident" until the amount of loss, damage or expense exceeds the applicable Deductible shown in the Equipment Breakdown Schedule. We will then pay the amount of loss, damage or expense in excess of the applicable Deductible or Deductibles, up to the applicable Limit of Insurance.
 - (2) Time Deductible

If a time deductible is shown in the Equipment Breakdown Schedule, we will not be liable for any loss occurring during the specified number of hours or days immediately following the "accident". If a time deductible is expressed in days, each day shall mean twenty-four consecutive hours.
 - (3) Multiple of Average Daily Value (ADV)

If a deductible is expressed as a number times ADV, that amount will be calculated as follows:

The ADV (Average Daily Value) will be the Business Income (as defined in any Business Income coverage that is part of this policy) that would have been earned during the period of interruption of business had no "accident" occurred, divided by the number of working days in that period. No reduction shall be made for the Business Income not being earned, or in the number of working days, because of the "accident" or any other scheduled or unscheduled shutdowns during the period of interruption. The ADV applies to the Business Income value of the entire location, whether or not the loss affects the entire location. If more than one location is included in the valuation of the loss, the ADV will be the combined value of all affected locations. For purposes of this calculation, the period of interruption may not extend beyond the period of restoration.

The number indicated in the Equipment Breakdown Schedule will be multiplied by the ADV as determined above. The result shall be used as the applicable deductible.

(4) Percentage of Loss Deductibles

If a deductible is expressed as a percentage of loss, we will not be liable for the indicated percentage of the gross amount of loss, damage or expense (prior to any applicable deductible or coinsurance) insured under the applicable coverage. If the dollar amount of such percentage is less than the indicated minimum deductible, the minimum deductible will be the applicable deductible.

2. CONDITIONS

The following conditions are in addition to the Conditions in the Building and Personal Property Coverage Form and the Common Policy Conditions.

a. Suspension

Whenever "covered equipment" is found to be in, or exposed to, a dangerous condition, any of our representatives may immediately suspend the insurance against loss from an "accident" to that "covered equipment". This can be done by mailing or delivering a written notice of suspension to:

(1) your last known address; or

(2) the address where the "covered equipment" is located.

Once suspended in this way, your insurance can be reinstated only by an endorsement for that "covered equipment". If we suspend your insurance, you will get a pro-rata refund of premium for that "covered equipment" for the period of suspension. But the suspension will be effective even if we have not yet made or offered a refund.

b. Jurisdictional Inspections

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

c. Environmental, Safety and Efficiency Improvements

If "covered equipment" requires replacement due to an "accident", we will pay your additional cost to replace with equipment that is better for the environment, safer or more efficient than the equipment being replaced.

However, we will not pay more than 125% of what the cost would have been to repair or replace with like kind and quality. This condition does not increase any of the applicable limits. This condition does not apply to any property to which Actual Cash Value applies.

d. Coinsurance

If a coinsurance percentage is shown in the Equipment Breakdown Schedule for specified coverages, the following condition applies.

We will not pay for the full amount of your loss if the applicable limit is less than the product of the specified coinsurance percentage times the value of the property subject to the coverage at the time of the loss. Instead, we will determine what percentage this calculated product is compared to the applicable limit and

apply that percentage to the gross amount of loss. We will then subtract the applicable deductible. The resulting amount, or the applicable limit, is the most we will pay. We will not pay for the remainder of the loss. Coinsurance applies separately to each insured location.

C. DEFINITIONS

The following definitions are added:

- a. "Accident" means a fortuitous event that causes direct physical damage to "covered equipment." The event must be one of the following:
 1. mechanical breakdown, including rupture or bursting caused by centrifugal force;
 2. artificially generated electrical current, including electric arcing, that disturbs electrical devices, appliances or wires;
 3. explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control;
 4. loss or damage to steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment; or
 5. loss or damage to hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment.
- b. "Boilers and vessels" means:
 - (1) Any boiler, including attached steam, condensate and feedwater piping; and
 - (2) Any fired or unfired pressure vessel subject to vacuum or internal pressure other than the static pressure of its contents.

This term does not appear elsewhere in this endorsement, but may appear in the Equipment Breakdown Schedule.
- c. "Computer equipment" means Covered Property that is electronic computer or other data processing equipment, including "media" and peripherals used in conjunction with such equipment.
- d. "Covered equipment"
 - (1) "Covered equipment" means, unless otherwise specified in the Equipment Breakdown Schedule, Covered Property:
 - (a) that generates, transmits or utilizes energy, including electronic communications and data processing equipment; or
 - (b) which, during normal usage, operates under vacuum or pressure, other than the weight of its contents.
 - (2) None of the following is "covered equipment":
 - (a) structure, foundation, cabinet, compartment or air supported structure or building;
 - (b) insulating or refractory material;
 - (c) sewer piping, underground vessels or piping, or piping forming a part of a sprinkler system;

- (d) water piping other than boiler feedwater piping, boiler condensate return piping or water piping forming a part of a refrigerating or air conditioning system;
 - (e) "vehicle" or any equipment mounted on a "vehicle";
 - (f) satellite, spacecraft or any equipment mounted on a satellite or spacecraft;
 - (g) dragline, excavation or construction equipment; or
 - (h) equipment manufactured by you for sale.
- e. "Data" means information or instructions stored in digital code capable of being processed by machinery.
- f. "Hazardous substance" means any substance that is hazardous to health or has been declared to be hazardous to health by a governmental agency.
- g. "Media" means material on which "data" is recorded, such as magnetic tapes, hard disks, optical disks or floppy disks.
- h. "One accident" means: If an initial "accident" causes other "accidents", all will be considered "one accident." All "accidents" that are the result of the same event will be considered "one accident".
- i. "Perishable goods" means personal property maintained under controlled conditions for its preservation, and susceptible to loss or damage if the controlled conditions change.
- j. "Production machinery" means any machine or apparatus that processes or produces a product intended for eventual sale. However, "production machinery" does not mean any fired or unfired pressure vessel other than a cylinder containing a movable plunger or piston.
- This term does not appear elsewhere in this endorsement, but may appear in the Equipment Breakdown Schedule.
- k. "Vehicle" means, as respects this endorsement only, any machine or apparatus that is used for transportation or moves under its own power. "Vehicle" includes, but is not limited to a car, truck, bus, trailer, train, aircraft, watercraft, forklift, bulldozer, tractor or harvester.
- However, any property that is stationary, permanently installed at a covered location and that receives electrical power from an external power source will not be considered a "vehicle".

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

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EQUIPMENT BREAKDOWN SCHEDULE

Information required to complete this schedule, if not shown below, will be shown in the Commercial Property Declarations.

Item One— Named Insured and Mailing Address/Policy Period/Business Description
Shown in Commercial Lines Policy Common Declarations

Equipment Breakdown is subject to the Limits of Insurance as specifically shown below.

These coverages apply to all locations covered on the policy, unless otherwise specified.

Coverages	Limits
Equipment Breakdown Limit	\$ Per applicable Limit of Insurance
Expediting Expenses	\$ 25,000
Hazardous Substances	\$ 25,000
Spoilage	\$ 25,000
Computer Equipment	\$ 25,000
Data Restoration	\$ 25,000
	Deductibles
Combined, All Coverages	\$ Per applicable Deductible
Direct Coverages	\$ Per applicable Deductible
Indirect Coverages	\$ Per applicable Deductible or hrs. or times ADV
	Coinsurance
Coinsurance Percentage	% Per applicable coinsurance percentage

Premium for this Coverage is: \$ 93.00

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TOTAL POLLUTION EXCLUSION

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM

CAUSES OF LOSS – BASIC FORM

CAUSES OF LOSS – BROAD FORM

CAUSES OF LOSS – SPECIAL FORM

- A. **BUILDING AND PERSONAL PROPERTY COVERAGE FORM, A. Coverage, 4. Additional Coverages, d. Pollutant Clean-up And Removal** is deleted.
- B. The following exclusion is added to the **Exclusions** Section in the **CAUSES OF LOSS – BASIC FORM** and **CAUSES OF LOSS – BROAD FORM**, and replaces exclusion **B.2.I.** in the **CAUSES OF LOSS – SPECIAL FORM**:

We will not pay for loss or damage which would not have occurred in whole or part but for the following, regardless of any other cause or event that contributes concurrently or in any sequence to the loss or damage:

Pollution

- (1) The actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of “pollutants” at any time.
- (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”.

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION – ASBESTOS

This endorsement modifies insurance provided under the following:

CAUSES OF LOSS – BASIC FORM
CAUSES OF LOSS – BROAD FORM
CAUSES OF LOSS – SPECIAL FORM

The following exclusion is added to the **Exclusions** Section and is therefore not a Covered Cause of Loss:

We will not pay for loss or damage arising, in whole or in part, out of the following, regardless of any other cause or event that contributes concurrently or in any sequence to the loss or damage:

Asbestos

- (1)** The actual, alleged, threatened or suspected contact with, exposure to, existence of, or presence of, asbestos in any form.
- (2)** Any damages, loss, cost or expense arising, in whole or in part, out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to or assessing the effects of, asbestos in any form, by any insured or by any other person or entity.
- (3)** Any claim or suit by or on behalf of a governmental authority for damages, loss, cost or expense arising, in whole or in part, out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to or assessing the effects of, asbestos in any form, by any insured or by any other person or entity.

This exclusion shall apply without regard to the source or sources of asbestos, or the basis of the insured's liability. This exclusion includes defects or negligence in design, construction or materials, or any other event, conduct or misconduct, which may have or is claimed to have precipitated, caused or acted jointly, concurrently or in any sequence with asbestos in any form in causing loss or damage.

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION – BENZENE

This endorsement modifies insurance provided under the following:

CAUSES OF LOSS – BASIC FORM
CAUSES OF LOSS – BROAD FORM
CAUSES OF LOSS – SPECIAL FORM

The following exclusion is added to the **Exclusions** Section and is therefore not a Covered Cause of Loss:

We will not pay for loss or damage arising, in whole or in part, out of the following, regardless of any other cause or event that contributes concurrently or in any sequence to the loss or damage:

Benzene

- (1)** The actual, alleged, threatened or suspected contact with, exposure to, existence of, or presence of, benzene in any form.
- (2)** Any damages, loss, cost or expense arising, in whole or in part, out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to or assessing the effects of, benzene in any form, by any insured or by any other person or entity.
- (3)** Any claim or suit by or on behalf of a governmental authority for damages, loss, cost or expense arising, in whole or in part, out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to or assessing the effects of, benzene in any form, by any insured or by any other person or entity.

This exclusion shall apply without regard to the source or sources of benzene, or the basis of the insured's liability. This exclusion includes defects or negligence in design, construction or materials, or any other event, conduct or misconduct, which may have or is claimed to have precipitated, caused or acted jointly, concurrently or in any sequence with benzene in any form in causing loss or damage.

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION – LEAD

This endorsement modifies insurance provided under the following:

CAUSES OF LOSS – BASIC FORM
CAUSES OF LOSS – BROAD FORM
CAUSES OF LOSS – SPECIAL FORM

The following exclusion is added to the **Exclusions** Section and is therefore not a Covered Cause of Loss:

We will not pay for loss or damage arising, in whole or in part, out of the following, regardless of any other cause or event that contributes concurrently or in any sequence to the loss or damage:

Lead

- (1)** The actual, alleged, threatened or suspected contact with, exposure to, existence of, or presence of, lead in any form.
- (2)** Any damages, loss, cost or expense arising, in whole or in part, out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to or assessing the effects of, lead in any form, by any insured or by any other person or entity.
- (3)** Any claim or suit by or on behalf of a governmental authority for damages, loss, cost or expense arising, in whole or in part, out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to or assessing the effects of, lead in any form, by any insured or by any other person or entity.

This exclusion shall apply without regard to the source or sources of lead, or the basis of the insured's liability. This exclusion includes defects or negligence in design, construction or materials, or any other event, conduct or misconduct, which may have or is claimed to have precipitated, caused or acted jointly, concurrently or in any sequence with lead in any form in causing loss or damage.

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION – SILICA OR SILICA-RELATED DUST

This endorsement modifies insurance provided under the following:

CAUSES OF LOSS – BASIC FORM
CAUSES OF LOSS – BROAD FORM
CAUSES OF LOSS – SPECIAL FORM

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

We will not pay for loss or damage arising, in whole or in part, out of the following, regardless of any other cause or event that contributes concurrently or in any sequence to the loss or damage:

Silica Or Silica-Related Dust

- (1) The actual, alleged, threatened or suspected contact with, exposure to, existence of, or presence of, “silica” or “silica-related dust”.
- (2) Any loss, cost or expense arising, in whole or in part, out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to or assessing the effects of, “silica” or “silica-related dust”, by any insured or by any other person or entity.

- B. The following definitions are added to the **Definitions** Section:

“Silica” means silicon dioxide (occurring in crystalline, amorphous and impure forms), silica particles, silica dust or silica compounds.

“Silica-related dust” means a mixture or combination of silica and other dust or particles.

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MULTIPLE DEDUCTIBLE FORM

(FIXED DOLLAR DEDUCTIBLE PER BUILDING)

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
 TOBACCO SALES WAREHOUSES COVERAGE FORM

SCHEDULE *

The Deductibles applicable to each building are shown below:

Prem. No.	Bldg. No.	Deductible	Covered Causes of Loss **
1	1	1000	Special

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

** For each deductible listed in this Schedule, enter the number corresponding to the Covered Cause(s) of Loss to which that deductible applies (or enter the description):

- (1) All Covered Causes of Loss
- (2) All Covered Causes of Loss **except** Windstorm or Hail
- (3) All Covered Causes of Loss **except** Theft
- (4) All Covered Causes of Loss **except** Windstorm or Hail and Theft
- (5) Windstorm or Hail
- (6) Theft

The following is added to the DEDUCTIBLE section:

- A.** In the event that loss or damage occurs to Covered Property at more than one building, as a result of one occurrence, the deductible indicated for that Covered Cause of Loss, shown in the Schedule above or in the Declarations, will apply per building.
- B.** The terms of this endorsement do not apply to any Earthquake Deductible or to any Windstorm or Hail Percentage Deductible provided elsewhere in this policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

GOLD PAK ENDORSEMENT

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM

Section A. Coverage, Item 4. Additional Coverages is amended to include the following coverage for the Limits of Insurance specified in the SCHEDULE below at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss. Refer to the applicable Causes of Loss Form that applies to the loss location and specific line of property coverage. Coverage is subject to the terms and conditions of this policy, and is separate from the Limits of Insurance shown in the Declarations for any of these coverage(s). The most we will pay for loss or damage in any one occurrence is limited to the amounts specified in the SCHEDULE below, and is subject to the Deductible described in the Declarations. The deductible will apply individually to each coverage provided.

The coinsurance condition does not apply to the following coverages.

There is no coverage under this endorsement for any prior loss or damage to any item listed in the SCHEDULE below that has occurred prior to the effective date of this policy. In the event prior damage or loss exists, we will only be responsible for the loss or damage that occurs during this policy period.

SCHEDULE

Coverage:	Limit of Liability:
1) Accounts Receivable	\$10,000
2) Arson Reward	\$10,000
3) Electronic Data	\$10,000
4) Employee Dishonesty	\$10,000
5) Fine Arts	\$10,000
6) Fire Department Service Charge	\$10,000
7) Fire Extinguisher Recharge	\$10,000
8) Fire Suppression System	\$10,000
9) Food Spoilage	\$10,000
10) Inventory & Loss Adjustment Expense	\$10,000
11) Lock & Key Replacement	\$10,000
12) Money & Securities	\$10,000
13) Outdoor Property	\$500 any one tree, shrub or plant / \$10,000 Aggregate
14) Perimeter Extension – Building	1,000 feet
15) Perimeter Extension – Business Personal Property	1,000 feet
16) Personal Effects	\$10,000
17) Property of Others	\$10,000
18) Robbery & Safe Burglary	\$10,000
19) Security Guard Expense	\$10,000 any one occurrence / \$10,000 Aggregate
20) Sewer and Water Backup	\$10,000
21) Sign Coverage	\$10,000
22) Tenant Glass	\$10,000
23) Valuable Papers	\$10,000

Annual Premium \$250.00 Flat Charge

SUMMARY OF COVERAGES PROVIDED:**1. ACCOUNTS RECEIVABLE****a. We will pay:**

- (1) all amounts due from your customers that you are unable to collect;
- (2) interest charges on any loan required to offset amounts you are unable to collect pending our payment of these amounts; and
- (3) collection expenses in excess of your normal collection expenses that are made necessary by loss or damage;

that result from Covered Causes of Loss to your records of accounts receivable.

b. Coverage does not apply to:

- (1) records of accounts receivable in storage away from the premises shown in the Declarations; or
- (2) contraband, or property in the course of illegal transportation or trade.

c. The most we will pay for loss under this coverage is the limit specified in the SCHEDULE above for any one occurrence.**2. ARSON REWARD**

- a. We will pay an arson reward to any individual or organization for information leading to an arson conviction in connection with loss or damage to covered property. The limit of insurance specified in the SCHEDULE above is the most we will pay regardless of the number of persons or organizations involved in providing information.**

3. ELECTRONIC DATA

A. Coverage, 4. Additional Coverages, f. Electronic Data, (4) is deleted in its entirety and replaced by the following:

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

4. EMPLOYEE DISHONESTY

We will pay for direct loss or damage to Business Personal Property, including currency, coin, register checks, travelers checks and negotiable credit card vouchers used in your business resulting from dishonest or criminal acts committed by any of your “employees” acting alone or in collusion with other persons (except you or your partner, officer, director or trustee) with the manifest intent to:

- (1) cause you to sustain loss or damage; and
- (2) financially benefit:
 - (a) any “employee”; or
 - (b) any other person or organization.

The most we will pay for loss under this coverage is the limit specified in the SCHEDULE above for one occurrence.

5. FINE ARTS

We will pay for direct physical loss of or damage to Covered Property from any of the Covered Causes of Loss.

1. Covered Property, as used in this Coverage Form, means your fine arts which include paintings, etchings, pictures, tapestries, statuary, marbles, bronzes, antique furniture, rare books, antique silver, porcelains, rare glassware, bric-a-brac or other articles of art, rarity or antiquity.

2. Property Not Covered

Covered Property does not include property while on exhibition at fair grounds or on the premises of any national or international exposition or contraband, or property in the course of illegal transportation or trade.

The most we will pay for loss under this coverage is the limit specified in the SCHEDULE above for one occurrence.

6. FIRE DEPARTMENT SERVICE CHARGE

A. Coverage, 4. Additional Coverages, c. Fire Department Service Charge is deleted in its entirety and replaced with the following:

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 the limit specified in the SCHEDULE above for your liability for fire department service charges:

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

7. FIRE EXTINGUISHER RECHARGE

We will pay for expenses you incur up to the limit specified in the SCHEDULE above for the recharging of fire extinguishers made necessary by the fighting of a fire at the premises described in the Declarations or adjacent to such property.

8. FIRE SUPPRESSION SYSTEM

a. We will pay:

- (1) to recharge or refill fire protective equipment; and
- (2) to clean up and remove the fire extinguishing agent; resulting from the discharge of a fire extinguishing agent from the protective equipment.

b. The discharge must be:

- (1) caused by a Covered Cause of Loss;
- (2) result from the intended operation of the fire protective equipment to prevent or control a Covered Cause of Loss; or
- (3) accidental or result from a malfunction of the fire protective equipment.

c. We will not pay for loss or damage:

- (1) if you fail to use reasonable care to maintain the fire protective equipment in proper operating condition; or
- (2) if caused by discharge at the time of servicing, refilling or testing of the fire protective equipment.

- d. The most we will pay for loss under this coverage is the limit specified in the SCHEDULE above for any one occurrence.

9. FOOD SPOILAGE

The **BUILDING AND PERSONAL PROPERTY COVERAGE FORM** is extended to insure against direct physical loss or damage by a Covered Causes of Loss to "perishable stock" at the described premises shown on the Declarations, but only with respect to the coverage provided by this section of this endorsement.

- a. **A. Coverage, 3. Covered Causes of Loss** is deleted in its entirety and replaced by the following:

Covered Causes of Loss

Covered Causes of Loss means the following:

Breakdown or Contamination, meaning:

- (1) change in temperature or humidity resulting from mechanical breakdown or mechanical failure of refrigerating, cooling or humidity control apparatus or equipment, only while such equipment or apparatus is at the described premises; and
- (2) contamination by the refrigerant.

b. **Selling Price**

We will determine the value of finished "perishable stock" in the event of loss or damage at:

- (1) the selling price, as if no loss or damage had occurred;
- (2) less discounts and expenses you otherwise would have had.

- c. **A. Coverage, 5. Coverage Extensions** does not apply.

- d. **B. Exclusions and Limitations** is deleted in its entirety and replaced by the following:

(1) Exclusions And Limitations

- (a) Only the following EXCLUSIONS contained in Section **B.1.** of the Causes of Loss Form applicable to this Policy apply to Spoilage Coverage:

- i. Earth Movement;
- ii. Governmental Action;
- iii. Nuclear Hazard;
- iv. War And Military Action; and
- v. Water.

- (b) The following Exclusions are added:

We will not pay for loss or damage caused by or resulting from:

- i. the disconnection of any refrigerating, cooling or humidity control system from the source of power.
- ii. the deactivation of electrical power caused by the manipulation of any switch or other device used to control the flow of electrical power or current.
- iii. the inability of an Electrical Utility Company or other power source to provide sufficient power due to:
 - (i) lack of fuel; or
 - (ii) governmental order.
- iv. the inability of a power source at the described premises to provide sufficient power due to lack of generating capacity to meet demand.

- v. breaking of any glass that is a permanent part of any refrigerating, cooling or humidity control unit.
- vi. power Outage. Power Outage meaning change in temperature or humidity resulting from complete or partial interruption of electrical power, either on or off the described premises, due to conditions beyond your control.

e. **F. Additional Conditions** is deleted in its entirety and replaced by the following:

(1) Additional Conditions

The following condition applies in addition to the Common Policy Conditions and the Commercial Property Conditions.

Refrigeration Maintenance Agreements

You must maintain a refrigeration maintenance or service agreement. If you voluntarily terminate this agreement and do not notify us, the insurance provided by this endorsement will be automatically suspended at the involved location.

f. **G. Optional Coverages** does not apply.

g. The following is added to **H. Definitions**:

“Perishable Stock” means personal property:

- (1) maintained under controlled conditions for its preservation; and
- (2) susceptible to loss or damage if the controlled conditions change.

The most we will pay for loss under this coverage is the limit specified in the SCHEDULE above for any one occurrence.

10. INVENTORY & LOSS ADJUSTMENT EXPENSE

We will pay up to the limit specified in the SCHEDULE above for the cost of any inventory or appraisal required as a result of direct physical loss or damage to Covered Property caused by or resulting from a Covered Cause of Loss. This Additional Coverage will not pay for expenses incurred in using the services of a public adjuster.

11. LOCK & KEY REPLACEMENT

We will pay the cost of:

- a. premises entry key(s) replacement, if keys are stolen; or
- b. premises entry lock repair or replacement made necessary by theft or attempted theft at the premises described on the Declarations.

The most we will pay for loss under this coverage is the limit specified in the SCHEDULE above for any one occurrence.

12. MONEY AND SECURITIES

- a. We will pay for loss of currency, coin, register checks, money orders, travelers' checks and negotiable credit card vouchers used in your business resulting directly from the Covered Cause of Loss while at the premises described on the Declarations or in transit resulting from any act of stealing.
- b. We will not pay for loss:
 - (1) caused by or resulting from dishonest or criminal acts committed by you or your “employees”;
 - (2) caused by or resulting from accounting or arithmetical errors or omissions;

- (3) due to the voluntary giving or surrendering of currency, coin, register checks, money orders, travelers' checks or negotiable credit card vouchers in any exchange or purchase if induced to do so by any fraudulent scheme, trick device or false pretense; or
 - (4) of currency, coin, register checks, money orders, travelers' checks or negotiable credit card vouchers contained in any money-operated device, unless the amount of "money" deposited is recorded by a continuous recording instrument in the device.
- c. The most we will pay for loss under this coverage is the limit specified in the SCHEDULE above for any one occurrence.

13. OUTDOOR PROPERTY

A. Coverage, 5. Coverage Extensions, e. Outdoor Property is deleted in its entirety and replaced by the following:

e. Outdoor Property

We will pay for your outdoor fences, radio and television antennas (including satellite dishes), trees, shrubs and plants (other than "stock" of trees, shrubs or plants), including debris removal expense, caused by or resulting from any of the following causes of loss if they are Covered Causes of Loss:

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

The most we will pay for loss or damage under this coverage is the limit specified in the SCHEDULE above. These limits apply to any one occurrence, regardless of the types or number of items lost or damaged in that occurrence.

14. PERIMETER EXTENSION – BUILDING

1. COVERED PROPERTY – BUILDING, A. Coverage, 1. Covered Property, a. Building (5) (b) is deleted in its entirety and replaced by the following:

- (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.

15. PERIMETER EXTENSION – BUSINESS PERSONAL PROPERTY

Section A. Coverage, 1. Covered Property, b. Your Business Personal Property is deleted in its entirety and replaced by the following:

- 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 and 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; or
- (7) Leased personal property for which you have a contractual responsibility to insure, unless otherwise provided for under Personal Property of Others.

16. PERSONAL EFFECTS

A. Coverage, 5. Coverage Extensions, b. Personal Effects And Property Of Others is deleted in its entirety and replaced by the following:

b. (1) Personal Effects

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". This extension does not apply to loss or damage by theft.

The most we will pay for loss or damage under this coverage is the limit specified in the SCHEDULE above.

17. PROPERTY OF OTHERS

A. Coverage, 5. Coverage Extensions, b. Personal Effects And Property Of Others is deleted in its entirety and replaced by the following:

b. (2) Property Of Others

You may extend the insurance that applies to Your Business Personal Property to apply to personal property of others in your care, custody or control.

The most we will pay for loss or damage under this coverage is the limit specified in the SCHEDULE above at each described premises. Our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

18. ROBBERY & SAFE BURGLARY

A. COVERAGE - We will pay for loss of, and loss from damage to, Covered Property resulting directly from the Covered Causes of Loss.

1. Section 1. – Inside The Premises

a. Robbery Of A Custodian

- (1) Covered Property: "Money" and "securities" inside the "premises" in the care and custody of a "custodian."
- (2) Covered Causes of Loss: Actual or attempted "robbery".
- (3) Coverage Extension
Premises Damage: We will pay for loss from damage to the "premises" or its exterior resulting directly from the Covered Cause of Loss if you are the owner of the "premises" or are liable for damage to it.

b. Safe Burglary

- (1) Covered Property: "Money" and "securities" in a safe or vault within the "premises" or "banking premises."
- (2) Covered Causes of Loss: Actual or attempted "safe burglary".

(3) Coverage Extension

Premises, Safe and Vault Damage:

We will pay for loss from damage to:

- (a)** the "premises" or its exterior; or
- (b)** a locked safe or vault located inside the "premises"

resulting directly from the Covered Causes of Loss, if you are the owner of the property or are liable for damage to it.

2. Section 2. – Outside The Premises

- a.** Covered Property: "Money" and "securities" outside the "premises" in the care and custody of the "messenger".
- b.** Covered Causes of Loss: Actual or attempted "robbery".
- c.** Coverage Extension

Conveyance of Property By Armored Motor Vehicle Company: We will pay for loss of Covered Property resulting directly from the Covered Causes of Loss while outside the "premises" in the care and custody of an armored motor vehicle company.

But we will pay only the amount of loss that you cannot recover:

- (1)** under your contract with the armored motor vehicle company; and
- (2)** from any insurance or indemnity carried by, or for the benefit of customers of, the armored motor vehicle company.

B. LIMIT OF INSURANCE

The most we will pay for loss in any one "occurrence" is the applicable Limit of Insurance shown in the DECLARATIONS.

C. DEDUCTIBLE

We will not pay for loss in any one "occurrence" unless the amount of loss exceeds the Deductible Amount shown in the DECLARATIONS. We will then pay the amount of loss in excess of the Deductible Amount up to the Limit of Insurance. In the event more than one Deductible Amount could apply to the loss, only the highest Deductible Amount may be applied.

D. ADDITIONAL EXCLUSIONS, CONDITION AND DEFINITIONS: this coverage is subject to the following:**1. Additional Exclusions:** We will not pay for loss as specified below:

- a. Acts of Employees, Directors, Trustees or Representatives:** Loss resulting from any dishonest or criminal act committed by any of your "employees", directors, trustees or authorized representatives:
 - (1)** acting alone or in collusion with other persons; or
 - (2)** while performing services for you or otherwise.
- b. Fire:** Loss resulting from fire, however caused, except loss:
 - (1)** of "money" or "securities"; or
 - (2)** from damage to a safe or vault from fire that is incidental to a Covered Cause of Loss.

c. Transfer or Surrender of Property

- (1) Loss of, or loss from damage to, property after it has been transferred or surrendered to a person or place outside the "premises" or "banking premises"
 - (a) on the basis of unauthorized instructions; or
 - (b) as a result of a threat to do:
 - (i) bodily harm to any person; or
 - (ii) damage to any property.
- (2) But this exclusion does not apply to loss of Covered Property while outside the "premises" or "banking premises" in the care and custody of a "messenger" if you:
 - (i) had no knowledge of any threat at the time the conveyance began; or
 - (ii) had knowledge of a threat at the time the conveyance began, but the loss was not related to the threat.

d. Vandalism: Loss from damage to any property by vandalism or malicious mischief.

2. Additional Condition:

Duties in the Event of Loss or Damage: If you have reason to believe that any loss of, or loss from damage to Covered Property involves a violation of law, you must notify the police.

3. Additional Definitions applicable to this coverage:

- a. **"Banking Premises"** means the interior of that portion of any building occupied by a banking institution or similar safe depository.
- b. **"Custodian"** means you, any of your partners or any "employee" while having care and custody of the property inside the "premises" excluding any person while acting as a "watchperson" or janitor.
- c. **"Employee"** includes a "leased worker". "Employee" does not include a "temporary worker".
- d. **"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".
- e. **"Messenger"** means you, any of your partners or any "employee" while having care and custody of the property outside the "premises."
- f. **"Money"** means:
 - (1) currency, coins and bank notes in current use and having a face value; and
 - (2) travelers checks, register checks and money orders held for sale to the public.
- g. **"Occurrence"** means an:
 - (1) act or series of related acts involving one or more persons; or
 - (2) act or event, or a series of related acts or events not involving any person.
- h. **"Premises"** means the interior of that portion of any building you occupy in conducting your business.
- i. **"Robbery"** means the taking of property from the care and custody of a person by one who has:
 - (1) caused or threatened to cause that person bodily harm; or
 - (2) committed an obviously unlawful act witnessed by that person.

- j. **"Safe burglary"** means the taking of:
 - (1) property from within a locked safe or vault by a person unlawfully entering the safe or vault as evidenced by marks of forcible entry upon its exterior; or
 - (2) a safe or vault from inside the "premises."
- k. **"Securities"** means negotiable and nonnegotiable instruments or contract representing either "money" or property and includes:
 - (1) tokens, tickets, revenues and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and
 - (2) evidences of debt issued in connection with credit or charge cards, which cards are not issued by you.
- l. **"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.
- m. **"Watchperson"** means any person you retain specifically to have care and custody of property inside the "premises" and who has no other duties.

19. SECURITY GUARD EXPENSE

We will pay up to the limit specified in the SCHEDULE above for your expense when it is necessary to provide security guard service to protect the public as a result of a covered loss under this policy.

20. SEWER AND WATER BACK-UP

We will pay for loss or damage up to the limit specified in the SCHEDULE above arising out of a Covered Cause of Loss to Covered Property at the premises described on the Declarations. Under this endorsement, Covered Cause of Loss means loss or damage resulting from or cause by water that backs up from sewers or drains.

21. SIGN COVERAGE

Coverage for signs at \$2,500 per sign in any one occurrence under **C. Limits of Insurance** is deleted and replaced by the following:

The most we will pay in any one occurrence, and in the aggregate, for loss or damage to all outdoor signs, whether attached to buildings or not, under this coverage will be the limit specified in the SCHEDULE above.

22. TENANT GLASS

You may extend the insurance provided by this coverage to apply to the premises described in the Declarations only if the insured is required to provide coverage under a written lease agreement. This coverage does not apply to any stenciling or wording as part of the glass. The most we will pay is the limit specified in the SCHEDULE above.

23. VALUABLE PAPERS

A. Coverage, 5. Coverage Extensions, c. Valuable Papers And Records (Other Than Electronic Data), (4) is deleted in its entirety and replaced by the following:

- (4) Under this Extension, the most we will pay to replace or restore the lost information is the limit specified in the SCHEDULE above for all locations described in the Declarations. We will also pay for the cost of blank material for reproducing the records (whether or not duplicates exist), and (when there is a duplicate) for the cost of labor to transcribe or copy the records. The costs of blank material and labor are subject to the applicable Limit of Insurance on Your Business Personal Property and therefore coverage of such costs is not additional insurance.

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WINDSTORM OR HAIL PERCENTAGE DEDUCTIBLE

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
 TOBACCO SALES WAREHOUSES COVERAGE FORM

SCHEDULE

Premises Number	Building Number	Windstorm Or Hail Deductible Percentage
1	1	2%
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.		

The Windstorm or Hail Deductible, as shown in the Schedule and set forth in this endorsement, applies to covered loss or damage caused directly or indirectly by Windstorm or Hail. This Deductible applies to each occurrence of Windstorm or Hail.

Nothing in this endorsement implies or affords coverage for any loss or damage that is excluded under the terms of the Water Exclusion or any other exclusion in this policy. If this policy is endorsed to cover Flood under the Flood Coverage Endorsement (or if you have a flood insurance policy), a separate Flood Deductible applies to loss or damage attributable to Flood, in accordance with the terms of that endorsement or policy.

As used in this endorsement, the terms "specific insurance" and "blanket insurance" have the following meanings: Specific insurance covers each item of insurance (for example, each building or personal property in a building) under a separate Limit of Insurance. Blanket insurance covers two or more items of insurance (for example, a building and personal property in that building, or two buildings) under a single Limit of Insurance. Items of insurance and corresponding Limit(s) of Insurance are shown in the Declarations.

WINDSTORM OR HAIL DEDUCTIBLE CALCULATIONS

A. Calculation Of The Deductible – All Policies

1. A Deductible is calculated separately for, and applies separately to:
 - a. Each building that sustains loss or damage;
 - b. The personal property at each building at which there is loss or damage to personal property;
 - c. Personal property in the open.

If there is damage to both a building and personal property in that building, separate deductibles apply to the building and to the personal property.

2. We will not pay for loss or damage until the amount of loss or damage exceeds the applicable Deductible. We will then pay the amount of loss or damage in excess of that Deductible, up to the applicable Limit of Insurance, after any reduction required by any of the following: Coinsurance Condition; Agreed Value Optional Coverage; any provision in a Value Reporting Form relating to full reporting or failure to submit reports.
3. When property is covered under the Coverage Extension for Newly Acquired Or Constructed Property: In determining the amount, if any, that we will pay for loss or damage, we will deduct an

amount equal to a percentage of the value(s) of the property at time of loss. The applicable percentage for Newly Acquired Or Constructed Property is the highest percentage shown in the Schedule for any described premises.

B. Calculation Of The Deductible – Specific Insurance Other than Builders’ Risk

1. Property Not Subject To Value Reporting Forms

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to 1%, 2% or 5% (as shown in the Schedule) of the Limit(s) of Insurance applicable to the property that has sustained loss or damage.

2. Property Subject To Value Reporting Forms

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to 1%, 2% or 5% (as shown in the Schedule) of the value(s) of the property that has sustained loss or damage. The value(s) to be used are the latest value(s) shown in the most recent Report of Values on file with us.

However:

- a. If the most recent Report of Values shows less than the full value(s) of the property on the report dates, we will determine the deductible amount as a percentage of the full value(s) as of the report dates.
- b. If the first Report of Values is not filed with us prior to loss or damage, we will determine the deductible amount as a percentage of the applicable Limit(s) of Insurance.

C. Calculation Of The Deductible – Blanket Insurance Other Than Builders’ Risk

1. Property Not Subject To Value Reporting Forms

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to 1%, 2% or 5% (as shown in the Schedule) of the value(s) of the property that has sustained loss or damage. The value(s) to be used are those shown in the most recent Statement of Values on file with us.

2. Property Subject To Value Reporting Forms

In determining the amount, if any, that we will pay for property that has sustained loss or damage, we will deduct an amount equal to 1%, 2% or 5% (as shown in the Schedule) of the value(s) of that property as of the time of loss or damage.

D. Calculation Of The Deductible – Builders’ Risk Insurance

1. Builders’ Risk Other Than Reporting Form

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to 1%, 2% or 5% (as shown in the Schedule) of the actual cash value(s) of that property as of the time of loss or damage.

2. Builders’ Risk Reporting Form

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to 1%, 2% or 5% (as shown in the Schedule) of the value(s) of the property that has sustained loss or damage. The value(s) to be used are the actual cash value(s) shown in the most recent Report of Values on file with us.

However:

- a. If the most recent Report of Values shows less than the actual cash value(s) of the property on the report date, we will determine the deductible amount as a percentage of the actual cash value(s) as of the report date.
- b. If the first Report of Values is not filed with us prior to loss or damage, we will determine the deductible amount as a percentage of the actual cash value(s) of the property as of the time of loss or damage.

EXAMPLES – APPLICATION OF DEDUCTIBLE

EXAMPLE #1 – SPECIFIC INSURANCE (B.1.)

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

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

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

The Deductible is 1%.

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

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

Step (3): $\$70,000 \times 1\% = \700

Step (4): $\$52,500 - \$700 = \$51,800$

The most we will pay is \$51,800. The remainder of the loss, \$8,200, is not covered due to the Coinsurance penalty for inadequate insurance (Steps (1) and (2)) and the application of the Deductible (Steps (3) and (4)).

EXAMPLE #2 – SPECIFIC INSURANCE (B.1.)

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

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

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

The Deductible is 2%.

BUILDING

Step (1): $\$80,000 \times 2\% = \$1,600$

Step (2): $\$60,000 - \$1,600 = \$58,400$

PERSONAL PROPERTY

Step (1): $\$64,000 \times 2\% = \$1,280$

Step (2): $\$40,000 - \$1,280 = \$38,720$

The most we will pay is \$97,120. The portion of the total loss not covered due to application of the Deductible is \$2,880.

EXAMPLE #3 – BLANKET INSURANCE (C.1.)

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

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

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

Buildings #1 and #2 have sustained damage; the amounts of loss to these buildings are \$40,000 (Building #1) and \$20,000 (Building #2).

The Deductible is 2%.

BUILDING #1

Step (1): $\$500,000 \times 2\% = \$10,000$

Step (2): $\$40,000 - \$10,000 = \$30,000$

BUILDING #2

Step (1): $\$500,000 \times 2\% = \$10,000$

Step (2): $\$20,000 - \$10,000 = \$10,000$

The most we will pay is \$40,000. The portion of the total loss not covered due to application of the Deductible is \$20,000.

EXAMPLE #4 – BLANKET INSURANCE (C.1.)

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

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

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

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

The Deductible is 5%.

BUILDING

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

Step (2): $\$95,000 - \$25,000 = \$70,000$

PERSONAL PROPERTY

Step (1): $\$250,000 \times 5\% = \$12,500$

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

The most we will pay is \$70,000. The remainder of the building loss, \$25,000, is not covered due to application of the Deductible. There is no loss payment for the personal property.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

FLORIDA CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART

A. When this endorsement is attached to Standard Property Policy **CP 00 99**, the term Coverage Part in this endorsement is replaced by the term Policy.

B. The following provision applies when a Coinsurance percentage is shown in the Declarations:

Florida law states as follows:

Coinurance contract: The rate charged in this policy is based upon the use of the coinsurance clause attached to this policy, with the consent of the Insured.

C. The following is added:

If windstorm is a Covered Cause of Loss and loss or damage to Covered Property is caused by or results from windstorm, the following exclusion applies in:

1. Broward County;
2. Dade County;
3. Martin County;
4. Monroe County;
5. Palm Beach County; and
6. All the areas east of the west bank of the Intracoastal Waterway in the counties of:
 - a. Indian River; and
 - b. St. Lucie.

Windstorm Exterior Paint And Waterproofing Exclusion

We will not pay for loss or damage caused by windstorm to:

1. Paint; or
2. Waterproofing material;

applied to the exterior of buildings unless the building to which such loss or damage occurs also sustains other loss or damage by windstorm in the course of the same storm event. But such coverage applies only if windstorm is a Covered Cause of Loss.

When loss or damage to exterior paint or waterproofing material is excluded, we will not include the value of paint or waterproofing material to determine:

- a. The amount of the Windstorm or Hail Deductible; or
- b. The value of Covered Property when applying the Coinsurance Condition.

D. The **Loss Payment** Condition dealing with the number of days within which we must pay for covered loss or damage is replaced by the following:

Provided you have complied with all the terms of this Coverage Part, we will pay for covered loss or damage upon the earliest of the following:

- (1) Within 20 days after we receive the sworn proof of loss and reach written agreement with you;
- (2) Within 30 days after we receive the sworn proof of loss and:
 - (a) There is an entry of a final judgment; or
 - (b) There is a filing of an appraisal award with us; or
- (3) Within 90 days of receiving notice of an initial, reopened or supplemental claim, unless we deny the claim during that time or factors beyond our control reasonably prevent such payment. If a portion of the claim is denied, then the 90-day time period for payment of claim relates to the portion of the claim that is not denied.

Paragraph (3) applies only to the following:

- (a) A claim under a policy covering residential property;
- (b) A claim for building or contents coverage if the insured structure is 10,000 square feet or less and the policy covers only locations in Florida; or

- (c) A claim for contents coverage under a tenant's policy if the rented premises are 10,000 square feet or less and the policy covers only locations in Florida.

E. Sinkhole Collapse Coverage Removed

Sinkhole Collapse coverage is removed, as indicated in Paragraphs **E.1.** through **E.4.**; and coverage for Catastrophic Ground Cover Collapse is added instead as set forth in Paragraph **F.**

1. In the Causes Of Loss – Basic Form and in the Standard Property Policy, Sinkhole Collapse is deleted from the Covered Causes of Loss and sinkhole collapse is no longer an exception to the Earth Movement Exclusion.
2. In the Causes Of Loss – Broad Form, Sinkhole Collapse is deleted from the Covered Causes of Loss and from the Additional Coverage – Collapse; and sinkhole collapse is no longer an exception to the Earth Movement Exclusion.
3. In the Causes Of Loss – Special Form, Sinkhole Collapse is deleted from the "specified causes of loss" and is no longer an exception to the Earth Movement Exclusion.
4. In the Mortgageholders Errors And Omissions Coverage Form, Sinkhole Collapse is deleted from the Covered Causes of Loss under Coverage **B** and from the "specified causes of loss", and is no longer an exception to the Earth Movement Exclusion.

Further, this Coverage Part does not insure against Sinkhole Loss as defined in Florida law unless an endorsement for Sinkhole Loss is made part of this policy. However, if Sinkhole Loss causes Catastrophic Ground Cover Collapse, coverage is provided for the resulting Catastrophic Ground Cover Collapse even if an endorsement for Sinkhole Loss is not made part of this policy.

- F.** The following is added to this Coverage Part as a Covered Cause of Loss. In the Causes Of Loss – Special Form and Mortgageholders Errors And Omissions Coverage Form, the following is also added as a "specified cause of loss". However, as a "specified cause of loss", the following does not apply to the Additional Coverage – Collapse.

Catastrophic Ground Cover Collapse

We will pay for direct physical loss or damage to Covered Property caused by or resulting from catastrophic ground cover collapse, meaning geological activity that results in all of the following:

1. The abrupt collapse of the ground cover;
2. A depression in the ground cover clearly visible to the naked eye;
3. "Structural damage" to the building, including the foundation; and
4. The insured structure being condemned and ordered to be vacated by the governmental agency authorized by law to issue such an order for that structure.

However, damage consisting merely of the settling or cracking of a foundation, structure or building does not constitute loss or damage resulting from a catastrophic ground cover collapse.

The **Earth Movement** Exclusion and the **Collapse** Exclusion do not apply to coverage for Catastrophic Ground Cover Collapse.

Coverage for Catastrophic Ground Cover Collapse does not increase the applicable Limit of Insurance. Regardless of whether loss or damage attributable to catastrophic ground cover collapse also qualifies as Sinkhole Loss or Earthquake (if either or both of those causes of loss are covered under this Coverage Part), only one Limit of Insurance will apply to such loss or damage.

- G.** The following applies to the **Additional Coverage – Civil Authority** under the Business Income (And Extra Expense) Coverage Form, Business Income (Without Extra Expense) Coverage Form and Extra Expense Coverage Form:

1. The Additional Coverage – Civil Authority includes a requirement that the described premises are not more than one mile from the damaged property. With respect to described premises located in Florida, such one-mile radius does not apply.
2. The Additional Coverage – Civil Authority is limited to a coverage period of up to four weeks. With respect to described premises located in Florida, such four-week period is replaced by a three-week period.
3. Civil Authority coverage is subject to all other provisions of that Additional Coverage.

H. The following provisions are added to the Duties In The Event Of Loss Or Damage Loss Condition:

- (1) A claim, supplemental claim or reopened claim for loss or damage caused by hurricane or other windstorm is barred unless notice of claim is given to us in accordance with the terms of this policy within three years after the hurricane first made landfall or a windstorm other than hurricane caused the covered damage. (Supplemental claim or reopened claim means an additional claim for recovery from us for losses from the same hurricane or other windstorm which we have previously adjusted pursuant to the initial claim.)

This provision concerning time for submission of claim, supplemental claim or reopened claim does not affect any limitation for legal action against us as provided in this policy under the Legal Action Against Us Condition, including any amendment to that condition.

- (2) Any inspection or survey by us, or on our behalf, of property that is the subject of a claim, will be conducted with at least 48 hours' notice to you. The 48-hour notice may be waived by you.

I. The following definition of structural damage is added with respect to the coverage provided under this endorsement:

"Structural damage" means a covered building, regardless of the date of its construction, has experienced the following.

1. Interior floor displacement or deflection in excess of acceptable variances as defined in ACI 117-90 or the Florida Building Code, which results in settlement related damage to the interior such that the interior building structure or members become unfit for service or represent a safety hazard as defined within the Florida Building Code;

2. Foundation displacement or deflection in excess of acceptable variances as defined in ACI 318-95 or the Florida Building Code, which results in settlement related damage to the primary structural members or primary structural systems that prevents those members or systems from supporting the loads and forces they were designed to support to the extent that stresses in those primary structural members or primary structural systems exceed one and one-third the nominal strength allowed under the Florida Building Code for new buildings of similar structure, purpose, or location;
3. Damage that results in listing, leaning, or buckling of the exterior load bearing walls or other vertical primary structural members to such an extent that a plumb line passing through the center of gravity does not fall inside the middle one-third of the base as defined within the Florida Building Code;
4. Damage that results in the building, or any portion of the building containing primary structural members or primary structural systems, being significantly likely to imminently collapse because of the movement or instability of the ground within the influence zone of the supporting ground within the sheer plane necessary for the purpose of supporting such building as defined within the Florida Building Code; or
5. Damage occurring on or after October 15, 2005, that qualifies as substantial structural damage as defined in the Florida Building Code.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

FLORIDA CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

OUTPUT POLICY COVERAGE PART
 COMMERCIAL GENERAL LIABILITY COVERAGE PART
 COMMERCIAL INLAND MARINE COVERAGE PART
 COMMERCIAL LIABILITY UMBRELLA COVERAGE PART
 COMMERCIAL PROPERTY COVERAGE PART
 CRIME AND FIDELITY COVERAGE PART
 EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
 EXCESS LIABILITY POLICY
 FARM COVERAGE PART
 FARM UMBRELLA LIABILITY POLICY
 LIQUOR LIABILITY COVERAGE PART
 PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
 PROFESSIONAL LIABILITY COVERAGE PART

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

2. Cancellation For Policies In Effect 90 Days Or Less

- a. If this policy has been in effect for 90 days or less, we may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation, at least:
 - (1) 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - (2) 20 days before the effective date of cancellation if we cancel for any other reason.

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

Cancellation For Policies In Effect For More Than 90 Days

- a. If this policy has been in effect for more than 90 days, we will mail or deliver to the first Named Insured written notice of cancellation, at least:
 - (1) 10 days before the effective date of cancellation if cancellation is for nonpayment of premium; or
 - (2) 45 days before the effective date of cancellation for any other reason.

C. The following is added:

NONRENEWAL

- 1. If we decide not to renew this policy we will mail or deliver to the first Named Insured written notice of nonrenewal at least 45 days prior to the expiration of the policy.
- 2. Any notice of nonrenewal will be mailed or delivered 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.

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.



August 26, 2020

VIA CERTIFIED AND ELECTRONIC MAIL

Benjamin Richter
GED LAWYERS, LLP
7171 North Federal Highway
Boca Raton, FL 33487

Re: Named Insured: Florida Ave Ent, LLC DBA Social House
 Insurer: Colony Insurance Company
 Policy: 101 CP 0119195-00
 Date of Loss: 03/20/2020
 Claim No.: P-099-1024326
 Loss Location: 6301 N Florida Ave., Tampa, FL 32801

Dear Mr. Richter:

Please allow this letter to supplement all correspondence issued by or on behalf of Colony Insurance Company (CIC) in connection with the above-referenced claim.

CIC issued insurance policy no. 101 CP 0119195-00 (the Policy) Florida Ave Ent, LLC DBA Social House for the period from April 1, 2019 to April 1, 2020, subject to the terms, conditions, limitations, and exclusions stated therein.

Based on the facts gathered in the investigation into the reported claim, it is our understanding that your client is claiming a loss of income due to the insured's business, a sports bar and full service kitchen, suspending its normal operations as a result of Florida Executive Order 20-68 issued by Governor DeSantis, to protect public health, safety and welfare in preventing the spread of COVID-19. We understand that your client closed the business on March 17, 2020 due to the restrictions set by the government. We understand that, during the closure, your client was able to operate for take-out services and to reopen dine-in services at 50 percent capacity beginning in May. We also understand that there has been no testing to determine if coronavirus was on premises and your client was ordered to properly clean and maintain the property, but it is unclear whether decontamination was required. We understand that the claim is solely for the loss of income sustained during the mandatory suspension of your client's business operations and there were no damages to the premises.

If any of the above information is incorrect or if you would like to submit additional information, please let us know. However, based on our investigation and the information provided, CIC has determined there is no coverage for the reported claim under the terms of the Policy.



While CIC relies on the entirety of the Policy for its coverage determination, we direct your attention to the following provision(s) of the Policy as particularly relevant to the facts and circumstances of the reported claim.

Please refer to the Policy's **BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM (CP 00 30 06 07)**, which states, in part, as follows:

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.

* * *

We will pay for the actual loss of Business Income you sustain due to the necessary "suspension" of your "operations" during the "period of restoration". The "suspension" must be caused by direct physical loss of or damage to property at premises which are described in the Declarations and for which a Business Income Limit of Insurance is shown in the Declarations. The loss or damage must be caused by or result from a Covered Cause of Loss.

* * *

With respect to 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.

* * *

3. Covered Causes of Loss, Exclusions And Limitations

See applicable Causes of Loss Form as shown in the Declarations.

* * *

5. Additional Coverages

a. Civil Authority

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

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

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

* * *

F. Definitions

* * *

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

¹ By the Florida Changes Endorsement, form **CP 01 25 02 12**, the one-mile radius does not apply to premises located in Florida.

“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”.

4. “Pollutants” means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

* * *

6. “Suspension” means:

- a. The slowdown or cessation of your business activities; or
- b. That a part or all of the described premises is rendered untenable, if coverage for Business Income Including “Rental Value” or “Rental Value” applies.

Please also refer to the Policy’s **CAUSES OF LOSS – SPECIAL FORM (CP 10 30 06 07)**, which states, in part, as follows:

A. Covered Causes of Loss

When Special is shown in the Declarations, Covered Causes of Loss means Risks of Direct Physical Loss unless the loss is:

1. Excluded in Section **B.**, Exclusions; or
 2. Limited in Section **C.**, Limitations;
- that follow.

B. Exclusions

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

a. Ordinance Or Law

The enforcement of any ordinance or law:

- (1) Regulating the construction, use or repair of any property; or

- (2) Requiring the tearing down of any property, including the cost of removing its debris.

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

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

* * *

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

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

* * *

- b. Delay, loss of use or loss of market.

* * *

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.

* * *

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

* * *

In addition, the Policy is subject to the **TOTAL POLLUTION EXCLUSION (U738P-0712)**, which states, in part, as follows:

- B.** The following exclusion is added to the **Exclusions** Section in the **CAUSES OF LOSS - BASIC FORM** and **CAUSES OF LOSS - BROAD FORM**, and replaces exclusion **B.2.I.** in the **CAUSES OF LOSS - SPECIAL FORM**:

We will not pay for loss or damage which would not have occurred in whole or part but for the following, regardless of any other cause or event that contributes concurrently or in any sequence to the loss or damage:

Pollution

- (1) The actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of “pollutants” at any time.
- (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”.

Pursuant to Section **A.1.** of the **BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM (CP 00 30 06 07)**, CIC will pay for the actual loss of Business Income you sustain due to the necessary suspension of your operations during the period of restoration, but only if the suspension is caused by direct physical loss of or damage to property at the insured premises caused by or resulting from a Covered Cause of Loss. Covered Cause of Loss is defined as Risks Of Direct Physical Loss unless the loss is excluded or limited in the Policy.

The reported claim is based on the suspension of your client’s business operations by order of the State of Florida acting to protect public health, safety and welfare in preventing the spread of COVID-19. However, the facts known to us do not demonstrate that the suspension of your operations was caused by direct physical loss of or damage to property at the insured premises caused by or resulting from a Covered Cause of Loss. That is because the perceived or actual presence of the coronavirus does not satisfy the Policy’s requirements of direct physical loss or damage caused by or resulting from a Covered Cause of Loss. Therefore, there is no coverage for the reported claim under Section **A.1.** of the **BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM** of the Policy.

Pursuant to Section **A.5.a.** of the **BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM**, CIC 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 insured premises when a Covered Cause of Loss causes damage to property not at the insured premises and, among other requirements, access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage. However, the facts known to us do not demonstrate that the applicable action(s) taken by civil authorities in response to COVID-19 were prompted by physical damage to property, or that any such actions prohibited access to the insured premises. That is because the perceived or actual presence of the coronavirus does not satisfy the Policy’s requirements of direct physical loss or damage caused by or resulting from a Covered Cause of Loss. Therefore, there is no coverage for the reported claim under Section **A.5.a.** of the **BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM** of the Policy.

Although the foregoing is determinative of coverage for the reported claim, the above-referenced exclusions may also preclude coverage for the reported claim even in the event of



direct physical loss of or damage to property at the insured premises due to the absence of a Covered Cause of Loss.

For the reasons stated above, there is no coverage for the reported claim. CIC's coverage position is based on the information presently available to CIC. If you disagree with CIC's determination, or have additional information that may be pertinent to your claim or to reasons expressed for CIC's determination, please forward that information to commercialclaimsmail@argogroupus.com as soon as possible for review and consideration. Please include your claim number on any correspondence.

The foregoing may not be an exhaustive list of the policy provisions that may relate to or affect coverage for the reported claim. CIC expressly reserves the right to assert any other policy provisions and defenses it may have, even though not enumerated herein, as they may become known or relevant. Nothing in this letter, prior correspondence, or the investigation of the claim should be construed as a waiver or modification of any of the provisions of the Policy. CIC reserves all of its rights under the Policy and otherwise, and will insist upon compliance with all of the provisions of the Policy, waiving none.

Should you have any questions, please contact me. Thank you for your cooperation in this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Jordan J. Pacelle".

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